

# Prospectus of Derayah Financial Company

A joint-stock company registered under Commercial Register No. 1010266977 dated 04/05/1430H (corresponding to 29/04/2009G) in the city of Riyadh, licensed to be established pursuant to Ministry of Commerce Resolution No. 127/S dated 19/04/1430H (corresponding to 15/04/2009G).



**Offering of forty-nine million, nine hundred and forty-seven thousand and thirty-nine (49,947,039) ordinary shares representing 20% of Derayah Financial Company's capital for public offering at an Offer Price of (●) Saudi Riyals per share.**

## Offering Period:

Three days, starting from Thursday, 21/08/1446H (corresponding to 20/2/2025G) until 5:00 p.m. Kingdom time on Saturday, 23/08/1446H (corresponding to 22/02/2025G).

Derayah Financial Company (the "Company" or the "Issuer") is a joint-stock company under Commercial Register No. 1010266977 dated 04/05/1430H (corresponding to 29/04/2009G) issued in the city of Riyadh in the Kingdom of Saudi Arabia, and the address of its headquarters is Al-Olaya - Al Takhassusi Street - P.O. Box 286546 - Postal Code 12331 - Riyadh - Kingdom of Saudi Arabia ("Saudi Arabia" or the "Kingdom"). Its current capital amounts to four hundred and ninety-nine million, four hundred and seventy thousand, three hundred and ninety Saudi Riyals (SAR 499,470,390), divided into two hundred and forty-nine million, seven hundred and thirty-five thousand, one hundred and ninety-five (249,735,195) ordinary shares with a fully paid nominal value of two Saudi Riyals (SAR 2) per share.

Derayah Financial Company was incorporated as an unlisted joint-stock company pursuant to Ministry of Commerce Resolution No. 127/S dated 19/04/1430H (corresponding to 15/04/2009G), and in accordance with Capital Market Authority ("CMA") License No. 27-08109 dated 19/06/1429H (corresponding to 23/06/2008G), and pursuant to the General Investment Authority license issued under No. 172/1 dated 07/02/1430H (corresponding to 02/02/2009G) with a capital of one hundred and fifty-two million Saudi Riyals (SAR 152,000,000) divided into fifteen million, two hundred thousand (15,200,000) shares, each with a value of ten Saudi Riyals (SAR 10), all of which are ordinary shares. The Company's shares were fully subscribed by the founding shareholders, representing thirty-two (32) shareholders.

On 18/09/1438H (corresponding to 13/06/2017G), the Extraordinary General Assembly approved increasing the Company's capital from one hundred and fifty-two million Saudi Riyals (SAR 152,000,000) divided into fifteen million, two hundred thousand (15,200,000) ordinary shares to one hundred and sixty-one million, ninety thousand, one hundred and thirty Saudi Riyals (SAR 161,090,130) divided into sixteen million, one hundred and nine thousand and thirteen (16,109,013) ordinary shares by issuing nine hundred and nine thousand and thirteen (909,013) shares and granting them to the Company's employees in accordance with the Previous Employee Share Program by transferring nine million, ninety thousand, one hundred and thirty Saudi Riyals (SAR 9,900,130) from the Company's Previous Employee Share Program contribution reserve account to the capital account. The Company obtained the CMA's approval for this increase and amendment of its Bylaws on 15/08/1438H (corresponding to 11/05/2017G).

On 16/05/1443H (corresponding to 20/12/2021G), the Company's General Assembly approved increasing the Company's capital from one hundred and sixty-one million, ninety thousand, one hundred and thirty Saudi Riyals (SAR 161,090,130) divided into sixteen million, one hundred and nine thousand and thirteen (16,109,013) ordinary shares to one hundred and sixty-two million, two hundred and ninety thousand, one hundred and thirty Saudi Riyals (SAR 162,290,130) divided into sixteen million, two hundred and twenty-nine thousand and thirteen (16,229,013) ordinary shares by issuing one hundred and twenty thousand (120,000) shares and granting them to the Company's employees in accordance with the Previous Employee Share Program by transferring one million, two hundred thousand Saudi Riyals (SAR 1,200,000) from the Company's retained earnings account. The Company obtained the CMA's approval for this increase and amendment of its Bylaws on 16/06/1443H (corresponding to 19/01/2022G).

On 01/01/1446H (corresponding to 07/07/2024G), the Company obtained the approval of the General Assembly to increase its capital from one hundred sixty-two million, two hundred and ninety thousand, one hundred and thirty Saudi Riyals (SAR 162,290,130) divided into sixteen million, two hundred and twenty-nine thousand and thirteen (16,229,013) ordinary shares to four hundred and ninety-nine million, four hundred and seventy thousand, three hundred and ninety Saudi Riyals (SAR 499,470,390) divided into two hundred and forty-nine million, seven hundred and thirty-five thousand, one hundred and ninety-five (249,735,195) ordinary shares by issuing thirty-three million, seven hundred and eighteen thousand, seven hundred and twenty-six (33,718,026) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, by capitalizing three hundred and thirty-seven million, one hundred and eighty thousand, two hundred and sixty Saudi Riyals (SAR 337,180,260) from the retained earnings account and distributing thirty-two million, four hundred and fifty-eight thousand and twenty-six (32,458,026) ordinary shares among the current shareholders registered on the date of the General Assembly's decision, each according to their percentage of ownership in the Company, along with allocating one million, two hundred and sixty thousand (1,260,000) new shares to the Company's employees according to the Employee Share Program, to be retained as treasury shares until their ownership is transferred to the employees in accordance with the provisions of the program plan approved in this regard, and then dividing each share in the Company's capital into five (5) shares, so that the number of the Company's issued and fully paid shares becomes two hundred and forty-nine million, seven hundred and thirty-five thousand, one hundred and ninety-five (249,735,195) shares with a fully paid nominal value of two Saudi Riyals (SAR 2) per share (for more information on the Company's incorporation date and the development of its capital, please refer to Section 4.2 ("Group Structure") of this Prospectus. The Company obtained the CMA's approval for this increase and amendment of its Bylaws on 18/01/1446H (corresponding to 24/07/2024G).

The initial public offering (the "Offering") consists of the offering of forty-nine million, nine hundred and forty-seven thousand and thirty-nine (49,947,039) ordinary shares (referred to as the "Offer Shares" and each is referred to as an "Offer Share") with a fully paid nominal value of two Saudi Riyals (SAR 2) per share. The Offer Price will be (●) Saudi Riyals (the "Offer Price"). The Offer Shares will be sold by the current shareholders (excluding the shares held by the Company as treasury shares) on a pro-rata basis based on their percentage of ownership in the Company as of the date of this Prospectus and who collectively own all of the Company's shares prior to the Offering. The Offer Shares shall represent 20% of the Issuer's share capital upon completion of the Offering.

The Offering shall be limited to two tranches of investors (the "Investors"), as follows:

**Tranche (A): Participating Parties:** This tranche includes the categories that are entitled to participate in the book building process (the "Book Building Process") in accordance with the Instructions for the Book Building Process and Allocation Method in Initial Public Offerings issued by the Board of the Capital Market Authority (the "CMA") (the "Book Building Instructions"). This includes investment funds, qualified foreign companies and institutions, investors from Gulf companies and other foreign investors under swap agreements (these categories are collectively referred to as the "Participating Parties" and each is referred to as a "Participating Party") (for further details, please refer to Section 1 ("Definitions and Abbreviations") of this Prospectus). Forty-nine million, nine hundred and forty-seven thousand and thirty-nine (49,947,039) Offer Shares will be allocated to Participating Parties, representing 100% of the total Offer Shares. Final allocation will take place after the end of the Individual Subscription Period, noting that in the event of sufficient demand from Individual Subscribers (defined as Tranche "B" below) to subscribe to the Offer Shares allocated to them, HSBC Saudi Arabia shall have the right, in coordination with the Company and the Selling Shareholders, to reduce the number of shares allocated to Participating Parties to a minimum of forty-four million, nine hundred and fifty-two thousand, three hundred and thirty-five (44,952,335) shares, representing 90% of the total Offer Shares. The Financial Advisor, as defined in Section 1 ("Definitions and Abbreviations"), in consultation with the Company, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties using the discretionary share allocation mechanism. The Company and its Financial Advisor may decide, at their discretion, not to allocate any shares to certain tranches of the Participating Parties.

**Tranche (B): Individual Subscribers:** This tranche includes natural Saudi persons, including any divorced or widowed Saudi woman with minor children from a non-Saudi husband, who is entitled to subscribe in their names for her own benefit provided she submits proof that she is divorced or widowed and proof that she is the mother of her minor children, and any non-Saudi natural person who is resident in the Kingdom or Gulf Cooperation Council country national who has an investment account and an active investment portfolio with one of the Receiving Entities and is entitled to open an investment account with one of the Capital Market Institutions (referred to jointly as the "Individual Subscribers" and each of them individually as an "Individual Subscriber" and referred to together with the Participating Parties as the "Subscribers"). The subscription of any person who subscribes in the name of his divorced wife shall be deemed void, and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of four million, nine hundred and ninety-four thousand, seven hundred and four (4,994,704) Offer Shares will be allocated to Individual Subscribers, equivalent to 10% of the

total Offer Shares. If Individual Subscribers do not subscribe for all the Offer Shares allocated thereto, the Financial Advisor, in cooperation with the Company, shall be entitled to reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares to which they subscribed.

The Company's current shareholders own all of the Company's shares before the Offering, namely Taha bin Abdullah Al-Kuwaila with a 24.2% ownership percentage, Abdulaziz Ibrahim Al-Jamzaz & Brothers Company with a 9.5% ownership percentage, Sanad Investment Company with a 9.3% ownership percentage, AlTouq Company Ltd. with a 6.8% ownership percentage (the "Substantial Shareholders") and the other shareholders listed in Table 5.1 ("The Company's Ownership Structure Before and After the Offering") of this Prospectus. As of the date of this Prospectus, the Company has thirty-seven (37) shareholders. The Offer Shares will be sold proportionally by the current shareholders, who collectively own all of the Company's shares prior to the Offering (as shown in Table 5.1 ("The Company's Ownership Structure Before and After the Offering") of this Prospectus), and after the completion of the Offering, the Selling Shareholders will collectively own 80% of the Company's shares. Thus, they will retain a controlling interest in the Company.

The Offering proceeds ("Offering Proceeds") after deducting the Offering Costs (the "Net Offering Proceeds") will be distributed to the Selling Shareholders according to their respective percentage of ownership of the Offer Shares. The Company will not receive any part of the Net Offering Proceeds (for further details, please refer to Section 8 ("Use of the Offering Proceeds") of this Prospectus). It is worth noting that the underwriter has pledged to cover the subscription in full (for further details, please refer to Section 13 ("Underwriting") of this Prospectus). A number of shareholders are subject to a lock-up period of no less than twenty-four (24) months from the date of commencement of trading of the Company's shares on the Exchange (the "Lock-up Period"). These include the Substantial Shareholders, in addition to certain shareholders who own more than 3% of the Company's capital, Directors, and Senior Executives who own shares in the Company as described in the "Offering Summary" section of this Prospectus. Noting that none of the mentioned shareholders shares who are subject to the Lock-up period were counted within the free-float shares. The CMA's prior approval must be obtained before disposing of these shares after the end of the Lock-up Period. For more information on the Company's current shareholders and their ownership percentages, please refer to Table 5.1 ("The Company's Ownership Structure Before and After the Offering") of this Prospectus.

The Offer Shares will be offered to certain qualified foreign financial institutions located outside the United States (including through swap agreements) and will be offered outside the United States in accordance with Regulation S issued under the United States Securities Act of 1933, as amended (the "US Securities Act"). The Company's shares have not been, and will not be, registered under the US Securities Act or under any other applicable securities law in the United States. No Offer Shares may be offered or sold under this Prospectus except in the context of transactions that are exempt from or not subject to any registration requirements under the US Securities Act or the securities laws of any country other than the Kingdom of Saudi Arabia. This Offering shall not be deemed an invitation to sell shares or a solicitation to purchase them in any country where this Offering is unlawful or is not permitted.

The Offering Period shall commence on Thursday, 21/08/1446H (corresponding to 20/02/2025G) and shall continue for three days, including the subscription closing day, which shall end at 5:00 p.m. Kingdom time on Saturday, 23/08/1446H (corresponding to 22/02/2025G) (the "Offering Period"). Individual Subscribers may submit subscription applications to any of the receiving entities (the "Receiving Entities") listed on page (ix) to (xi) of this Prospectus, or via the internet, telephone banking or ATMs of the Receiving Entities or any other electronic channels provided by the Receiving Entities to their clients, during the Offering Period (for further details, please refer to the "Key Dates and Subscription Procedures" section and Section 17 ("Information on the Shares and Terms and Conditions of the Offering") of this Prospectus). Participating Parties may subscribe for the Offer Shares through the Bookrunners during the Book Building Process, which shall take place prior to the Offering of the Shares to Individual Subscribers.

Each Individual Investor who subscribes to the Offer Shares must submit a subscription application for a minimum of ten (10) shares. The minimum allocation is two hundred and fifty (250,000) shares for each Individual Investor, and the maximum allocation is four million nine hundred ninety-four thousand seven hundred four (4,994,704) shares. The remaining number of Offer Shares, if any, will be allocated pro rata based on the number of Offer Shares requested by each Individual Investor and the total number of Offer Shares applied for. If the number of Individual Investors exceeds four hundred ninety-nine thousand four hundred eighty (499,480), the Company will not guarantee the allocation of the minimum amount of ten (10) shares to each Individual Investor, and in this case the allocation will be in accordance with a proposal made by the Company and the Financial Advisor. Excess subscription monies (if any) will be refunded to the Individual Investors without any commissions or withholding by the Receiving Entities. The final allocation process will be announced no later than Thursday, 28/08/1446H (corresponding to 27/02/2025G) and the surplus (if any) will be refunded no later than Tuesday, 04/09/1446H (corresponding to 04/03/2025G) (for further details, please refer to the Subsection "Allocation of Shares and Refund of Excess Subscription Monies" in Section 17 ("Share Information and Offering Terms and Conditions") of this Prospectus).

The Company has one class of ordinary shares. Each share entitles its holder to one vote, and each shareholder has the right to attend and vote at the Company's shareholders' general assembly meetings (the "General Assembly"). No shareholder benefits from any preferential voting rights. The Offer Shares will be entitled to their share of any profits declared by the Company as of the date of this Prospectus and for subsequent financial years (please refer to Section 7 ("Dividend Distribution Policy") of this Prospectus).

The Company's shares have not been listed or traded on any stock market, whether inside or outside the Kingdom of Saudi Arabia, prior to their public offering. The Company has submitted an application for registration and offering of its shares to the CMA and an application for listing them on Saudi Tadawul ("Tadawul" or the "Exchange") and this Prospectus has been approved. All required documents have been submitted and all requirements of the relevant authorities have been met. The necessary official approvals have been obtained to carry out the Offering. It is expected that trading of the shares on the Exchange will commence after the final allocation of the Offer Shares and satisfaction of the regulatory requirements (for more information, please refer to the "Key Dates and Subscription Procedures" section of this Prospectus). After the shares are registered with the CMA and listed on the Exchange, citizens and legal residents of the Kingdom of Saudi Arabia, GCC nationals, and companies, banks and investment funds established in Saudi Arabia and the GCC states will be allowed to trade the Company's shares. Qualified Foreign Investors and Foreign Strategic Investors are also entitled to trade in the Offer Shares in accordance with the Rules for Foreign Investment in Securities. Furthermore, non-GCC nationals who are not residents in the Kingdom and non-GCC institutions incorporated outside the Kingdom shall be entitled to invest indirectly to acquire economic interests in the shares by entering into SWAP Agreements with Capital Market Institutions authorized by the CMA ("Capital Market Institutions"). Under such swap agreements, the Capital Market Institutions will be registered as the legal owners of such shares.

Those wishing to subscribe to the Company's shares must carefully read and review the "Important Notice" Section on page (i) and Section 2 ("Risk Factors") before making any decision to invest in the Offer Shares.

**Sole Financial adviser, Global Coordinator, Lead Manager, Bookrunner, and Underwriter**  
**HSBC Saudi Arabia**





## Important Notice

This Prospectus contains detailed and comprehensive information about the Company and the Offer Shares. When submitting an application to subscribe to the Offer Shares, institutional and Individual Subscribers will be treated on the basis that their applications rely on the information contained in this Prospectus, copies of which can be obtained by visiting the Company's website ([web.derayah.com](http://web.derayah.com)), the CMA's website ([www.cma.org.sa](http://www.cma.org.sa)), Saudi Tadawul's website ([www.saudiexchange.sa](http://www.saudiexchange.sa)), or the Financial Advisor's website ([www.hsbcSaudi.com](http://www.hsbcSaudi.com)).

The Company has appointed HSBC Saudi Arabia as its Sole Financial Advisor (referred to as the "**Financial Advisor**"), Lead Manager ("**Lead Manager**"), Bookrunner and Underwriter ("**Underwriter**") in connection with the Offering of the Offer Shares described in this Prospectus (for more information, please refer to Section 13 ("**Underwriting**") of this Prospectus).

This Prospectus includes information that has been presented in accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by the CMA. The Directors, whose names appear on page (v), collectively and severally assume full responsibility for the accuracy of the information contained in this Prospectus, and, having made all reasonable inquiries, confirm that to the best of their knowledge and belief there are no other facts whose omission from this Prospectus would make any statement herein misleading.

Although the Company has made all reasonable studies as to the accuracy of the information contained in this Prospectus as of the date hereof, a substantial portion of the information in this Prospectus relevant to the market and industry in which the Company operates is derived from external sources, Company management estimates, and publicly available information, data and analysis from publications issued by data, information and news providers. While neither the Company nor the Board of Directors, the Selling Shareholders, the Financial Advisor or any of the Company's advisors (collectively referred to with the Bookrunner as the "**Advisors**") whose names appear on pages (vii) to (viii) of this Prospectus have any reason to believe that the information contained in this Prospectus regarding the market and sector is deemed materially inaccurate, such information has not been independently verified. Accordingly, no acknowledgment or representation can be made that this information is correct or complete.

The information contained in this Prospectus as of the date hereof is subject to change, particularly in connection with the actual financial position of the Company and the value of the Offer Shares, which can be adversely affected by future developments related to inflation, interest rates, taxation or any economic, political or other factors, over which the Company has no control (for more information, please refer to Section 2 ("**Risk Factors**") of this Prospectus). Neither the presentation of this Prospectus nor any oral, written or printed information in relation to subscription is intended to be or should be construed or relied upon in any way as a promise, affirmation or representation as to revenues, results or future events of the Company.

This Prospectus may not be considered a recommendation by the Company or its Board of Directors, Selling Shareholders or Advisors to participate in the subscription process. Furthermore, the information contained in this Prospectus is of a general nature and has been prepared without taking into account the individual investment objectives, financial situation or special investment needs of the persons wishing to invest in the Offer Shares. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA-licensed financial advisor in relation to the subscription process to assess the appropriateness of the information provided herein with regard to the recipient's individual objectives, financial situation and investment needs. They must rely on their own review of the Company and the suitability of the investment opportunity and the information contained in this Prospectus to their own objectives, financial situation and needs, including the advantages and risks associated with investing in this subscription. An investment in the Offer Shares may be appropriate for some investors but not for others. Therefore, prospective investors should not rely on another party's decision whether to invest as a basis for their own examination of the investment opportunity or on such investors' individual circumstances.

This subscription shall be limited to (A) Participating Parties: This tranche includes the categories entitled to participate in the Book Building Process, including investment funds, qualified foreign companies and institutions, investors from Gulf companies and other foreign investors under swap agreements (for further details, please refer to Section 1 (“**Definitions and Abbreviations**”) of this Prospectus); and (B) Individual Investors: This tranche comprises Saudi natural persons, including any divorced or widowed Saudi woman with minor children from a non-Saudi husband, who is entitled to subscribe in their names for her own benefit provided she submits proof that she is divorced or widowed and proof that she is the mother of her minor children, and any non-Saudi natural person who is resident in the Kingdom or Gulf Cooperation Council country national who has an investment account and an active investment portfolio with one of the Receiving Entities with one of the Capital Market Institutions affiliated with the Receiving Entity through which the subscription is to be made. A subscription for shares made by a person in the name of his divorcee shall be deemed void and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

This Prospectus shall not constitute an offer to sell or a request of an offer to purchase any of the Offer Shares by any person in any country where the law in force in such country does not permit that person to make such an offer or request. These Offer Shares shall be offered outside the United States through deals outside United States territory in accordance with Regulation S.

It is expressly prohibited to distribute this Prospectus or sell the Offer Shares to any person in any state other than the Kingdom, with the exception of the category of qualified foreign financial institutions and/or foreign investors and others through the conclusion of swap agreements. All recipients of this Prospectus are required to review the statutory restrictions related to the Offering and sale of the Offer Shares and comply with them. Each qualified Individual Subscriber and Participating Party should read the entire Prospectus and seek advice from lawyers, a financial advisor and any of their professional advisors concerning the legal, tax, regulatory and economic considerations relating to their investment in the shares, and will be responsible for the fees related to such advice received from their lawyers, accountants and other advisors on all issues related to the investment in the Company’s shares. No assurances can be given as to profitability.

Neither the Financial Advisor nor the Bookrunner or any of their affiliates, directors, officers, or employees shall bear any responsibility with respect to the contents of this Prospectus. Thus, the Financial Advisor, the Bookrunner and their affiliates, directors, officers, and employees hereby disclaim, to the fullest extent permitted by the applicable laws, any and all liability with respect to this Prospectus.

The Financial Advisor and the Bookrunner are acting exclusively for the Company and no one else in connection with the Offering. No other person (whether or not a recipient of this Prospectus) shall be deemed to be their client with respect to the Offering and none of them shall bear responsibility to anyone other than the Company for providing the protections afforded to their clients or advice in connection with the Offering or any transaction or arrangement referred to in this Prospectus.

Potential investors also acknowledge that: (1) they have not relied on the Financial Advisor, the Bookrunner or any person connected with any of them in relation to any verification of the accuracy of any information contained in this Prospectus or in relation to their investment decision; (2) they have relied only on the information contained in this Prospectus; and (3) no person has been authorized to give any information or make any representation about the Company or the Offer Shares (other than as contained in this Prospectus) and that, if such authorization is given or issued, any other information or representations of this kind should not be relied upon as being approved by the Company, the Financial Advisor or the Bookrunner.



## Market and Sector Information

The sector-related information contained in this Prospectus has been provided by Arthur D. Little Middle East FZ LLC ("ADL ME"), the Market Consultant.

The information contained in Section 3 ("**Overview of the Market and Sector**") of this Prospectus is based on a market report prepared by the Market Research Consultant. The market report was prepared exclusively for the Company and the information contained therein is dated 23 May 2024G. The Market Research Consultant is an independent third-party company and a leading provider of market information and commercial analysis for the brokerage, assets under management and financial market services sectors sector.

The Market Consultant has prepared the market report in a completely independent manner, and the information and analyses contained therein reflect its views of the market as of the date of the report. The Market Consultant has exercised adequate care in preparing the report to ensure that the information contained therein is accurate and complete. However, market data is constantly evolving and is subject to change due to limitations on the availability of public information, particularly information relating to the Company's competitors and clients.

Neither the Market Consultant nor any of its subsidiaries, affiliates, partners, shareholders, directors, officers, or their relatives own any shares or any interest of any kind in the Company. As of the date of this Prospectus, the Market Consultant has provided its written consent to the use of its name and logo in the manner and form set forth in this Prospectus.

## Financial Information

The Issuer's financial statements as of and for the financial years ended 31 December 2021G, 2022G, and 2023G and the notes thereto have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") as adopted in the Kingdom of Saudi Arabia and other standards and publications issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (collectively referred to as the "**Saudi IFRS**") and in accordance with the Companies Law and the Issuer's Bylaws. These financial statements have been audited by the Company's auditor, KPMG Professional Services, in accordance with their report, which is included in another section of this Prospectus. The reviewed consolidated condensed interim financial statements for the period ended 30 June 2024G and the notes thereto have been prepared in accordance with IAS 34 as adopted in the Kingdom and other standards and pronouncements approved by SOCPA. These unaudited consolidated condensed interim financial statements have been reviewed by KPMG Professional Services in accordance with their reports attached to this Prospectus.

These financial statements are included in Section 19 ("**Financial Statements and Auditor's Report**") of this Prospectus. Note that the Company prepares its financial statements in Saudi Riyals.

The financial and statistical information contained in this Prospectus has been rounded to the nearest whole number. Accordingly, there may be slight differences between the figures contained in this Prospectus and those in the consolidated financial statements, and some of the monetary amounts presented in this Prospectus may not be consistent with or match the financial information contained in any other section of this Prospectus. In cases where amounts in this Prospectus have been converted from U.S. dollars to Saudi Riyals, the exchange rate of SAR 3.75 to USD 1 is used for ease of conversion. Figures that have been converted to Saudi Riyals have not been audited or reviewed.

## Forecasts and Forward-looking Statements

The forecasts contained in this Prospectus are based on assumptions that are derived from the Company's experience in the market as well as publicly available market information. Future operating conditions may differ from the assumptions used. Accordingly, there can be no assurance or confirmation that any of these forecasts will be accurate or complete. The Company confirms that the statements set forth in this Prospectus have been prepared with the necessary professional care. Certain forecasts contained in this Prospectus are "forward-looking statements". Such forward-looking statements are inferred by the use of words such as "intends", "estimates", "believes", "expects", "may", "will", "should", "expected", "could", "assumes", or the negative thereof or other similar or opposite terms. These statements reflect the Company's current view and that of its management with respect to future events, but are not a guarantee of future performance. There are many factors that could cause the actual results, performance or achievements of the Company to differ materially from those expressed or implied in the statements. Some of the risks or factors that could cause such differences are discussed in more detail in other sections of this Prospectus (please refer to Section 2 ("**Risk Factors**") of this Prospectus). If one or more of these risks or uncertainties materialize, or if underlying assumptions prove inaccurate or incorrect, actual results can vary materially from those described, expected, estimated, or planned in this Prospectus.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company shall issue a supplementary prospectus if the Company becomes aware, at any time after the date of this Prospectus and prior to the completion of the Offering, of: (a) the occurrence of any significant change in material matters contained in this Prospectus or any document required by the Rules on the Offer of Securities and Continuing Obligations, or (b) the emergence of any significant additional matters that should have been included in this Prospectus. Other than in these two cases, the Company does not intend to update or modify any sector and market information contained in this Prospectus, whether as a result of the emergence of new information, the occurrence of future events, or otherwise. As a result of the foregoing and other risks, uncertainties and assumptions, the future events and circumstances set forth in this Prospectus may not occur as the Company anticipates or at all. Accordingly, Subscribers should consider all forward-looking statements in light of these interpretations and not rely primarily on them.

## Certain Provisions

Certain figures and percentages contained in this Prospectus have been rounded to the nearest whole number. Consequently, figures presented for the same category in different tables may vary slightly, and the total figures in some tables may not be the arithmetic sum of the figures preceding them.

## Company Directory

### Directors:

**Table (1): Directors**

| No. | Name                                      | Position                   | Nationality | Age | Date of Appointment*                       | Direct Ownership Percentage |               | Indirect Ownership Percentage |               | Capacity                       |
|-----|-------------------------------------------|----------------------------|-------------|-----|--------------------------------------------|-----------------------------|---------------|-------------------------------|---------------|--------------------------------|
|     |                                           |                            |             |     |                                            | Pre-Offering                | Post-Offering | Pre-Offering                  | Post-Offering |                                |
| 1.  | Taha Abdullah Ibrahim Al-Kuwaiz**         | Chairman of the Board      | Saudi       | 62  | 15/02/1445H (corresponding to 31/08/2023G) | 24.2%                       | 19.3%         | N/A                           | N/A           | Non-Executive/ Non-Independent |
| 2.  | Ibrahim Abdulaziz Ibrahim Al-Jammaz***    | Vice Chairman of the Board | Saudi       | 45  | 15/02/1445H (corresponding to 31/08/2023G) | N/A                         | N/A           | 1.06%                         | 0.85%         | Non-Executive/ Non-Independent |
| 3.  | Khaled Mohammed Ali Aba Al-Khail****      | Director                   | Saudi       | 42  | 15/02/1445H (corresponding to 31/08/2023G) | N/A                         | N/A           | 1.85%                         | 1.47%         | Non-Executive/ Non-Independent |
| 4.  | Zaki Abdulaziz Al-Showaier                | Director                   | Saudi       | 58  | 15/02/1445H (corresponding to 31/08/2023G) | N/A                         | N/A           | N/A                           | N/A           | Non-Executive/ Non-Independent |
| 5.  | Hashem Othman Ibrahim Al-Hekail           | Director                   | Saudi       | 63  | 15/02/1445H (corresponding to 31/08/2023G) | 4.8%                        | 3.8%          | N/A                           | N/A           | Non-Executive/ Non-Independent |
| 6.  | Abdulwahab Saeed Abdullah Al-Sayed        | Director                   | Saudi       | 49  | 15/02/1445H (corresponding to 31/08/2023G) | 4.8%                        | 3.8%          | N/A                           | N/A           | Non-Executive/ Non-Independent |
| 7.  | Yasser Abdulaziz Mohammed Al-Qadi         | Director                   | Saudi       | 43  | 15/02/1445H (corresponding to 31/08/2023G) | N/A                         | N/A           | N/A                           | N/A           | Non-Executive/ Independent     |
| 8.  | Faisal Hamad Abdullah Al-Sugair           | Director                   | Saudi       | 64  | 15/02/1445H (corresponding to 31/08/2023G) | N/A                         | N/A           | N/A                           | N/A           | Non-Executive/ Independent     |
| 9.  | Abdullah Abdulrahman Abdulrazzaq Al-Saeed | Director                   | Saudi       | 32  | 15/02/1445H (corresponding to 31/08/2023G) | N/A                         | N/A           | N/A                           | N/A           | Non-Executive/ Independent     |

\* The dates mentioned in this table are the appointment dates of each Director for the current session. The biographies of the Directors outline the start date of each Director's appointment at the Company for any previous or current positions (for more information, please refer to Section 5.2.2 ("Summary Biographies of Directors and the Board Secretary") of this Prospectus).

\*\* It is worth noting that Mr. Taha Al-Kuwaiz concluded a credit facilities agreement with a commercial bank in its capacity as the lending bank and security agent, whereby 21,450,000 shares, representing 35.43% of the total shares owned by Mr. Taha Al-Kuwaiz, were mortgaged in accordance with a mortgage agreement concluded between each of the parties. Note that Mr. Taha Al-Kuwaiz intends to pay all outstanding amounts under the agreement from the Offering Proceeds, and thus the mortgage on the shares will be released upon Listing of the Company on the Exchange.

\*\*\* Ibrahim Abdulaziz Al-Jammaz indirectly owns 1.06% of the Company's shares before the Offering as a result of his ownership of:

1. 17.10% of Farzan Investment Company, which owns 40% of Abdulaziz Ibrahim AlJammaz & Brothers Company, which owns 9.5% of the Company's shares.
2. 7% of Daleel Investment Company, which owns 1% of each of Farzan Investment Company (which owns 40% of Abdulaziz Ibrahim AlJammaz & Brothers Company), Talat Najd Company (which owns 20% of Abdulaziz Ibrahim AlJammaz & Brothers Company), Ramatan Investment Company (which owns 20% of Abdulaziz Ibrahim AlJammaz & Brothers Company), and Rawabi Shahr Investment Company (which owns 20% of Abdulaziz Ibrahim AlJammaz & Brothers Company), where Abdulaziz Ibrahim AlJammaz & Brothers Company owns 9.5% of the Company's shares.

\*\*\*\* Khaled Mohammed Aba Al-Khail indirectly owns 1.85% of the Company's shares before the Offering, as a result of his ownership of 20% of Sanad Investment Company, which owns 9.3% of the shares of Derayah Financial Company.



## Company's Address and Representatives

| Company Address                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                          | <b>Derayah Financial Company</b><br>Riyadh, Al-Olaya, Al-Takhassusi Street<br>P.O. Box 28654<br>Zip Code: 12331<br>Kingdom of Saudi Arabia<br>Tel.: +966-11-2998000<br>Fax: +966-11-2998071<br>Website: web.derayah.com<br>Email: support@derayah.com                                                     |
|                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                           |
| Company Representatives                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                           |
| <b>Taha Abdullah Ibrahim Al-Kuwaiz</b><br>Chairman of the Board<br>Derayah Financial Company<br>Riyadh, Al-Olaya, Al-Takhassusi Street<br>P.O. Box 286546 Riyadh 12331<br>Kingdom of Saudi Arabia<br>Tel.: +966-11-2998000<br>Fax: +966-11-2998071<br>Website: web.derayah.com<br>Email: Taha@derayah.com | <b>Mohammed Saeed Mansour Al-Shammasi</b><br>CEO<br>Derayah Financial Company<br>Riyadh, Al-Olaya, Al-Takhassusi Street<br>P.O. Box 286546 Riyadh 12331<br>Kingdom of Saudi Arabia<br>Tel.: +966-11-2998000<br>Fax: +966-11-2998071<br>Website: web.derayah.com<br>Email: mohammed.alshammasi@derayah.com |
| Secretary of the Board of Directors                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                           |
| <b>Name: Mohammed Ahmed Saud Al-Yami</b><br>Address: Riyadh, Al-Olaya, Al-Takhassusi Street<br>P.O. Box 28654 Riyadh 12331<br>Kingdom of Saudi Arabia<br>Tel.: +966 11 992 6708<br>Fax: +966-11-2998071<br>Website: web.derayah.com<br>Email: mohammed.alyami@derayah.com                                 |                                                                                                                                                                                                                                                                                                           |
| Stock Market                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                           |
|                                                                                                                                                                                                                        | <b>Saudi Exchange (Tadawul)</b><br>King Fahd Road - Al-Olaya 6897<br>Unit No. 15<br>Riyadh 12211-3388<br>Kingdom of Saudi Arabia<br>Tel.: +966 92 000 1919<br>Fax: +966 11 218 9133<br>Website: www.saudiexchange.sa<br>Email: csc@tadawul.com.sa                                                         |
|                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                           |
| Stock Registrar                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                           |
| <br>من مجموعة تداول السعودية<br>From Saudi Tadawul Group                                                                                                                                                               | <b>Securities Depository Center Company (Edaa)</b><br>King Fahd Road - Al-Olaya 6897<br>Unit No. 11<br>Riyadh 12211-3388<br>Kingdom of Saudi Arabia<br>Tel.: +966920026000<br>Website: www.edaa.com.sa<br>Email: cc@edaa.com.sa                                                                           |
|                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                           |

## Advisors

### Sole Financial adviser, Global Coordinator, Lead Manager, Bookrunner, and Underwriter



#### HSBC Saudi Arabia

HSBC Building  
7267 Olaya Road, Al Murooj District  
Riyadh 12283-2255  
Kingdom of Saudi Arabia  
Tel.: +966 920005920  
Fax: +966 11 5112201  
Website: www.hsbcSaudi.com  
Email: derayahipo@hsbcSaudi.com

### Issuer's Legal Advisor



#### Abuhimed Alsheikh Alhagbani (AS&H) Clifford Chance Law Firm

Building 15, The Business Gate  
King Khalid International Airport Road  
P.O. Box 90239, Riyadh 11613  
Kingdom of Saudi Arabia  
Tel.: +966114819700  
Fax: +966 11 481 9701  
Website: www.ashcliffordchance.com  
Email: Info.ASH@ASHCliffordChance.com

### Legal Advisor for the Offering Outside the Kingdom



#### Clifford Chance LLP

ICD Brookfield Place, 32nd Floor  
Dubai International Financial Centre  
P.O. Box 9380 Dubai  
UAE  
Tel.: +97145032600  
Fax: +97145032800  
Website: www.cliffordchance.com  
Email: ccprojectinvest@cliffordchance.com

### Legal Advisor to the Sole Financial Advisor, Bookrunner, Global Coordinator and Underwriter



#### Baker McKenzie Law Firm

Al Olayan Building, 2nd Tower, 3rd Floor  
Al-Ahsa Street, Al-Malaz  
P.O Box 69103, Riyadh 11547  
Kingdom of Saudi Arabia  
Tel.: +966 11 265 8900  
Fax: +966 11 562 8999  
Website: www.bakermckenzie.com  
Email: legaladvisors@bakermckenzie.com

**Financial Due Diligence Advisor****PricewaterhouseCoopers (PwC) Chartered Accountants**

Kingdom Tower, 21st Floor  
P.O. Box 8282  
Riyadh 11482  
Kingdom of Saudi Arabia  
Tel.: +966 11 211 0400  
Fax: +966 11 2110401  
Website: [www.pwc.com/me](http://www.pwc.com/me)  
Email: [mer\\_project\\_invest@pwc.com](mailto:mer_project_invest@pwc.com)

**Market Consultant****Arthur D. Little Middle East FZ-LLC**

Tower 1.09, 10th Floor  
King Abdullah Financial District (KAFD)  
Riyadh 13519  
Kingdom of Saudi Arabia  
Tel.: +966112930023  
Fax: +966112930490  
Website: <https://www.adl.com.sa>  
Email: [ME.Office@adlittle.com](mailto:ME.Office@adlittle.com)

**Auditor****KPMG Professional Services**

Roshn Front, Airport Road  
P.O. Box 92876, Riyadh 11663  
Tel.: +966 11 8748500  
Fax: +966 11 8748600  
Website: [www.kpmg.com/sa](http://www.kpmg.com/sa)  
Email: [marketingsa@kpmg.com](mailto:marketingsa@kpmg.com)

**Note:** Each of the above-mentioned advisors and the auditor have given their written consent to the reference to their names and logos and to the publication of their statement or report (as applicable) in this Prospectus in the form contained herein. None have withdrawn their consent as of the date of this Prospectus. Furthermore, none of these entities nor their employees – comprising the work team providing services to the Company – or their relatives own any shares in the Company or any of its Subsidiaries and none of them have any interest of any kind in the Company or any of its Subsidiaries as of the date of this Prospectus that might affect their independence.



## Receiving Entities

**SNB Capital Company**

King Saud Street, Al Murabba District - Building No. 7347  
 P.O. Box 2575, Riyadh 12624  
 Kingdom of Saudi Arabia  
 Phone: +966 920000232  
 International Call Center: +966 (11) 4060052  
 Website: [www.alahlicapital.com](http://www.alahlicapital.com)  
 Email: [IPService@alahlicapital.com](mailto:IPService@alahlicapital.com)

**Riyad Capital Company**

2414 - Al Shahada District, Unit No. 69  
 P.O. Box 13241, Riyadh 7279  
 Kingdom of Saudi Arabia  
 Phone: +966 (11) 4865649  
 Fax: +966 (11) 4865908  
 Website: [www.riyadcapital.com](http://www.riyadcapital.com)  
 Email: [ask@riyadcapital.com](mailto:ask@riyadcapital.com)

**Saudi Fransi Capital**

King Fahd Road – 8092  
 P.O. Box 23454  
 Riyadh 12313-3735  
 Kingdom of Saudi Arabia  
 Tel: +966 (11) 282 6666  
 Fax: +966 (11) 282 6723  
 Website: [www.bsfcapital.sa](http://www.bsfcapital.sa)  
 E-mail: [sfc-supportcenter@FransiCapital.com.sa](mailto:sfc-supportcenter@FransiCapital.com.sa)

**AlJazira Capital Company**

King Fahd Street, Al Rahmaniya  
 P.O. Box 20438, Riyadh 11455  
 Kingdom of Saudi Arabia  
 Phone: +966 (11) 2256000  
 Fax: +966 (11) 2256182  
 Website: [www.aljaziracapital.com.sa](http://www.aljaziracapital.com.sa)  
 Email: [contactus@aljaziracapital.com.sa](mailto:contactus@aljaziracapital.com.sa)

**Yaqeen Capital**

Al-Wurud District - Al-Olaya Street  
 P.O. Box 884, Riyadh 11421  
 Kingdom of Saudi Arabia  
 Phone: +966 800 4298888  
 Fax: +966 (11) 2054827  
 Website: [www.yaqeen.sa](http://www.yaqeen.sa)  
 Email: [addingvalue@yaqeen.sa](mailto:addingvalue@yaqeen.sa)

## Receiving Entities

**ANB Capital Company**

King Faisal Street  
Arab National Bank Financial Building  
P.O. Box 220009, Riyadh 11311  
Kingdom of Saudi Arabia  
Phone: +966 (11) 4062500  
Fax: +966 (11) 4062548  
Website: [anbcapital.com.sa](http://anbcapital.com.sa)  
Email: [investment.banking@anbcapital.com.sa](mailto:investment.banking@anbcapital.com.sa)

**Derayah Financial Company**

Al-Takhasusi Street - Prestige Center - Third Floor  
Riyadh  
Kingdom of Saudi Arabia  
Phone: +966 (11) 2998000  
Fax: +966 (11) 4195498  
Website: [web.derayah.com](http://web.derayah.com)  
Email: [support@derayah.com](mailto:support@derayah.com)

**Al Rajhi Capital**

Head Office, King Fahd Road, Al Murouj District P.O. Box 5561,  
Riyadh 11432  
Kingdom of Saudi Arabia  
Phone: +966 92 00005856  
Fax: +966 (11) 460 0625  
Website: [www.alrajhi-capital.com](http://www.alrajhi-capital.com)  
Email: [InvestmentBankingTeam@alrajhi-capital.com](mailto:InvestmentBankingTeam@alrajhi-capital.com)

**Alistithmar for Financial Securities and Brokerage Company**

King Fahd Road  
Riyadh  
Kingdom of Saudi Arabia  
P.O. Box: 6888, Postal Code: 11452  
Phone: +966 (11) 2547666  
Fax: +966 (11) 4896253  
Website: [www.icap.com.sa](http://www.icap.com.sa)  
Email: [WebEcare@icap.com.sa](mailto:WebEcare@icap.com.sa)

**Alinma Investment Company**

Al Anood Tower 2, King Fahad Road  
P.O. Box 55560, Riyadh 11544  
Kingdom of Saudi Arabia  
Phone: +966 (11) 2185999  
Fax: +966 (11) 2185970  
Website: [www.alinmainvestment.com](http://www.alinmainvestment.com)  
Email: [info@alinmainvest.com](mailto:info@alinmainvest.com)



## Receiving Entities

**SAB Invest**

Al-Olaya General Street  
P.O. Box 1467, Riyadh 11431  
Kingdom of Saudi Arabia  
Phone: 8001242442  
Fax: +966 (12) 216 9102  
Website: [www.sabinvest.com](http://www.sabinvest.com)  
Email: [customercare@sabinvest.com](mailto:customercare@sabinvest.com)

**Alkhabeer Capital**

Madinah Road  
P.O. Box 128289, Jeddah 21362  
Kingdom of Saudi Arabia  
Phone: +966 (12) 6129345  
Fax: +966 (12) 6856663  
Website: [www.alkhabeer.com](http://www.alkhabeer.com)  
Email: [info@alkhabeer.com](mailto:info@alkhabeer.com)

**Sahm Capital Financial Company**

building 3.05 - KAFD  
Riyadh 13519, KSA  
Kingdom of Saudi Arabia  
Phone: +966 (11) 4145260  
Website: [www.sahmcapital.com](http://www.sahmcapital.com)  
Email: [info@sahmcapital.com](mailto:info@sahmcapital.com)

**GIB Capital**

Low Rise Building 1 Granada Business & Residential Park  
Eastern Ring Road  
P.O. Box 89589, Riyadh 11692  
Kingdom of Saudi Arabia  
Tel: +966 11 511 2200  
Fax: +966 11 511 2201  
Website: [www.gibcapital.com](http://www.gibcapital.com)  
Email: [customercare@gibcapital.com](mailto:customercare@gibcapital.com)

**Note:** Each of the aforementioned Receiving Entities except for Derayah Financial Company (as a Receiving Entity) has given their written consent to the reference to their names and logos and to the publication of their statement or report (as applicable) in this Prospectus in the form contained herein, and none of them have withdrawn their consent as of the date of this Prospectus. Furthermore, none of these entities nor their employees – forming part of the team providing services to the Company – or their relatives own any shares in the Company or any of its Subsidiaries and none of them have any interest of any kind in the Company or any of its Subsidiaries as of the date of this Prospectus that might affect their independence.

## Offering Summary

This Offering summary aims to provide a brief background on the information contained in this Prospectus. Accordingly, this summary does not include all information that may be important to potential investors. Therefore, this summary must be read as an introduction to this Prospectus, and potential investors should read and review this Prospectus in its entirety. Any decision to invest in the Offer Shares by potential investors must be based on a consideration of this Prospectus as a whole.

In particular, it is necessary to consider the “**Important Notice**” on page (i) and Section 2 (“**Risk Factors**”) of this Prospectus before making any investment decision regarding the Offer Shares.

|                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>The Company</b></p> | <p>Derayah Financial Company is an unlisted joint-stock company under Commercial Register No. 1010266977 dated 04/05/1430H (corresponding to 29/04/2009G) issued in the city of Riyadh in the Kingdom of Saudi Arabia. The address of its head office is Al-Olaya - Al-Takhassusi Street - P. O. Box 286546 - Postal Code 12331 - Riyadh - Kingdom of Saudi Arabia. Its current capital amounts to four hundred and ninety-nine million, four hundred and seventy thousand, three hundred and ninety Saudi Riyals (SAR 499,470,390), divided into two hundred and forty-nine million, seven hundred and thirty-five thousand, one hundred and ninety-five (249,735,195) ordinary shares with a fully paid nominal value of two Saudi Riyals (SAR 2) per share. As of the date of this Prospectus, the Company has thirty-seven (37) shareholders.</p> <p>Derayah Financial Company was incorporated as an unlisted joint-stock company pursuant to Ministry of Commerce Resolution No. 127/S dated 19/04/1430H (corresponding to 15/04/2009G), and in accordance with Capital Market Authority License No. 27/08109 dated 19/06/1429H (corresponding to 23/06/2008G) and General Investment Authority License No. 172/1 dated 07/02/1430H (corresponding to 02/02/2009G) with a capital of one hundred and fifty-two million Saudi Riyals (SAR 152,000,000) divided into fifteen million, two hundred thousand (15,200,000) shares, each with a value of ten Saudi Riyals (SAR 10), all of which are ordinary shares. The Company's shares were fully subscribed by the founding shareholders, representing thirty-two (32) shareholders.</p> <p>On 13/10/1434H (corresponding to 20/08/2013G), the Capital Market Authority issued its approval of the Company's request to amend its list of authorized activities, adding the activity of dealing as principal. Thus, the Company's authorized activities now include dealing as a principal, dealing as an agent, managing investment funds, managing client portfolios, providing advisory services, and custody.</p> <p>On 18/09/1438H (corresponding to 13/06/2017G), the Extraordinary General Assembly approved an increase in the Company's capital from one hundred and fifty-two million Saudi Riyals (SAR 152,000,000) divided into fifteen million, two hundred thousand (15,200,000) ordinary shares to one hundred and sixty-one million, ninety thousand, one hundred and thirty Saudi Riyals (SAR 161,090,130) divided into sixteen million, one hundred and nine thousand and thirteen (16,109,013) ordinary shares by issuing nine hundred and nine thousand and thirteen (909,013) shares and granting them to the Company's employees in accordance with the previous Employee Share Program. This was done by transferring nine million, ninety thousand, one hundred and thirty Saudi Riyals (SAR 9,090,130) from the Company's Previous Employee Share Program contribution reserve account to the capital account. The Company obtained the CMA's approval for this increase and amendment of its Bylaws on 15/08/1438H (corresponding to 11/05/2017G).</p> <p>On 13/08/1439H (corresponding to 29/04/2018G), the Capital Market Authority issued its approval of the Company's request to amend its list of authorized activities by adding underwriting and arranging. Thus, the Company's authorized activities became dealing as a principal, dealing as an agent, underwriting, managing investment funds, managing client portfolios, arranging, advising, and custody in the securities business.</p> <p>On 16/05/1443H (corresponding to 20/12/2021G), the Company's General Assembly approved increasing the Company's capital from one hundred and sixty-one million, ninety thousand, one hundred and thirty Saudi Riyals (SAR 161,090,130) divided into sixteen million, one hundred and nine thousand and thirteen (16,109,013) ordinary shares to one hundred and sixty-two million, two hundred and ninety thousand, one hundred and thirty Saudi Riyals (SAR 162,290,130) divided into sixteen million, two hundred and twenty-nine thousand and thirteen (16,229,013) ordinary shares by issuing one hundred and twenty thousand (120,000) shares and granting them to the Company's employees in accordance with the Previous Employee Share Program by transferring one million, two hundred thousand Saudi Riyals (SAR 1,200,000) from the Company's retained earnings account. The Company obtained the CMA's approval for this increase and amendment of its Bylaws on 16/06/1443H (corresponding to 19/01/2022G).</p> |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| The Company              | <p>On 01/01/1446H (corresponding to 07/07/2024G), the Company obtained approval from the General Assembly to increase its capital from one hundred and sixty-two million, two hundred and ninety thousand, one hundred and thirty Saudi Riyals (SAR 162,290,130) divided into sixteen million, two hundred and twenty-nine thousand and thirteen (16,229,013) ordinary shares to four hundred and ninety-nine million, four hundred and seventy thousand, three hundred and ninety Saudi Riyals (SAR 499,470,390) divided into two hundred and forty-nine million, seven hundred and thirty-five thousand, one hundred and ninety-five (249,735,195) ordinary shares. This increase was achieved by issuing thirty-three million, seven hundred and eighteen thousand, seven hundred twenty-six (33,718,026) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share by capitalizing three hundred and thirty-seven million, one hundred and eighty thousand, two hundred and sixty Saudi Riyals (SAR 337,180,260) from the retained earnings account, distributing thirty-two million, four hundred and fifty-eight thousand and twenty-six (32,458,026) ordinary shares to the current shareholders registered on the date of the General Assembly's decision, each according to their percentage of ownership in the Company, and allocating one million, two hundred and sixty thousand (1,260,000) new shares to the Company's employees according to the Employee Share Program, to be retained as treasury shares until their ownership is transferred to the employees in accordance with the provisions of the program plan approved in this regard, and then dividing each share in the Company's capital into five (5) shares, so that the number of the Company's issued and fully paid shares becomes two hundred and forty-nine million, seven hundred and thirty-five thousand, one hundred and ninety-five (249,735,195) shares with a fully paid nominal value of two Saudi Riyals (SAR 2) per share. The Company obtained approval from the CMA for this increase and amendment of its Bylaws on 18/01/1446H (corresponding to 24/07/2024G). For more information regarding the Company's establishment date and capital development, please refer to Section 4.2 ("Group Structure") and Section 12.5 ("Subsidiaries") of this Prospectus. For further details about the New Employee Share Programs and any other arrangements in this regard, please refer to Section 5.9 ("Employee Share Programs") of this Prospectus.</p> |                  |                     |                                 |                                    |                  |                     |                                 |                                    |  |  |                  |                     |                                 |                                    |                  |                     |                                 |                                    |    |                         |            |             |       |     |            |            |       |     |    |                                               |            |            |      |     |            |            |      |     |    |                          |            |            |      |     |            |            |      |     |    |                     |            |            |      |     |            |            |      |     |       |  |             |             |       |   |            |             |       |     |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------|---------------------------------|------------------------------------|------------------|---------------------|---------------------------------|------------------------------------|--|--|------------------|---------------------|---------------------------------|------------------------------------|------------------|---------------------|---------------------------------|------------------------------------|----|-------------------------|------------|-------------|-------|-----|------------|------------|-------|-----|----|-----------------------------------------------|------------|------------|------|-----|------------|------------|------|-----|----|--------------------------|------------|------------|------|-----|------------|------------|------|-----|----|---------------------|------------|------------|------|-----|------------|------------|------|-----|-------|--|-------------|-------------|-------|---|------------|-------------|-------|-----|
| Company Activities       | <p>The Company's main activity, according to its Bylaws, is dealing in securities, managing investments and operating funds, arranging securities transactions, providing advisory services on securities, and custody of securities.</p> <p>The Company's main activities listed in its Commercial Register are as follows:</p> <ol style="list-style-type: none"><li>1- Dealing in securities.</li><li>2- Arranging securities transactions.</li><li>3- Providing advisory services in securities.</li><li>4- Custody of securities.</li><li>5- Managing investments and operating funds.</li><li>6- Managing investments.</li></ol> <p>The Company obtained License No. 27-08109 from the Capital Market Authority to engage in dealing as a principal, dealing as an agent, managing investment funds, managing clients' portfolios, providing advisory services, and custody.</p> <p>For further details about the Company's activities and the nature of its business, please refer to Section 4 ("Company Section") and Section 12 ("Legal Information") of this Prospectus.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                  |                     |                                 |                                    |                  |                     |                                 |                                    |  |  |                  |                     |                                 |                                    |                  |                     |                                 |                                    |    |                         |            |             |       |     |            |            |       |     |    |                                               |            |            |      |     |            |            |      |     |    |                          |            |            |      |     |            |            |      |     |    |                     |            |            |      |     |            |            |      |     |       |  |             |             |       |   |            |             |       |     |
| Substantial Shareholders | <p>The following table shows the names of the Substantial Shareholders and their ownership percentages in the Company before and after the Offering:</p> <table><tr><th rowspan="2">No.</th><th rowspan="2">Shareholder</th><th colspan="4">Pre-Offering</th><th colspan="4">Post-Offering</th></tr><tr><th>Number of Shares</th><th>Nominal Value (SAR)</th><th>Direct Ownership Percentage (%)</th><th>Indirect Ownership Percentage (%)*</th><th>Number of Shares</th><th>Nominal Value (SAR)</th><th>Direct Ownership Percentage (%)</th><th>Indirect Ownership Percentage (%)*</th></tr><tr><td>1.</td><td>Taha Abdullah Al-Kuwaiz</td><td>60,535,050</td><td>121,070,100</td><td>24.2%</td><td>N/A</td><td>48,075,562</td><td>96,151,124</td><td>19.3%</td><td>N/A</td></tr><tr><td>2.</td><td>Abdulaziz Ibrahim AlJammaz &amp; Brothers Company</td><td>23,823,525</td><td>47,647,050</td><td>9.5%</td><td>N/A</td><td>18,920,102</td><td>37,840,204</td><td>7.6%</td><td>N/A</td></tr><tr><td>3.</td><td>Sanad Investment Company</td><td>23,121,015</td><td>46,242,030</td><td>9.3%</td><td>N/A</td><td>18,362,185</td><td>36,724,370</td><td>7.4%</td><td>N/A</td></tr><tr><td>4.</td><td>AlTouq Company Ltd.</td><td>17,100,000</td><td>34,200,000</td><td>6.8%</td><td>N/A</td><td>13,580,432</td><td>27,160,864</td><td>5.4%</td><td>N/A</td></tr><tr><td colspan="2">Total</td><td>124,579,590</td><td>249,159,180</td><td>49.8%</td><td>-</td><td>98,938,281</td><td>197,876,558</td><td>39.7%</td><td>N/A</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | No.              | Shareholder         | Pre-Offering                    |                                    |                  |                     | Post-Offering                   |                                    |  |  | Number of Shares | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%)* | Number of Shares | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%)* | 1. | Taha Abdullah Al-Kuwaiz | 60,535,050 | 121,070,100 | 24.2% | N/A | 48,075,562 | 96,151,124 | 19.3% | N/A | 2. | Abdulaziz Ibrahim AlJammaz & Brothers Company | 23,823,525 | 47,647,050 | 9.5% | N/A | 18,920,102 | 37,840,204 | 7.6% | N/A | 3. | Sanad Investment Company | 23,121,015 | 46,242,030 | 9.3% | N/A | 18,362,185 | 36,724,370 | 7.4% | N/A | 4. | AlTouq Company Ltd. | 17,100,000 | 34,200,000 | 6.8% | N/A | 13,580,432 | 27,160,864 | 5.4% | N/A | Total |  | 124,579,590 | 249,159,180 | 49.8% | - | 98,938,281 | 197,876,558 | 39.7% | N/A |
| No.                      | Shareholder                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                  |                     | Pre-Offering                    |                                    |                  |                     | Post-Offering                   |                                    |  |  |                  |                     |                                 |                                    |                  |                     |                                 |                                    |    |                         |            |             |       |     |            |            |       |     |    |                                               |            |            |      |     |            |            |      |     |    |                          |            |            |      |     |            |            |      |     |    |                     |            |            |      |     |            |            |      |     |       |  |             |             |       |   |            |             |       |     |
|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Number of Shares | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%)* | Number of Shares | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%)* |  |  |                  |                     |                                 |                                    |                  |                     |                                 |                                    |    |                         |            |             |       |     |            |            |       |     |    |                                               |            |            |      |     |            |            |      |     |    |                          |            |            |      |     |            |            |      |     |    |                     |            |            |      |     |            |            |      |     |       |  |             |             |       |   |            |             |       |     |
| 1.                       | Taha Abdullah Al-Kuwaiz                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 60,535,050       | 121,070,100         | 24.2%                           | N/A                                | 48,075,562       | 96,151,124          | 19.3%                           | N/A                                |  |  |                  |                     |                                 |                                    |                  |                     |                                 |                                    |    |                         |            |             |       |     |            |            |       |     |    |                                               |            |            |      |     |            |            |      |     |    |                          |            |            |      |     |            |            |      |     |    |                     |            |            |      |     |            |            |      |     |       |  |             |             |       |   |            |             |       |     |
| 2.                       | Abdulaziz Ibrahim AlJammaz & Brothers Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 23,823,525       | 47,647,050          | 9.5%                            | N/A                                | 18,920,102       | 37,840,204          | 7.6%                            | N/A                                |  |  |                  |                     |                                 |                                    |                  |                     |                                 |                                    |    |                         |            |             |       |     |            |            |       |     |    |                                               |            |            |      |     |            |            |      |     |    |                          |            |            |      |     |            |            |      |     |    |                     |            |            |      |     |            |            |      |     |       |  |             |             |       |   |            |             |       |     |
| 3.                       | Sanad Investment Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 23,121,015       | 46,242,030          | 9.3%                            | N/A                                | 18,362,185       | 36,724,370          | 7.4%                            | N/A                                |  |  |                  |                     |                                 |                                    |                  |                     |                                 |                                    |    |                         |            |             |       |     |            |            |       |     |    |                                               |            |            |      |     |            |            |      |     |    |                          |            |            |      |     |            |            |      |     |    |                     |            |            |      |     |            |            |      |     |       |  |             |             |       |   |            |             |       |     |
| 4.                       | AlTouq Company Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 17,100,000       | 34,200,000          | 6.8%                            | N/A                                | 13,580,432       | 27,160,864          | 5.4%                            | N/A                                |  |  |                  |                     |                                 |                                    |                  |                     |                                 |                                    |    |                         |            |             |       |     |            |            |       |     |    |                                               |            |            |      |     |            |            |      |     |    |                          |            |            |      |     |            |            |      |     |    |                     |            |            |      |     |            |            |      |     |       |  |             |             |       |   |            |             |       |     |
| Total                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 124,579,590      | 249,159,180         | 49.8%                           | -                                  | 98,938,281       | 197,876,558         | 39.7%                           | N/A                                |  |  |                  |                     |                                 |                                    |                  |                     |                                 |                                    |    |                         |            |             |       |     |            |            |       |     |    |                                               |            |            |      |     |            |            |      |     |    |                          |            |            |      |     |            |            |      |     |    |                     |            |            |      |     |            |            |      |     |       |  |             |             |       |   |            |             |       |     |

| Selling Shareholders | The following table shows the names of the Selling Shareholders and their ownership percentages in the Company before and after the Offering: |                                                       |                  |                     |                            |                  |                     |                            |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|------------------|---------------------|----------------------------|------------------|---------------------|----------------------------|
|                      | No.                                                                                                                                           | Shareholder                                           | Pre-Offering     |                     |                            | Post-Offering    |                     |                            |
|                      |                                                                                                                                               |                                                       | Number of Shares | Nominal Value (SAR) | Owner-ship Percent-age (%) | Number of Shares | Nominal Value (SAR) | Owner-ship Percent-age (%) |
|                      | 1.                                                                                                                                            | Taha Abdullah Al-Kuwaiz                               | 60,535,050       | 121,070,100         | 24.2%                      | 48,075,562       | 96,151,124          | 19.3%                      |
|                      | 2.                                                                                                                                            | Abdulaziz Ibrahim AlJammaz & Brothers Company         | 23,823,525       | 47,647,050          | 9.5%                       | 18,920,102       | 37,840,204          | 7.6%                       |
|                      | 3.                                                                                                                                            | Sanad Investment Company                              | 23,121,015       | 46,242,030          | 9.3%                       | 18,362,185       | 36,724,370          | 7.4%                       |
|                      | 4.                                                                                                                                            | AlTouq Company Ltd.                                   | 17,100,000       | 34,200,000          | 6.8%                       | 13,580,432       | 27,160,864          | 5.4%                       |
|                      | 5.                                                                                                                                            | Hashem Othman Al-Hekail                               | 12,003,555       | 24,007,110          | 4.8%                       | 9,532,951        | 19,065,902          | 3.8%                       |
|                      | 6.                                                                                                                                            | Abdulwahab Saeed Al-Sayed                             | 11,991,480       | 23,982,960          | 4.8%                       | 9,523,361        | 19,046,722          | 3.8%                       |
|                      | 7.                                                                                                                                            | Derayat Alinma Trading Company*                       | 4,402,695        | 8,805,390           | 1.8%                       | 3,496,520        | 6,993,040           | 1.4%                       |
|                      | 8.                                                                                                                                            | Mohammed Saeed Al-Shammasi                            | 5,479,110        | 10,958,220          | 2.2%                       | 4,351,385        | 8,702,770           | 1.7%                       |
|                      | 9.                                                                                                                                            | Mishaal Khalid Al-Haqbani                             | 2,347,200        | 4,694,400           | 0.9%                       | 1,864,093        | 3,728,186           | 0.7%                       |
|                      | 10.                                                                                                                                           | Mohammed Ahmed Al-Yami                                | 802,500          | 1,605,000           | 0.3%                       | 637,327**        | 1,274,654           | 0.3%                       |
|                      | 11.                                                                                                                                           | Prince Fahd Saad Al Saud                              | 11,550,000       | 23,100,000          | 4.6%                       | 9,172,748        | 18,345,496          | 3.7%                       |
|                      | 12.                                                                                                                                           | Mubarak Abdullah Baarmah                              | 8,911,725        | 17,823,450          | 3.6%                       | 7,077,490        | 14,154,980          | 2.8%                       |
|                      | 13.                                                                                                                                           | Abdulaziz Ali Al-Showaier                             | 11,257,845       | 22,515,690          | 4.5%                       | 8,940,725        | 17,881,450          | 3.6%                       |
|                      | 14.                                                                                                                                           | Mohammed Mohammed Al-Rashid                           | 7,500,000        | 15,000,000          | 3.0%                       | 5,956,330        | 11,912,660          | 2.4%                       |
|                      | 15.                                                                                                                                           | Muawiya Hamad Al-Hanati                               | 7,500,000        | 15,000,000          | 3.0%                       | 5,956,330        | 11,912,660          | 2.4%                       |
|                      | 16.                                                                                                                                           | Abdul Aziz Mohammed Al-Mashal                         | 7,500,000        | 15,000,000          | 3.0%                       | 5,956,330        | 11,912,660          | 2.4%                       |
|                      | 17.                                                                                                                                           | Faisal Khalid Al-Hamdan                               | 3,750,000        | 7,500,000           | 1.5%                       | 2,978,165        | 5,956,330           | 1.2%                       |
|                      | 18.                                                                                                                                           | Kamal Abdullah Bahamdan                               | 2,625,000        | 5,250,000           | 1.1%                       | 2,084,715        | 4,169,430           | 0.8%                       |
|                      | 19.                                                                                                                                           | Fawzia Suleiman Al-Saeed                              | 2,608,710        | 5,217,420           | 1.0%                       | 2,071,778        | 4,143,556           | 0.8%                       |
|                      | 20.                                                                                                                                           | Dar Investment Company for Management and Development | 2,250,000        | 4,500,000           | 0.9%                       | 1,786,899        | 3,573,798           | 0.7%                       |
|                      | 21.                                                                                                                                           | Manar Talal Bakhsh                                    | 1,980,000        | 3,960,000           | 0.8%                       | 1,572,471        | 3,144,942           | 0.6%                       |
|                      | 22.                                                                                                                                           | Ahmed Mustafa Ben Halim                               | 1,500,000        | 3,000,000           | 0.6%                       | 1,191,266        | 2,382,532           | 0.5%                       |
|                      | 23.                                                                                                                                           | Faisal Mohammed Al-Suhaili                            | 1,630,440        | 3,260,880           | 0.7%                       | 1,294,858        | 2,589,716           | 0.5%                       |
|                      | 24.                                                                                                                                           | Saad Mohammed Al-Suhaili                              | 1,630,440        | 3,260,880           | 0.7%                       | 1,294,858        | 2,589,716           | 0.5%                       |
|                      | 25.                                                                                                                                           | Fahd Mohammed Al-Suhaili                              | 1,630,425        | 3,260,850           | 0.7%                       | 1,294,846        | 2,589,692           | 0.5%                       |
|                      | 26.                                                                                                                                           | Thamer Saleh Al-Shuaibi                               | 1,193,700        | 2,387,400           | 0.5%                       | 948,009          | 1,896,018           | 0.4%                       |
|                      | 27.                                                                                                                                           | Hind Mohammed Al-Suhaili                              | 815,220          | 1,630,440           | 0.3%                       | 647,429          | 1,294,858           | 0.3%                       |
|                      | 28.                                                                                                                                           | Haifa Mohammed Al-Suhaili                             | 815,220          | 1,630,440           | 0.3%                       | 647,429          | 1,294,858           | 0.3%                       |
|                      | 29.                                                                                                                                           | Talal Mohammed Al-Nasiri                              | 750,000          | 1,500,000           | 0.3%                       | 595,633          | 1,191,266           | 0.2%                       |
|                      | 30.                                                                                                                                           | Mansour Abdulaziz Kaaki                               | 750,000          | 1,500,000           | 0.3%                       | 595,633          | 1,191,266           | 0.2%                       |
|                      | 31.                                                                                                                                           | Fahd Ali Al-Suhaili                                   | 750,000          | 1,500,000           | 0.3%                       | 595,633          | 1,191,266           | 0.2%                       |
|                      | 32.                                                                                                                                           | Ibrahim Mohammed Al-Harabi                            | 675,000          | 1,350,000           | 0.3%                       | 536,070          | 1,072,140           | 0.2%                       |
|                      | 33.                                                                                                                                           | Abdulhadi Ali Shayif                                  | 652,185          | 1,304,370           | 0.3%                       | 517,951          | 1,035,902           | 0.2%                       |
|                      | 34.                                                                                                                                           | Thamer Rashid Al-Dosari                               | 330,000          | 660,000             | 0.1%                       | 262,079          | 524,158             | 0.1%                       |
|                      | 35.                                                                                                                                           | Ahmed Abdulrahman Al-Omar                             | 225,000          | 450,000             | 0.1%                       | 178,690          | 357,380             | 0.1%                       |
|                      | 36.                                                                                                                                           | Abdul Mohsen Ibrahim Al-Hekail                        | 150,000          | 300,000             | 0.1%                       | 119,127          | 238,254             | 0.0%                       |
|                      | 37.                                                                                                                                           | Abdul Aziz Rashid Al-Ashban                           | 133,155          | 266,310             | 0.1%                       | 105,746          | 211,492             | 0.0%                       |
|                      |                                                                                                                                               | Total                                                 | 242,670,195      | 485,340,390         | 97.2%                      | 192,723,156      | 385,446,312         | 77.2%                      |

|                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Selling Shareholders</b>                                                      | <p>* An agreement was concluded between the Company and Alinma Investment to establish Derayat Alinma Trading Company for the purpose of holding the shares granted to Company employees through the Previous Employee Share Program. Ownership of the shares granted to the Company's employees that vested under the Previous Employee Share Program, amounting to 4,402,695 shares as of the date of this Prospectus, will be transferred from Derayat Alinma Trading Company to the employees entitled thereto upon completion of the procedures for Listing of the Company's shares. For further details on the Employee Share Programs, eligible employees and any other arrangements in this regard, please refer to Section 5.9 ("<b>Employee Share Programs</b>") of this Prospectus.</p> <p>** Before the Offering, Derayat Alinma Trading Company holds 114,000 shares in the Company on behalf of Mohammed Ahmed Saud Al-Yami. The 90,537 shares remaining after the Offering will be transferred to Mohammed Ahmed Saud Al-Yami to be held directly after Listing. He was also granted 14,400 treasury shares through the Previous Employee Share Program, which will vest in 2026G after fulfilling the relevant conditions (for further information on the employee share programs, please refer to Section 5.9 ("<b>Employee Share Programs</b>") of this Prospectus). It should be noted that all shares owned by Mohammed Ahmed Saud Al-Yami upon Listing will be subject to the Lock-up Period.</p> <p>The Offer shares will be sold by the Selling Shareholders on a pro-rata basis, based on their ownership percentage in the Company. For more information about the Company's ownership structure, please refer to Section 4.19 ("<b>Ownership Structure of the Company and Shareholders</b>") of this Prospectus.</p> |
| <b>Company's capital</b>                                                         | SAR 499,470,390.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Total number of the Company's shares</b>                                      | 249,735,195 ordinary shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Nominal value per share</b>                                                   | SAR 2 per share.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Offering</b>                                                                  | Offering of 49,947,039 ordinary shares with a fully paid nominal value of two Saudi Riyals (SAR 2) per share, at an Offer Price of SAR [●] per share. The total Offering represents 20% of the Company's capital.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Total number of Offer Shares</b>                                              | 49,947,039 ordinary shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Percentage of Offer Shares out of the total number of the Issuer's shares</b> | The Offer Shares represent 20% of the Company's shares both Pre- and Post-Offering.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Treasury shares</b>                                                           | 7,065,000 shares allocated to employee share programs. For more information, please refer to Section 5.9 (" <b>Employee Share Programs</b> ") of this Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Offer Price</b>                                                               | SAR [●] per share.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Total value of the Offering</b>                                               | SAR [●].                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Use of the Offering Proceeds</b>                                              | <p>The net proceeds of the Offering, amounting to approximately SAR [●], after deducting the Offering expenses estimated at approximately SAR (51,000,000) (excluding VAT), will be distributed to the Selling Shareholders in proportion to their respective ownership of the Offer Shares. The Company will not receive any part of the Offering Proceeds. For further details, please refer to Section 8 ("<b>Use of Offering Proceeds</b>") of this Prospectus.</p> <p>It is worth noting that the costs to be borne by the Company until the date of issuing the prospectus are approximately SAR 18,000,000, To be collected and recovered from the selling shareholders from the offering proceeds.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Number of Offer Shares to be underwritten</b>                                 | Forty-nine million, nine hundred and forty-seven thousand and thirty-nine (49,947,039) ordinary shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Total amount underwritten</b>                                                 | SAR [●].                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

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|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Categories of targeted investors</b>                                                       | <p><b>Tranche (A): Participating Parties:</b> This tranche includes the categories entitled to participate in the Book Building Process, including investment funds, qualified foreign companies and institutions, investors from Gulf companies, and other foreign investors (for further details, please refer to Section 1 (“<b>Definitions and Abbreviations</b>”) of this Prospectus).</p> <p><b>Tranche (B) Individual Investors:</b> This tranche includes Saudi natural persons, including any divorced or widowed Saudi woman with minor children from a non-Saudi husband, who is entitled to subscribe in their names for her own benefit provided she submits proof that she is divorced or widowed and proof that she is the mother of her minor children, and any non-Saudi natural person who is resident in the Kingdom or Gulf Cooperation Council country national who has an investment account and an active investment portfolio with one of the Receiving Entities and is eligible to open an investment account. A subscription for shares made by a person in the name of his divorcee shall be deemed void and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.</p>                                                                                                                                                                                                                                                                                                                 |
|                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Total number of shares offered to each category of targeted investors</b>                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Number of Offer Shares for Participating Parties</b>                                       | 49,947,039 .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Number of Offer Shares for Individual Subscribers</b>                                      | A maximum of four million nine hundred ninety-four thousand seven hundred four (4,994,704) shares, representing 10% of the total Offer Shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Subscription method for each targeted investor category</b>                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Subscription method for Participating Parties</b>                                          | The Participating Parties, as defined in Section 1 (“ <b>Definitions and Abbreviations</b> ”) of this Prospectus, shall be entitled to submit a subscription application. The Bookrunner shall provide subscription application forms to the Participating Parties during the Book Building Process. After the initial allocation, the Bookrunners shall provide subscription forms to the Participating Parties, which they shall complete in accordance with the instructions set forth in Section 17 (“ <b>Share information and Offering Terms and Conditions</b> ”) of this Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Subscription method for Individual Subscribers</b>                                         | <p>Subscription forms will be available during the Offering Period through the websites of the Receiving Entities. Such applications must be filled out in accordance with the instructions set out in Section 17 (“<b>Information on the Shares and Terms and Conditions of the Offering</b>”) of this Prospectus. Individual Investors who have previously participated in a prior subscription may subscribe through the internet, mobile banking or ATMs of the Receiving Entities or any other electronic channels provided by the Receiving Entities to their clients, or through any branch of the Receiving Entities that provides this service to its clients, provided that (1) the Individual Investor has an investment account and an active investment portfolio with one of the Receiving Entities that provides such services, and (2) there has been no change in the personal information of the Individual Investor since their subscription in a recent offering.</p> <p>In addition to the aforementioned requirements, all Individual Subscribers, whether Saudi, Gulf, or otherwise, must possess an active stock portfolio with a Capital Market Institution affiliated with the Receiving Entity through which the subscription is being made.</p> <p>All Individual Subscribers must adhere to the aforementioned conditions. Any breach of these conditions, including not having an active stock portfolio with a Capital Market Institution affiliated with the Receiving Entity to be subscribed through, shall render the subscription void. In this case, the subscription request will be rejected, and any paid amounts related to the rejected request will be refunded.</p> |
| <b>Minimum number of shares that can be subscribed for by each targeted investor category</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Minimum number of shares that can be subscribed for by Participating Parties</b>           | One hundred thousand (100,000) shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Minimum number of shares that can be subscribed for by Individual Subscribers</b>          | Ten (10) shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |



| Value of the minimum number of shares that can be subscribed for by each targeted investor category |                                                                                                         |
|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Value of the minimum number of shares that can be subscribed for by Participating Parties           | [Value of shares in writing] Saudi Riyals (SAR [value of shares in numbers]).                           |
| Value of the minimum number of shares that can be subscribed for by Individual Subscribers          | [Value of shares in writing] Saudi Riyals (SAR [value of shares in numbers]).                           |
| Maximum number of shares that can be subscribed for by each targeted investor category              |                                                                                                         |
| Maximum number of shares that can be subscribed for by Participating Parties                        | Twelve million, four hundred and eighty-six thousand, seven hundred and fifty-nine (12,486,759) shares. |
| Maximum number of shares that can be subscribed for by Individual Subscribers                       | Two hundred and fifty thousand (250,000) shares.                                                        |
| Maximum value of the number of shares that can be subscribed for by each targeted investor category |                                                                                                         |
| Maximum value of the number of shares that can be subscribed for by the Participating Parties       | [Value of shares in writing] Saudi Riyals (SAR [value of shares in numbers]).                           |
| Maximum value of the number of shares that can be subscribed for by Individual Subscribers          | [Value of shares in writing] Saudi Riyals (SAR [value of shares in numbers]).                           |

| Allocation method and refund of excess subscription monies for each targeted investor category |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Allocation of shares to Participating Parties</b>                                           | The Offer Shares will be finally allocated to the Participating Parties by the Lead Manager after the completion of the subscription process for Individual Subscribers. The number of Offer Shares that will be initially allocated to the Participating Parties is forty-nine million, nine hundred and forty-seven thousand and thirty-nine (49,947,039) shares, representing 100% of the total number of Offer Shares. Note that if there is sufficient demand from Individual Subscribers to subscribe to the Offer Shares, the Lead Manager shall have the right to reduce the number of shares allocated to the Participating Parties to a minimum of forty-four million, nine hundred and fifty-two thousand, three hundred and thirty-five (44,952,335) ordinary shares, representing 90% of the total Offer Shares after the completion of the subscription process for Individual Subscribers. It is possible that certain Participating Parties will not be allocated any shares, as deemed appropriate by the Company and the Financial Advisor. Initially, ([●]) ordinary shares will be allocated to public funds, representing ([●]%) of the total number of Offer Shares if there is sufficient demand from public funds. If there is sufficient demand from Individual Subscribers to subscribe for the Offer Shares, the Lead Manager shall have the right to reduce the number of shares allocated to public funds to a minimum of ([●]) ordinary shares, representing ([●]%) of the total number of Offer Shares after the completion of the subscription process for Individual Subscribers. |
| <b>Allocation of shares to Individual Subscribers</b>                                          | Allocation of the Offer Shares to Individual Investors is expected to be completed no later than Thursday, 28/08/1446H (corresponding to 27/02/2025G), noting that the minimum allocation for each Individual Investor is ten (10) shares, while the maximum allocation for each Individual Investor is two hundred and fifty thousand (250,000) shares. The remaining Offer Shares, if any, will be allocated on a pro-rata basis based on the percentage of shares requested by each subscriber out of the total shares requested for subscription. If the number of Individual Investors exceeds four hundred ninety-nine thousand four hundred eighty (499,480) subscribers, the Company shall not guarantee the minimum allocation and the allocation will be made as determined by the Company and the Financial Advisor.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Refund of excess subscription monies</b>                                                    | Excess subscription monies, if any, will be refunded to Subscribers without the Lead Manager or Receiving Entities deducting any fees or withholding. The final allocation will be announced by Thursday, 28/08/1446H (corresponding to 27/02/2025G). Excess subscription monies, if any, will be refunded no later than Tuesday, 04/09/1446H (corresponding to 04/03/2025G) (please refer to Section 17 (" <b>Information on the Shares and Terms and Conditions of the Offering - Allocation of Shares and Refund of Excess Subscription Monies</b> ") of this Prospectus).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Offering Period</b>                                                                         | The Offering Period shall commence on Thursday, 21/08/1446H (corresponding to 20/02/2025G) and shall remain open for a period of three days, inclusive of the final day for the closing of the subscription, ending at 5:00 p.m. Kingdom time on Saturday, 23/08/1446H (corresponding to 22/02/2025G).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Entitlement to dividends</b>                                                                | Holders of Offer Shares shall be entitled to their portion of any dividends declared by the Company as of the date of this Prospectus and for subsequent financial years (for more information, please refer to Section 7 (" <b>Dividend Distribution Policy</b> ") of this Prospectus).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Voting rights</b>                                                                           | The Company has one class of ordinary shares, none of which carry any preferential voting rights. Each share entitles its holder to one vote and each shareholder has the right to attend and vote at the meetings of the General Assembly (please refer to Subsection 12.20 (" <b>Summary of the Company's Bylaws</b> ") and Subsection 12.21 (" <b>Description of Shares</b> ") of Section 12 (" <b>Legal Information</b> ") of this Prospectus). A shareholder of the Company may, by means of a written proxy, appoint another natural person, whether from among the Company's shareholders or others, provided that such person is not a Director, to attend general or special assemblies and vote on the agenda items on their behalf.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                  |                  |                     |                          |                  |                          |
|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|------------------|---------------------|--------------------------|------------------|--------------------------|
| Lock-up Period/restrictions on the shares | On 07/10/1445H (corresponding to 16/04/2024G), the CMA approved the request to obtain a CMA no-objection notice for the submission of an application to list the Company's shares on the main market. The CMA stipulated that at least 60% of the Company's shares, after its listing on the main market, shall be subject to a Lock-up Period of not less than twenty-four (24) months from the date of the start of trading of the Company's shares on the main market. Prior approval from the CMA must be obtained before disposing of these shares after the end of the Lock-up Period. The number of shares subject to the Lock-up Period imposed on the Company's shareholders is 151,377,047 shares, representing 60.5% of the total shares of the Company after Offering. All Substantial Shareholders, as well as shareholders holding more than 3% of the Company's share capital, Directors, and Senior Executives who hold shares in the Company will be subject to this Lock-up Period. Noting that none of the mentioned shareholders shares who are subject to the Lock-up period were counted within the free-float shares. The following table shows the names of the shareholders subject to the Lock-up Period and their ownership percentages in the Company Pre-Offering and post-Listing: |                                                                  |                  |                     |                          |                  |                          |
|                                           | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Shareholder                                                      | Pre-Offering     |                     |                          | Post-Listing     |                          |
|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                  | Number of Shares | Nominal Value (SAR) | Ownership Percentage (%) | Number of Shares | Ownership Percentage (%) |
|                                           | 1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Taha Abdullah Al-Kuwaiz*                                         | 60,535,050       | 121,070,100         | 24.2%                    | 48,075,562       | 19.3%                    |
|                                           | 2.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Abdulaziz Ibrahim AlJammaz & Brothers Company                    | 23,823,525       | 47,647,050          | 9.5%                     | 18,920,102       | 7.6%                     |
|                                           | 3.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Sanad Investment Company                                         | 23,121,015       | 46,242,030          | 9.3%                     | 18,362,185       | 7.4%                     |
|                                           | 4.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | AlTouq Company Ltd.                                              | 17,100,000       | 34,200,000          | 6.8%                     | 13,580,432       | 5.4%                     |
|                                           | 5.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Hashem Othman Al-Hekail                                          | 12,003,555       | 24,007,110          | 4.8%                     | 9,532,951        | 3.8%                     |
|                                           | 6.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Abdulwahab Saeed Al-Sayed                                        | 11,991,480       | 23,982,960          | 4.8%                     | 9,523,361        | 3.8%                     |
|                                           | 7.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Mohammed Saeed Al-Shammasi                                       | 5,479,110        | 10,958,220          | 2.2%                     | 4,351,385        | 1.8%                     |
|                                           | 8.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Mishaal Khalid Al-Haqbani                                        | 2,347,200        | 4,694,400           | 0.9%                     | 1,864,093        | 0.7%                     |
|                                           | 9.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Mohammed Ahmed Al-Yami                                           | 802,500          | 1,605,000           | 0.3%                     | 727,864          | 0.3%                     |
|                                           | 10.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Prince Fahd Saad Al Saud                                         | 11,550,000       | 23,100,000          | 4.6%                     | 9,172,748        | 3.7%                     |
|                                           | 11.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Mubarak Abdullah Baarmah                                         | 8,911,725        | 17,823,450          | 3.6%                     | 7,077,490        | 2.8%                     |
|                                           | 12.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Abdulaziz Ali Al-Showaier                                        | 11,257,845       | 22,515,690          | 4.5%                     | 8,940,725        | 3.6%                     |
|                                           | 13.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Shares of Senior Executives currently owned by Derayat Alinma*** | N/A              | N/A                 | N/A                      | 1,248,149        | 0.5%                     |
|                                           | Total                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                  | 188,923,005      | 377,846,010         | 75.5%                    | 151,377,047      | 60.5%                    |
|                                           | * It is worth noting that Mr. Taha Al-Kuwaiz concluded a credit facilities agreement with a commercial bank in its capacity as the lending bank and security agent, whereby 21,450,000 shares representing 35.43% of the total shares owned by Mr. Taha Al-Kuwaiz were mortgaged in accordance with a mortgage agreement concluded between each of the parties. Note that Mr. Taha Al-Kuwaiz intends to pay all outstanding amounts under the agreement from the Offering Proceeds, and thus the mortgage on the shares will be released upon Listing of the Company on the Exchange.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                  |                  |                     |                          |                  |                          |
|                                           | ** Before the Offering, Derayat Alinma Trading Company holds 114,000 shares in the Company on behalf of Mohammed Ahmed Saud Al-Yami. The (90,537) shares remaining after the Offering will be transferred to Mohammed Ahmed Saud Al-Yami to be held directly after Listing. He was also granted 14,400 treasury shares through the Previous Employee Share Program, which will vest in 2026G after meeting the relevant conditions (for further information regarding the employee share programs, please refer to Section 5.9 ("Employee Share Programs") of this Prospectus). It should be noted that all shares owned by Mohammed Ahmed Saud Al-Yami upon Listing will be subject to the Lock-up Period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                  |                  |                     |                          |                  |                          |
|                                           | *** Note that Derayat Alinma Trading Company holds shares on behalf of each of the following Senior Executives: Khaled Kamal Ahmed Faqiha, who will hold 148,908 shares representing 0.1%, Saud Nasser Abdulrahman Al-Rayes, who will hold 47,651 shares representing 0.0%, Bilal Khalid Mahmoud Bushnaq, who will hold 968,201 shares representing 0.4%, and Hossam El-Din Mohammed Badr, who will hold 83,389 shares representing 0.0%. They will be transferred directly to the relevant shareholders after Listing of the Offer Shares. Each of the above-mentioned Senior Executives will be subject to the above-mentioned Lock-up Period. For further details, please refer to Section 5.9 ("Employee Share Programs") of this Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                  |                  |                     |                          |                  |                          |

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|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Regulatory Approvals and Requirements</b>                                                 | <p>The Company is subject to the supervision of the Saudi Central Bank (“<b>SAMA</b>”) with respect to its ownership in Bank D360. According to the instructions issued by SAMA to the Company, no person may own 5% or more of the Company's total shares as one of the main partners of Bank D360 prior to obtaining SAMA's no-objection letter, taking into account the established integrity and suitability requirements. Accordingly, investors wishing to own 5% or more of the Company's shares shall obtain a no-objection letter from SAMA in this regard.</p> <p>According to the Capital Market Institutions Regulations, any person intending to become a controller of the Company (as a Capital Market Institution) shall notify the CMA of their intention in advance, at least thirty days before the proposed effective date, and shall also provide the CMA with any information it requests to verify their identity, integrity, legal status, business record and healthy financial position. Accordingly, investors wishing to control the Company shall notify the CMA of their intention at least thirty days before the proposed effective date.</p> |
| <b>Listing and trading of shares</b>                                                         | <p>Prior to the Offering, the Company's shares have not been listed in the Kingdom or elsewhere. The Company submitted an application to the CMA for the registration of its shares and the offering of the Offer Shares and an application to the Saudi Exchange (Tadawul) to accept the listing of the shares. All necessary official approvals have been obtained to carry out the process of offering and listing the shares. Trading of shares is expected to commence on the Saudi Exchange (Tadawul) after the final allocation of the shares (for more information, please refer to the “<b>Key Dates and Subscription Procedures</b>” section of this Prospectus).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Risk factors</b>                                                                          | <p>There are certain risks related to investment in the Offer Shares. These risks can be categorized into: (a) risks related to the Company's activity and operations; (b) risks related to the market, sector and regulatory environment; and (c) risks related to the Offer Shares. These risks have been described in Section 2 (“<b>Risk Factors</b>”) of this Prospectus and should be considered carefully prior to making an investment decision in relation to the Offer Shares.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Offering Expenses</b>                                                                     | <p>The Selling Shareholders shall bear all costs and expenses related to the Offering, amounting to approximately SAR 51,000,000. These expenses include the fees of the Financial Advisors, Global Coordinator, Bookrunner, Lead Manager, Underwriter, Legal Advisors, Financial Due Diligence Advisor, Auditors, Receiving Entities, Market Consultant, and others, in addition to marketing, printing, distribution, and other expenses related to the Offering, which shall be deducted from the Offering Proceeds. The costs paid by the Company, are estimated to be approximately SAR 18,000,000. To be collected and recovered from the selling shareholders from the offering proceeds.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Sole Financial adviser, Global Coordinator, Lead Manager, Bookrunner, and Underwriter</b> | <p><b>HSBC Saudi Arabia</b></p> <p>7267 Olaya Road, Al Murooj District<br/>Riyadh 12283-2255<br/>Kingdom of Saudi Arabia<br/>Tel.: +966 920005920<br/>Fax: +966 11 5112201<br/>Website: <a href="http://www.hsbcSaudi.com">www.hsbcSaudi.com</a><br/>Email: <a href="mailto:derayahipo@hsbcSaudi.com">derayahipo@hsbcSaudi.com</a></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

**Note:** The “**Important Notice**” Section on page (i) and Section 2 (“**Risk Factors**”) of this Prospectus should be carefully reviewed before making a decision to invest in the Company's shares pursuant to this Prospectus.

## Key Dates and Subscription Procedures

**Table (2): Anticipated Timeline for the Subscription**

| Anticipated Timeline for the Subscription                                                                                                            |                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Event                                                                                                                                                | Dates                                                                                                                                                                                                                                                                          |
| Application registration period for Participating Parties and the Book Building Process                                                              | A period of eight days starting from Sunday 03/08/1446H (corresponding to 02/02/2025G) until 2:00 p.m. Kingdom time on Sunday 10/08/1446H (corresponding to 09/02/2025G).                                                                                                      |
| Subscription period for Individual Subscribers                                                                                                       | A period of three days starting from Thursday, 21/08/1446H (corresponding to 20/02/2025G) until 5:00 p.m. Kingdom time on Saturday, 23/08/1446H (corresponding to 22/02/2025G).                                                                                                |
| Deadline for submission of Subscription Applications for Participating Parties based on the number of shares provisionally allocated to each of them | Monday 18/08/1446H (corresponding to 17/02/2025G).                                                                                                                                                                                                                             |
| Deadline for payment of subscription amounts for Participating Parties based on the number of shares provisionally allocated to each of them         | Wednesday 20/08/1446H (corresponding to 19/02/2025G).                                                                                                                                                                                                                          |
| Deadline for submission of Subscription Applications and payment of subscription amounts (for Individual Subscribers)                                | 5:00 p.m., Saturday 23/08/1446H (corresponding to 22/02/2025G).                                                                                                                                                                                                                |
| Announcement of final allocation of Offer Shares                                                                                                     | No later than Thursday 28/08/1446H (corresponding to 27/02/2025G).                                                                                                                                                                                                             |
| Refund of excess subscription monies (if any)                                                                                                        | No later than Tuesday 04/09/1446H (corresponding to 04/03/2025G).                                                                                                                                                                                                              |
| Expected date of commencement of trading on the Exchange                                                                                             | Trading of the Company's shares in the Exchange is expected to commence after fulfilment of all relevant statutory requirements. The start of share trading will be announced on the Saudi Tadawul website ( <a href="http://www.saudiexchange.sa">www.saudiexchange.sa</a> ). |

Source: The Company

**Note:** The above timeline and dates therein are approximate. Actual dates will be communicated through announcements appearing in local daily newspapers published in the Kingdom in Arabic and on Tadawul's website ([www.saudiexchange.sa](http://www.saudiexchange.sa)), the Financial Advisor's website ([www.hsbcsaudi.com](http://www.hsbcsaudi.com)) and the Company's website ([web.derayah.com](http://web.derayah.com)).

## How to Apply for Subscription

### Subscription is restricted to two tranches of investors:

**Tranche (A): Participating Parties:** This tranche includes the categories entitled to participate in the Book Building Process, including investment funds, qualified foreign companies and institutions, investors from Gulf companies and other foreign investors under swap agreements (for further details, please refer to Section 1 (“**Definitions and Abbreviations**”) of this Prospectus). Participating Parties can obtain application forms from the Bookrunners during the Book Building Period and obtain subscription forms from the Lead Managers after the initial allocation. The Bookrunner shall, after CMA approval is obtained, offer the Offer Shares to the Participating Parties during the Book Building Period only. Subscriptions by Participating Parties must commence during the Offering Period, which also includes Individual Subscribers, in accordance with the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form must be submitted to the Bookrunners, and the Subscription Application Form represents a legally binding agreement between the Selling Shareholders and the Participating Party submitting the application.

**Tranche (B): Individual Subscribers:** This tranche comprises Saudi natural persons, including a divorced or widowed Saudi woman with minor children from a non-Saudi husband, who is entitled to subscribe in their names for her own benefit provided she submits proof that she is divorced or widowed and proof that she is the mother of her minor children, and any non-Saudi natural person who is resident in the Kingdom or Gulf Cooperation Council country national who has an investment account and an active investment portfolio with one of the Receiving Entities and is entitled to open an investment account with one of the Capital Market Institutions. A subscription for shares made by a person in the name of his divorcee shall be deemed void and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. Subscription Application Forms can be obtained during the Offering Period on the websites of the Receiving Entities offering this service. Individual Investors can also subscribe through the internet, telephone banking or ATMs of any of the Receiving Entities that provide these services to its clients, provided that the following requirements are satisfied:

- 1- The Individual Subscriber has an investment account and an active portfolio with a Receiving Agent that offers such services.
- 2- There have been no changes in the personal information or data of the Individual Subscriber (the removal or addition of a family member) since the Individual Subscriber last participated in a recent offering.
- 3- The Individual Subscriber, whether Saudi, Gulf or others, must have an active share portfolio with one of the Capital Market Institutions affiliated with the Receiving Entity through which the subscription is to be made.

Subscription Application Forms shall be filled out in accordance with the instructions contained in Section 17 (“**Share Information and Offering Terms and Conditions**”) of this Prospectus. Each applicant shall accept all the relevant items in the Subscription Application Form. The Company reserves the right to decline any Subscription Application, in whole or in part, in the event that any of the subscription terms and conditions are not met. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A Subscription Application cannot be amended or withdrawn once submitted. The subscription application, if submitted, shall be deemed a binding agreement between the applicant and the Company with respect to the subscription to the new shares and a binding agreement between the applicant and the Selling Shareholders with respect to the Offer Shares.

Excess subscription monies, if any, will be refunded to the principal Individual Subscriber by the Receiving Entity that initially deducted the subscription amount, without the Lead Manager or Receiving Entities deducting any commissions or withholding. Subscription monies shall not be refunded in cash or to third party accounts.

For more information on the subscription of Individual Subscribers or Participating Parties, please refer to Section 17 (“**Information on the Shares and Terms and Conditions of the Offering**”) of this Prospectus.

## Summary of Key Information

This summary of key information is intended to give an overview of the information contained in this Prospectus; however, this summary does not include all the information that may be important to investors. Accordingly, this summary must be considered a brief introduction to the key information in this Prospectus. Persons who wish to subscribe for the Offer Shares should read the entire Prospectus, as any decision to invest in the Offer Shares should be based on the careful consideration of this Prospectus as a whole, in particular the financial statements and related notes as well as the information set forth under Section 2 (“**Risk Factors**”) and the “**Important Notice**” section of this Prospectus. The definitions and abbreviations contained in this Prospectus shall have the meanings ascribed thereto in Section 1 (“**Definitions and Abbreviations**”) and in other sections of this Prospectus.

## The Company

### Overview

Derayah Financial Company was incorporated as an unlisted joint-stock company pursuant to Ministry of Commerce Resolution No. 127/S dated 19/04/1430H (corresponding to 15/04/2009G), and in accordance with CMA License No. 27-08109 dated 19/06/1429H (corresponding to 23/06/2008G) and the General Investment Authority license issued under No. 172/1 dated 07/02/1430H (corresponding to 02/02/2009G). The address of its headquarters is Al-Olaya - Al Takhassusi Street - P.O Box 286546 - Postal Code 12331 - Riyadh - Kingdom of Saudi Arabia.

The Company's capital is four hundred and ninety-nine million, four hundred and seventy thousand, three hundred and ninety Saudi Riyals (SAR 499,470,390), divided into two hundred and forty-nine million, seven hundred and thirty-five thousand, one hundred and ninety-five (249,735,195) ordinary shares with a fully paid nominal value of two Saudi Riyals (SAR 2) per share. For further details about this, please refer to Section 4.2.2 (“**History, incorporation and evolution of share capital**”) of this Prospectus.

Below is the ownership structure of the Company before and after the Offering:

**Table (3): The Company's Ownership Structure Before and After the Offering**

| No. | Shareholder                                   | Pre-Offering     |                     |                                 |                                   | Post-Offering    |                     |                                 |                                   |
|-----|-----------------------------------------------|------------------|---------------------|---------------------------------|-----------------------------------|------------------|---------------------|---------------------------------|-----------------------------------|
|     |                                               | Number of Shares | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%) | Number of Shares | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%) |
| 1.  | Taha Abdullah Al-Kuwaiz                       | 60,535,050       | 121,070,100         | 24.2%                           | N/A                               | 48,075,562       | 96,151,124          | 19.3%                           | N/A                               |
| 2.  | Abdulaziz Ibrahim AlJammaz & Brothers Company | 23,823,525       | 47,647,050          | 9.5%                            | N/A                               | 18,920,102       | 37,840,204          | 7.6%                            | N/A                               |
| 3.  | Sanad Investment Company                      | 23,121,015       | 46,242,030          | 9.3%                            | N/A                               | 18,362,185       | 36,724,370          | 7.4%                            | N/A                               |
| 4.  | AlTouq Company Ltd.                           | 17,100,000       | 34,200,000          | 6.8%                            | N/A                               | 13,580,432       | 27,160,864          | 5.4%                            | N/A                               |
| 5.  | Hashem Othman Al-Hekail                       | 12,003,555       | 24,007,110          | 4.8%                            | N/A                               | 9,532,951        | 19,065,902          | 3.8%                            | N/A                               |
| 6.  | Abdulwahab Saeed Al-Sayed                     | 11,991,480       | 23,982,960          | 4.8%                            | N/A                               | 9,523,361        | 19,046,722          | 3.8%                            | N/A                               |
| 7.  | Derayat Alinma Trading Company*               | 4,402,695        | 8,805,390           | 1.8%                            | N/A                               | 3,496,520        | 6,993,040           | 1.4%                            | N/A                               |
| 8.  | Mohammed Saeed Al-Shammasi                    | 5,479,110        | 10,958,220          | 2.2%                            | N/A                               | 4,351,385        | 8,702,770           | 1.7%                            | N/A                               |
| 9.  | Mishaal Khalid Al-Haqbani                     | 2,347,200        | 4,694,400           | 0.9%                            | N/A                               | 1,864,093        | 3,728,186           | 0.7%                            | N/A                               |

| No. | Shareholder                                           | Pre-Offering     |                     |                                 |                                   | Post-Offering    |                     |                                 |                                   |
|-----|-------------------------------------------------------|------------------|---------------------|---------------------------------|-----------------------------------|------------------|---------------------|---------------------------------|-----------------------------------|
|     |                                                       | Number of Shares | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%) | Number of Shares | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%) |
| 10. | Mohammed Ahmed Al-Yami                                | 802,500          | 1,605,000           | 0.3%                            | N/A                               | 637,327**        | 1,274,654           | 0.3%                            | N/A                               |
| 11. | Prince Fahd Saad Al Saud                              | 11,550,000       | 23,100,000          | 4.6%                            | N/A                               | 9,172,748        | 18,345,496          | 3.7%                            | N/A                               |
| 12. | Mubarak Abdullah Baarmah                              | 8,911,725        | 17,823,450          | 3.6%                            | N/A                               | 7,077,490        | 14,154,980          | 2.8%                            | N/A                               |
| 13. | Abdulaziz Ali Al-Showaier                             | 11,257,845       | 22,515,690          | 4.5%                            | N/A                               | 8,940,725        | 17,881,450          | 3.6%                            | N/A                               |
| 14. | Mohammed Mohammed Al-Rashid                           | 7,500,000        | 15,000,000          | 3.0%                            | N/A                               | 5,956,330        | 11,912,660          | 2.4%                            | N/A                               |
| 15. | Muawiya Hamad Al-Hanati                               | 7,500,000        | 15,000,000          | 3.0%                            | N/A                               | 5,956,330        | 11,912,660          | 2.4%                            | N/A                               |
| 16. | Abdul Aziz Mohammed Al-Mashal                         | 7,500,000        | 15,000,000          | 3.0%                            | N/A                               | 5,956,330        | 11,912,660          | 2.4%                            | N/A                               |
| 17. | Faisal Khalid Al-Hamdan                               | 3,750,000        | 7,500,000           | 1.5%                            | N/A                               | 2,978,165        | 5,956,330           | 1.2%                            | N/A                               |
| 18. | Kamal Abdullah Bahamdan                               | 2,625,000        | 5,250,000           | 1.1%                            | N/A                               | 2,084,715        | 4,169,430           | 0.8%                            | N/A                               |
| 19. | Fawzia Suleiman Al-Saeed                              | 2,608,710        | 5,217,420           | 1.0%                            | N/A                               | 2,071,778        | 4,143,556           | 0.8%                            | N/A                               |
| 20. | Dar Investment Company for Management and Development | 2,250,000        | 4,500,000           | 0.9%                            | N/A                               | 1,786,899        | 3,573,798           | 0.7%                            | N/A                               |
| 21. | Manar Talal Bakhsh                                    | 1,980,000        | 3,960,000           | 0.8%                            | N/A                               | 1,572,471        | 3,144,942           | 0.6%                            | N/A                               |
| 22. | Ahmed Mustafa Ben Halim                               | 1,500,000        | 3,000,000           | 0.6%                            | N/A                               | 1,191,266        | 2,382,532           | 0.5%                            | N/A                               |
| 23. | Faisal Mohammed Al-Suhaili                            | 1,630,440        | 3,260,880           | 0.7%                            | N/A                               | 1,294,858        | 2,589,716           | 0.5%                            | N/A                               |
| 24. | Saad Mohammed Al-Suhaili                              | 1,630,440        | 3,260,880           | 0.7%                            | N/A                               | 1,294,858        | 2,589,716           | 0.5%                            | N/A                               |
| 25. | Fahd Mohammed Al-Suhaili                              | 1,630,425        | 3,260,850           | 0.7%                            | N/A                               | 1,294,846        | 2,589,692           | 0.5%                            | N/A                               |
| 26. | Thamer Saleh Al-Shuaibi                               | 1,193,700        | 2,387,400           | 0.5%                            | N/A                               | 948,009          | 1,896,018           | 0.4%                            | N/A                               |
| 27. | Hind Mohammed Al-Suhaili                              | 815,220          | 1,630,440           | 0.3%                            | N/A                               | 647,429          | 1,294,858           | 0.3%                            | N/A                               |
| 28. | Haifa Mohammed Al-Suhaili                             | 815,220          | 1,630,440           | 0.3%                            | N/A                               | 647,429          | 1,294,858           | 0.3%                            | N/A                               |
| 29. | Talal Mohammed Al-Nasiri                              | 750,000          | 1,500,000           | 0.3%                            | N/A                               | 595,633          | 1,191,266           | 0.2%                            | N/A                               |



| No.   | Shareholder                    | Pre-Offering     |                     |                                 |                                   | Post-Offering    |                     |                                 |                                   |
|-------|--------------------------------|------------------|---------------------|---------------------------------|-----------------------------------|------------------|---------------------|---------------------------------|-----------------------------------|
|       |                                | Number of Shares | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%) | Number of Shares | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%) |
| 30.   | Mansour Abdulaziz Kaaki        | 750,000          | 1,500,000           | 0.3%                            | N/A                               | 595,633          | 1,191,266           | 0.2%                            | N/A                               |
| 31.   | Fahd Ali Al-Suhaili            | 750,000          | 1,500,000           | 0.3%                            | N/A                               | 595,633          | 1,191,266           | 0.2%                            | N/A                               |
| 32.   | Ibrahim Mohammed Al-Harabi     | 675,000          | 1,350,000           | 0.3%                            | N/A                               | 536,070          | 1,072,140           | 0.2%                            | N/A                               |
| 33.   | Abdulhadi Ali Shayif           | 652,185          | 1,304,370           | 0.3%                            | N/A                               | 517,951          | 1,035,902           | 0.2%                            | N/A                               |
| 34.   | Thamer Rashid Al-Dosari        | 330,000          | 660,000             | 0.1%                            | N/A                               | 262,079          | 524,158             | 0.1%                            | N/A                               |
| 35.   | Ahmed Abdulrahman Al-Omar      | 225,000          | 450,000             | 0.1%                            | N/A                               | 178,690          | 357,380             | 0.1%                            | N/A                               |
| 36.   | Abdul Mohsen Ibrahim Al-Hekail | 150,000          | 300,000             | 0.1%                            | N/A                               | 119,127          | 238,254             | 0.0%                            | N/A                               |
| 37.   | Abdul Aziz Rashid Al-Ashban    | 133,155          | 266,310             | 0.1%                            | N/A                               | 105,746          | 211,492             | 0.0%                            | N/A                               |
| 38.   | Treasury shares***             | 7,065,000        | 14,130,000          | 2.8%                            | N/A                               | 7,065,000        | 14,130,000          | 2.8%                            | N/A                               |
| 39.   | Public****                     | N/A              | N/A                 | N/A                             | N/A                               | 49,947,039       | 99,894,078          | 20%                             | N/A                               |
| Total |                                | 249,735,195      | 499,470,390         | 100%                            | -                                 | 249,735,195      | 499,470,390         | 100%                            | -                                 |

Source: The Company

\* An agreement was concluded between the Company and Alinma Investment to establish Derayat Alinma Trading Company for the purpose of holding the shares granted to Company employees through the Previous Employee Share Program. Ownership of the shares granted to the Company's employees that vested under the Previous Employee Share Program, amounting to 4,402,695 shares as of the date of this Prospectus, will be transferred from Derayat Alinma Trading Company to the employees entitled thereto upon completion of the procedures for Listing the Company's shares. For further details on the Employee Share Programs, eligible employees and any other arrangements in this regard, please refer to Section 5.9 ("Employee Share Programs") of this Prospectus.

\*\* Before the Offering, Derayat Alinma Trading Company holds 114,000 shares in the Company on behalf of Mohammed Ahmed Saud Al-Yami. The 90,537 shares remaining after the Offering will be transferred to Mohammed Ahmed Saud Al-Yami to be held directly after Listing. He was also granted 14,400 treasury shares before the Offering through the Previous Employee Share Program, which will vest in 2026G after fulfilling the relevant conditions. These shares are part of the treasury shares referred to in the table above. It should be noted that all shares owned by Mohammed Ahmed Saud Al-Yami upon Listing will be subject to the Lock-up Period.

\*\*\* On 01/01/1446H (corresponding to 07/07/2024G), the Extraordinary General Assembly approved: (1) issuing 1,260,000 new shares with a nominal value of SAR 10 per share (which became 6,300,000 shares after the reduction of the nominal value and the division of shares pursuant to the decision of said Assembly) and keeping them as treasury shares to be used in the New Employee Share Program, and (2) recovering 51,000 shares (which became 765,000 shares after the capital increase and the division of shares pursuant to the decision of said Assembly) of the shares that were owned by Derayat Alinma Trading Company and that were not granted to any employee, in order for the Company to keep them as treasury shares for the purposes of the New Employee Share Program. For further details, please refer to Section 5.9 ("Employee Share Programs") of this Prospectus.

\*\*\*\* Includes only Subscribers to the Offer Shares, noting that a number of current shareholders meet the definition of the "public" according to the CMA regulations, as explained in Section 1 ("Definitions and Abbreviations") of this Prospectus. It is worth noting that the public owns 81,064,080 of the Issuer's ordinary shares, representing 32.5% of the Issuer's capital before the Offering.

After the completion of the Offering and the listing procedures, the shares of Derayat Alinma Trading Company, amounting to 3,496,520 shares, will be transferred to the shareholders entitled thereto and granted to the Company's current and former employees, as they were entitled thereto under the previous Employee Share Program, provided that the shares are transferred to the shareholders referred to below:

**Table (4): Transfer of Derayat Alinma Trading Company Shares Post-Listing**

|              | Shareholder Name                 | Post-Listing     |                         |
|--------------|----------------------------------|------------------|-------------------------|
|              |                                  | Number of Shares | Shareholding Percentage |
| 1.           | Mohammed Ahmed Al-Yami           | 90,537           | 0.0%                    |
| 2.           | Khalid Kamal Ahmed Faqiha        | 148,908          | 0.0%                    |
| 3.           | Saud Nasser Abdulrahman Al-Rayes | 47,651           | 0.0%                    |
| 4.           | Bilal Khalid Mahmoud Bushnaq     | 968,201          | 0.4%                    |
| 5.           | Hossam El-Din Mohammed Badr      | 83,389           | 0.0%                    |
| 6.           | Fatima Mohamed Al-Kathiri        | 23,825           | 0.0%                    |
| 7.           | Mohamed Hussein Al-Qawsi         | 23,825           | 0.0%                    |
| 8.           | Omar Abdulrahman Al-Othman       | 25,314           | 0.0%                    |
| 9.           | Yasser Abdulrahman Al-Hawas      | 23,825           | 0.0%                    |
| 10.          | Reema Saud Al-Harbi              | 11,913           | 0.0%                    |
| 11.          | Mohammed Lardi                   | 59,563           | 0.0%                    |
| 12.          | Mohamed Yasser Maqbool           | 59,563           | 0.0%                    |
| 13.          | Emad Naqrash                     | 1,870,443        | 0.7%                    |
| 14.          | Abdulrahman Al-Rumaih            | 59,563           | 0.0%                    |
| <b>Total</b> |                                  | <b>3,496,520</b> | <b>1.4%</b>             |

## Main Activities of the Company

The Company's main activity, according to its Bylaws, is dealing in securities, managing investments and operating funds, arranging securities transactions, providing advisory services on securities, and custody of securities.

The Company's main activities listed in its Commercial Register are as follows:

- 1- Dealing in securities.
- 2- Arranging securities transactions.
- 3- Providing advisory services in securities.
- 4- Custody of securities.
- 5- Managing investments and operating funds.
- 6- Managing investments.

For further details about the Company's activities and the nature of its business, please refer to Section 4 ("The Company") and Section 12 ("Legal Information") of this Prospectus.

## The Company's Mission and General Strategy

To become the first and most comprehensive investment option, by conveniently providing all investment alternatives to achieve clients' future goals.

## The Company's Strengths and Competitive Advantages

- The largest independent investment company in the Middle East in terms of market share and trading volume in the field of securities brokerage.
- The first company to establish a unified electronic market to invest in investment funds that includes more than 60 licensed investment funds.
- The Company has a distinguished record of achieving returns from portfolios and providing diversified investments to its clients in real estate investment funds.
- The Company provides opportunities to invest in various investment assets that suit its clients' investment orientations and their ability to bear risks.
- The first investment company that allows clients to trade across multiple local and global markets from one account, and during the same day.
- A company that designed and developed its own trading platform through its technical department, which gave its clients more flexibility and speed, and helped in the rapid development of its transaction volume.
- A work team with integrated and deep experience in local and global financial markets in traditional and alternative assets.

## Summary of Market Information

The Company used publicly available information and market data shown in publications and independent market research for the sector in this Prospectus. The Directors believe that the information and data provided by external parties and included in this Prospectus are reliable. However, neither the Company, nor the Directors, the Selling Shareholders or the Advisors have independently examined or verified the accuracy or completeness of this information and data, and therefore, there is no guarantee regarding its accuracy or completeness. None of them bears any responsibility for the accuracy or completeness of this information and data.

## Macroeconomic Overview of the Kingdom of Saudi Arabia

As the largest economy in the GCC, the Kingdom's nominal gross domestic product (GDP) (in 2022G) was USD 1.11 trillion, accounting for around half of the region's total GDP. However, the Kingdom's real GDP declined from 2018G to 2021G, mainly due to the impact of the COVID-19 pandemic. Nevertheless, the Kingdom's real GDP rebounded in 2022G, exceeding pre-pandemic levels (2020G), while the Kingdom's GDP declined in 2023G by 0.9% due to lower oil prices, with the non-oil and government sectors contributing 4.6% and 2.1% respectively to GDP.

Consensus estimates indicate that the Kingdom's GDP is expected to grow at a compound annual growth rate (CAGR) of 3.6% based on several factors.

This strong economic position, coupled with a growing and young population, increases opportunities for strategic investment in infrastructure and social sectors, balancing growth opportunities with sustainability.

## Vision 2030 Targets and Impact on the Financial Sector

The Kingdom of Saudi Arabia is undergoing a major economic transformation plan in line with its Vision 2030. This ambitious plan aims at steering the country's economy away from dependence on oil towards diversification, while promoting the creation of a dynamic society.

The main objectives of the Financial Sector Development Program include:

- increasing the size, depth and development of Saudi Arabia's capital markets;
- becoming the leading capital market in the Middle East and being one of the top 10 countries in the world;
- developing financial institutions (including public and private financial funds, banks and insurance companies), enhancing their support for private sector growth and improving the experience of operators and users within capital markets by creating an advanced market that attracts investors both locally and from abroad. This will enable it to play a pivotal role in developing the national economy and diversifying sources of income.

## Overview of Capital Markets

As a Capital Market Institution, Derayah provides asset management and brokerage services, managing assets worth more than SAR 11 billion and facilitating more than 430,000 brokerage accounts. As of 30 June 2024G, total assets under management amounted to SAR 15 billion. The total available market for asset management in Saudi Arabia is expected to reach SAR 20 billion by 2028G, growing at a CAGR of 13%. Similarly, the brokerage services segment is also expected to grow at a CAGR of 2% in terms of revenue to reach SAR 7.74 billion in 2028G, indicating strong market potentials.

Market competition in the Kingdom of Saudi Arabia is characterized by the presence of 136 Capital Market Institutions and 90 FinTech companies, creating a dynamic yet somewhat fragmented market environment.

## Overview of the Asset Management Sector in Saudi Arabia

The Asset Management (AM) sector in Saudi Arabia has witnessed strong growth over the past few years and has outpaced global average growth rates. The Assets Under Management (AUM) market in the Kingdom witnessed a CAGR of 14% between 2018G and 2023G, which is significantly higher than the global average of 5.5%. In line with these trends, the sector is expected to grow at a CAGR of 14% until 2028G. The positive outlooks for the asset management sector are supported by the Kingdom's ambitious national initiatives, particularly the Financial Sector Development Program, and strong investor confidence in the Saudi market.

A key driver of this growth is the diversification of the asset base. The growth rate of public funds has declined to only 1% over the past five years due to high interest rates, but growth rates are expected to rise over the next five years to reach 9%. In contrast, private funds, distributed across development, infrastructure, venture capital and private equity, have been growing at a CAGR of 17%, indicating significant potential and investor confidence in the sector.

## Overview of the Kingdom's Brokerage Market

Trading values on the Saudi Exchange ("Tadawul" and "Nomu") have achieved higher levels after the COVID-19 pandemic than those achieved before the pandemic. This resilience is reflected in the growth of more than 60% per annum in total traded value between 2019G and 2021G, a period marked by intense activity in the financial market due to the pandemic. However, a market correction occurred from 2021G to 2023G, with a decline of approximately -23% per annum, indicating a phase of adjustment. Despite this stagnation, trading volumes and values remained higher than they were before the pandemic, resulting in a CAGR of 9% between 2018G and 2023G.

## Summary of Financial Information and Key Performance Indicators

**Table (5): Summary of Financial Information and Key Performance Indicators for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Six-Month Period Ended 30 June 2024G**

The selected financial information shown below should be read in conjunction with the annual financial statements contained in Section 19 (“**Financial Statements and Auditor’s Report**”) of this Prospectus, on which PricewaterhouseCoopers (PwC) Chartered Accountants issued an independent auditor’s report.

The financial information for the financial year ended 31 December 2021G was used from the financial information for the comparative year presented in the Company’s audited financial statements for the financial year ended 31 December 2022G, while the financial information for the financial year ended 31 December 2022G was used from the financial information for the comparative year presented in the Company’s audited financial statements for the financial year ended 31 December 2023G. The financial information for the financial period ended 30 June 2023G was used from the financial information for the comparative period presented in the Company’s reviewed consolidated interim financial statements for the six-month period ended 30 June 2024G.

The following tables set out a summary of the consolidated statements of profit or loss and other comprehensive income, a summary of the statement of financial position, a summary of the statement of cash flows and the Company’s key performance indicators for the years ended 31 December 2021G, 31 December 2022G and 31 December 2023G, the six-month period ended 30 June 2023G and the six-month period ended 30 June 2024G.

| SAR'000                                                                     | 2021G<br>(Audited) | 2022G<br>(Audited) | 2023G<br>(Audited) | 30 June<br>2023G<br>(Reviewed) | 30 June<br>2024G<br>(Reviewed) |
|-----------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------------------|--------------------------------|
| <b>Statement of profit or loss</b>                                          |                    |                    |                    |                                |                                |
| <b>Operating revenues</b>                                                   |                    |                    |                    |                                |                                |
| Revenue generated from contracts with clients                               | 575,069            | 613,737            | 470,033            | 199,909                        | 311,835                        |
| Special commission income                                                   | 8,394              | 35,221             | 135,615            | 57,377                         | 108,706                        |
| Gain/(loss) from financial assets at fair value through profit or loss, net | 3,163              | (5,315)            | 16,966             | 7,771                          | 13,180                         |
| Dividend distribution income                                                | 2,253              | 1,818              | 914                | 677                            | 476                            |
| <b>Total operating profit</b>                                               | <b>588,878</b>     | <b>645,460</b>     | <b>623,528</b>     | <b>265,735</b>                 | <b>434,197</b>                 |
| <b>Operating expenses</b>                                                   |                    |                    |                    |                                |                                |
| Salaries and other employee-related expenses                                | (98,288)           | (157,118)          | (127,537)          | (60,962)                       | (75,140)                       |
| General and administrative expenses                                         | (113,197)          | (117,476)          | (123,067)          | (49,657)                       | (101,538)                      |
| Marketing expenses                                                          | (6,074)            | (9,300)            | (6,028)            | (2,604)                        | (4,103)                        |
| (Provision)/reversal of provision for expected credit losses                | (35)               | (191)              | (433)              | 231                            | 1,326                          |
| <b>Total operating expenses</b>                                             | <b>(217,594)</b>   | <b>(284,084)</b>   | <b>(257,065)</b>   | <b>(112,993)</b>               | <b>(179,455)</b>               |
| <b>Net operating income</b>                                                 | <b>371,284</b>     | <b>361,376</b>     | <b>366,464</b>     | <b>152,742</b>                 | <b>254,742</b>                 |
| Other revenues/(expenses), net                                              | 6,983              | (328)              | 9,426              | 3,700                          | 5,507                          |
| Share of loss in an associate                                               | -                  | (38,204)           | (27,944)           | (13,133)                       | (26,239)                       |
| <b>Profit for the year/period before Zakat</b>                              | <b>378,267</b>     | <b>322,844</b>     | <b>347,946</b>     | <b>143,309</b>                 | <b>234,009</b>                 |
| Zakat expense for the year/period                                           | (12,788)           | (15,334)           | (18,242)           | (9,305)                        | (6,000)                        |
| <b>Profit for the year/period</b>                                           | <b>365,479</b>     | <b>307,509</b>     | <b>329,704</b>     | <b>134,004</b>                 | <b>228,009</b>                 |
| Operating revenue growth rate (%)                                           | N/A                | 9.6%               | (3.4%)             | N/A                            | 63.4%                          |
| Operating profit margin (%)                                                 | 63.1%              | 56.0%              | 58.8%              | 57.5%                          | 58.7%                          |
| Net profit margin (%)                                                       | 62.1%              | 47.6%              | 52.9%              | 50.4%                          | 52.5%                          |

| SAR'000                                                  | 2021G<br>(Audited) | 2022G<br>(Audited) | 2023G<br>(Audited) | 30 June<br>2023G<br>(Reviewed) | 30 June<br>2024G<br>(Reviewed) |
|----------------------------------------------------------|--------------------|--------------------|--------------------|--------------------------------|--------------------------------|
| Cost-to-income ratio (%)*                                | 35.8%              | 50.0%              | 44.2%              | 46.1%                          | 46.1%                          |
| Volume of assets under management (SAR million)          | 7,599              | 6,945              | 10,341             | 8,403                          | 15,078                         |
| Number of client accounts**                              | 231,000            | 310,000            | 434,000            | 345,000                        | 464,000                        |
| Volume of trading through Derayah Platform (SAR million) | 614,10             | 459,27             | 383,00             | 169,81                         | 231,24                         |

\* Cost-to-income ratio is calculated by dividing operating expenses by total operating profit.

\*\* Represents the number of all client accounts active for the period.

| SAR'000                                | 2021G<br>(Audited) | 2022G<br>(Audited) | 2023G<br>(Audited) | 30 June 2024G<br>(Reviewed) |
|----------------------------------------|--------------------|--------------------|--------------------|-----------------------------|
| <b>Statement of financial position</b> |                    |                    |                    |                             |
| Total current assets                   | 546,739            | 376,957            | 507,210            | 476,281                     |
| Total non-current assets               | 197,316            | 539,949            | 534,554            | 713,926                     |
| Total assets                           | 744,054            | 916,906            | 1,041,764          | 1,190,207                   |
| Total current liabilities              | 114,322            | 89,860             | 114,431            | 112,767                     |
| Total non-current liabilities          | 25,306             | 108,729            | 115,525            | 116,061                     |
| <b>Total liabilities</b>               | <b>139,628</b>     | <b>198,590</b>     | <b>229,956</b>     | <b>228,828</b>              |
| <b>Total equity</b>                    | <b>604,426</b>     | <b>718,317</b>     | <b>811,808</b>     | <b>961,379</b>              |
| <b>Total equity and liabilities</b>    | <b>744,054</b>     | <b>916,906</b>     | <b>1,041,764</b>   | <b>1,190,207</b>            |
| Return on assets (%)*                  | 49.12%             | 33.54%             | 31.65%             | 40.90%                      |
| Return on equity (%)*                  | 60.47%             | 42.81%             | 40.61%             | 51.43%                      |
| Trading ratio (%)**                    | 478.24%            | 419.49%            | 443.25%            | 422.36%                     |
| Debt-to-equity ratio (%)***            | 1.14%              | 8.33%              | 7.77%              | 6.42%                       |

\* Key performance indicators are presented on an annual basis.

\*\* Total current assets to total current liabilities.

\*\*\* Total loans to total equity.

| SAR'000                                                                       | 2021G<br>(Audited) | 2022G<br>(Audited) | 2023G<br>(Audited) | 30 June 2023G<br>(Reviewed) | 30 June 2024G<br>(Reviewed) |
|-------------------------------------------------------------------------------|--------------------|--------------------|--------------------|-----------------------------|-----------------------------|
| <b>Statement of cash flows</b>                                                |                    |                    |                    |                             |                             |
| Net cash generated from operating activities                                  | 215,195            | 200,782            | 255,363            | 115,087                     | 304,357                     |
| Net cash generated from (used in) investing activities                        | (129,598)          | (74,134)           | (34,716)           | (76,292)                    | (199,975)                   |
| Net cash used in financing activities                                         | (42,747)           | (190,434)          | (230,120)          | (50,036)                    | (74,413)                    |
| <b>Cash and cash equivalents at the beginning of the year</b>                 | <b>51,300</b>      | <b>94,150</b>      | <b>30,364</b>      | <b>30,364</b>               | <b>20,891</b>               |
| <b>Increase / decrease cash and cash equivalents during the year / period</b> | <b>42,850</b>      | <b>(63,786)</b>    | <b>(9,473)</b>     | <b>(11,240)</b>             | <b>29,969</b>               |
| <b>Cash and cash equivalents at the end of the year</b>                       | <b>94,150</b>      | <b>30,364</b>      | <b>20,891</b>      | <b>19,124</b>               | <b>50,860</b>               |
| Cash conversion cycle*                                                        | 59%                | 65%                | 77%                | 86%                         | 133%                        |

\* Cash generated from operating activities divided by net profit for the same period.

Source: The audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed interim financial statements for the six-month period ended 30 June 2024G, excluding key performance indicators sourced from the Company.

## Summary of Risk Factors

Before deciding to subscribe to the Offer Shares, potential Subscribers should carefully review all information contained in this Prospectus, in particular the risks described below, which are addressed in detail in Section 2 (“**Risk Factors**”) of this Prospectus.

### 1. Risks Related to the Company's Activity and Operations

- 1.1 Risks related to the Company's investment in D360 Bank
- 1.2 Risks related to local brokerage business activities
- 1.3 Risks related to international brokerage business activities
- 1.4 Risks related to assets under management
- 1.5 Risks related to the management of private portfolios and public and private investment funds
- 1.6 Risks related to special commission income
- 1.7 Risks related to the management of real estate investment funds
- 1.8 Risks related to material agreements
- 1.9 Risks related to relations with brokers and counterparties
- 1.10 Risks related to compensating clients for mistakes, delays or failure to implement client requests
- 1.11 Risks related to the Company's reputation and protecting its brand
- 1.12 Risks related to the interpretation of Sharia principles
- 1.13 Risks related to transactions and contracts with Related Parties
- 1.14 Risks related to financial fraud
- 1.15 Risks related to employee misconduct and mistakes
- 1.16 Risks related to risk management policies and procedures
- 1.17 Risks related to the Company's reliance on service providers
- 1.18 Risks related to any material interruption in the Company's operations and systems or any unauthorized access to those systems
- 1.19 Risks related to poor quality of service provided
- 1.20 Risks related to the ineffectiveness of the business continuity plan
- 1.21 Risks related to policies and procedures for combating money laundering and terrorist financing
- 1.22 Risks related to the Company's reliance on Senior Executives and key employees
- 1.23 Risks related to the Company's investments and strategic partnerships
- 1.24 Risks related to interest rate fluctuations

- 1.25 Risks related to the Company's Management having insufficient experience in managing a listed company
- 1.26 Risks related to the Company's expansion strategy and future projects
- 1.27 Risks related to financing agreements
- 1.28 Risks related to the decline in the value of the Company's investments
- 1.29 Risks related to inadequacy of insurance coverage
- 1.30 Risks related to the Company's real estate
- 1.31 Risks related to potential future acquisitions
- 1.32 Risks related to margin financing operations and credit risks
- 1.33 Risks related to legal disputes
- 1.34 Risks related to fluctuations in foreign exchange rates
- 1.35 Risks related to taxes and potential Zakat dues
- 1.36 Risks related to the concentration of clients and suppliers

## **2. Risks Related to the Market, Sector and Regulatory Environment**

- 2.1 Risks related to withdrawal of the license to engage in securities business
- 2.2 Risks related to licenses and regulatory permits
- 2.3 Risks related to compliance with the laws and regulations to which the Company and its Subsidiaries are subject
- 2.4 Risks related to fluctuations in financial markets and a decrease in trading volumes, market share or commissions
- 2.5 Risks related to the application of financial reporting standards, accounting estimates, assumptions and revenue recognition
- 2.6 Risks related to general economic conditions and the economic conditions in the Kingdom of Saudi Arabia and in the countries of the Middle East region
- 2.7 Risks related to the Competition Law
- 2.8 Risks related to the Company's compliance with the Corporate Governance Regulations
- 2.9 Risks related to Saudization and other requirements of the Saudi Labor Law
- 2.10 Risks related to competitiveness in the sector in which the Company operates and the Company's ability to retain existing clients and acquire new clients
- 2.11 Risks related to data protection and cybersecurity laws



### 3. Risks Related to the Offer Shares

- 3.1 Risks related to restrictions on Bank D360's ownership
- 3.2 Risks related to effective control by the current shareholders
- 3.3 Risks related to liquidity and the absence of a previous market for the shares
- 3.4 Risks related to the sale of a large number of shares post-Offering
- 3.5 Risks related to fluctuations in the market price of the shares
- 3.6 Risks related to the Company's ability to distribute dividends
- 3.7 Risks related to foreign exchange rates when investing in the Offer Shares
- 3.8 Risks related to a delay in closing the Offering and Listing the shares
- 3.9 Risks related to research published on the Company
- 3.10 Risks related to the inability of non-qualified foreign investors to acquire shares directly
- 3.11 Risks related to prospects and related forward-looking statements

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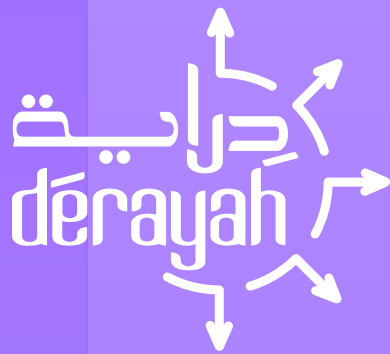
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# 1. Definitions and Abbreviations

## 1. Definitions and Abbreviations

The following are the main definitions and abbreviations used in this Prospectus:

|                                                |                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Admission</b>                               | Admission of the listing of shares, including the Offer Shares, to trading on the Exchange in accordance with the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.                                                                                                                                                        |
| <b>Advising</b>                                | A person providing advice to another regarding a security, which includes providing advice on the benefits and risks of dealing in that security, exercising any related rights, or on financial planning and management of their wealth therein.                                                                                                           |
| <b>Advisors</b>                                | The Company's advisors in relation to the Offering, whose names appear on pages (vii) to (viii) of this Prospectus.                                                                                                                                                                                                                                         |
| <b>Alternative investments</b>                 | Any investment that does not represent one of the following investment categories: (1) shares, (2) bonds, or (3) cash.                                                                                                                                                                                                                                      |
| <b>Arranging</b>                               | The act of introducing persons in connection with the offering of securities, arranging for their underwriting, or providing advisory services in corporate finance activities.                                                                                                                                                                             |
| <b>Assets Under Management (AUM)</b>           | The total market value of investments managed by an individual or entity on behalf of clients.                                                                                                                                                                                                                                                              |
| <b>Auditor</b>                                 | KPMG Professional Services.                                                                                                                                                                                                                                                                                                                                 |
| <b>Average Daily Trading Volume (ADTV)</b>     | The average number of shares traded per day.                                                                                                                                                                                                                                                                                                                |
| <b>Average Revenue Per User (ARPU)</b>         | The average revenue generated by each user or unit over a specified period of time, serving as a key performance indicator for companies.                                                                                                                                                                                                                   |
| <b>Bid Form</b>                                | The application form used by Participating Parties to submit a request to participate in the Book Building Process.                                                                                                                                                                                                                                         |
| <b>Board of Directors</b>                      | The Board of Directors of the Company.                                                                                                                                                                                                                                                                                                                      |
| <b>Book Building Instructions</b>              | The Instructions for the Book Building Process and Allocation Method in Initial Public Offerings (IPOs) issued by the Capital Market Authority Board under CMA Board Resolution No. 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G) as amended pursuant to CMA Board Resolution No. 1-103-2022 dated 02/03/1444H (corresponding to 28/09/2022G). |
| <b>Bookrunner</b>                              | HSBC Saudi Arabia.                                                                                                                                                                                                                                                                                                                                          |
| <b>Business Day</b>                            | Any day (excluding Fridays, Saturdays and public holidays) in which the Receiving Entities operate in the Kingdom.                                                                                                                                                                                                                                          |
| <b>Bylaws</b>                                  | The Company's Bylaws as summarized in Section 12.20 ("Summary of the Company's Bylaws") of this Prospectus.                                                                                                                                                                                                                                                 |
| <b>Capital Market Institution</b>              | A person licensed by the CMA to practice securities business.                                                                                                                                                                                                                                                                                               |
| <b>Capital Market Institutions Regulations</b> | The Capital Market Institutions Regulations issued by the CMA pursuant to Resolution No. 1-83-2005 dated 21/05/1426H (corresponding to 08/06/2005G) as amended pursuant to CMA Resolution No. 1-101-2023 dated 08/04/1445H (corresponding to 23/10/2023G).                                                                                                  |
| <b>Capital Market Law (CML)</b>                | The Capital Market Law issued under Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31/07/2003G), as amended.                                                                                                                                                                                                                                     |
| <b>Capital Markets Operations</b>              | Activities related to the management of financial assets, trading, and the development of relevant strategies.                                                                                                                                                                                                                                              |
| <b>CFO</b>                                     | The chief financial officer.                                                                                                                                                                                                                                                                                                                                |
| <b>Chairman of the Board</b>                   | The Chairman of the Company's Board of Directors.                                                                                                                                                                                                                                                                                                           |
| <b>Client Relationship Management (CRM)</b>    | A technology designed to manage all of a Company's relationships and communications with current and potential clients.                                                                                                                                                                                                                                     |
| <b>CMA</b>                                     | The Capital Market Authority of the Kingdom of Saudi Arabia. Any reference to Capital Market Authority decisions includes the decisions of its Board.                                                                                                                                                                                                       |
| <b>Companies Law</b>                           | The Companies Law issued under Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G) and its amendments.                                                                                                                                                                                                                                  |
| <b>Company's CEO</b>                           | The Company's chief executive officer.                                                                                                                                                                                                                                                                                                                      |

|                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Competition Law</b>                                       | The Competition Law issued under Royal Decree No. M/75 dated 29/06/1440H (corresponding to 06/03/2019G).                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Compound Annual Growth Rate (CAGR)</b>                    | The average annual return rate of growth between two specified years, assuming that growth occurs at a compounded rate and in multiples.                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Control</b>                                               | Pursuant to the definition stated in the Glossary of Defined Terms used in CMA Regulations, “ <b>control</b> ” means the ability to, directly or indirectly, influence the acts or decisions of another person, individually or collectively with a Relative or Affiliate, through any of the following: (i) holding 30% or more of the voting rights in a company or (ii) having the right to appoint 30% or more of the members of the administrative body. The term “ <b>Controlling Party</b> ” shall be construed accordingly. |
| <b>Corporate Governance Regulations (CGRs)</b>               | The Corporate Governance Regulations issued pursuant to CMA Board Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G), as amended pursuant to CMA Board Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G), based on the Companies Law.                                                                                                                                                                                                                                                 |
| <b>Custody</b>                                               | A person safeguarding assets belonging to another person, including a security, or arranging for another person to do so, which encompasses carrying out the necessary administrative procedures.                                                                                                                                                                                                                                                                                                                                   |
| <b>D360 Bank</b>                                             | D360 Bank is a closed joint-stock company registered under Commercial Register No. 1010822737 dated 03/02/1444H (corresponding to 20/08/2022G) with a capital of one billion, six hundred and fifty million Saudi Riyals (SAR 1,650,000,000), and operates in digital banking activities under a license from the Saudi Central Bank.                                                                                                                                                                                               |
| <b>Dealing</b>                                               | A person dealing in a security in their capacity as principal or agent, which includes the activities of selling, buying, managing subscription to or underwriting securities.                                                                                                                                                                                                                                                                                                                                                      |
| <b>Depository Center</b>                                     | A securities depository center licensed to engage in the activities of depositing, transferring, settling and registering ownership of securities traded on the Exchange in the Kingdom in accordance with the provisions of the Capital Market Law and the Securities Exchanges and Depository Centers Regulations.                                                                                                                                                                                                                |
| <b>Directors</b>                                             | The members of the Company’s Board of Directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Environmental, Social, and Governance (ESG) Practices</b> | A set of criteria applied by companies in their operational processes, followed by socially conscious investors to screen potential investments.                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Exchange</b>                                              | The Saudi Exchange or Tadawul, as the context requires, including any committee, sub-committee, employee, officer, affiliate or agent who may, for the time being, be assigned to perform any of the functions of the Exchange. The term “ <b>on the Exchange</b> ” means any activity that takes place through the facilities provided by the Exchange. Any reference to the Saudi Exchange is a reference to the Exchange.                                                                                                        |
| <b>Exchange Rules</b>                                        | The set of rules, regulations, procedures and instructions proposed by the Exchange’s Board of Directors and approved by the CMA Board.                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Extraordinary General Assembly</b>                        | An Extraordinary General Assembly of Shareholders convened in accordance with the Company’s Bylaws.                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Financial Advisor</b>                                     | HSBC Saudi Arabia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Financial Due Diligence Advisor</b>                       | PricewaterhouseCoopers(PwC) Chartered Accountants.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Financial Year</b>                                        | The Company’s financial year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Foreign Investors</b>                                     | Qualified Foreign Investors (QFIs) and Foreign Strategic Investors (FSIs).                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Foreign Strategic Investors (FSIs)</b>                    | A foreign legal person seeking to own a direct interest in the shares of a listed company for a period of no less than two years for the purpose of contributing to enhancing the financial or operating performance of the listed company.                                                                                                                                                                                                                                                                                         |
| <b>Fund Manager</b>                                          | A financial institution licensed to practice management activities, responsible for managing the assets of the investment fund, managing its business and offering its units.                                                                                                                                                                                                                                                                                                                                                       |
| <b>G</b>                                                     | The Gregorian calendar.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>GCC</b>                                                   | The Cooperation Council for the Arab States of the Gulf.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>General Assembly</b>                                      | An Extraordinary General Assembly or Ordinary General Assembly of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Glossary of Defined Terms used in CMA Regulations</b>     | The Glossary of Defined Terms used in the Regulations and Rules of the Capital Market Authority issued pursuant to CMA Board Resolution No. 4-11-2004 dated 20/08/1425H (corresponding to 04/10/2004G), as amended by CMA Board Resolution No. 3-6-2024 dated 05/07/1445H (corresponding to 17/01/2024G).                                                                                                                                                                                                                           |
| <b>GOSI</b>                                                  | The General Organization for Social Insurance in the Kingdom of Saudi Arabia.                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

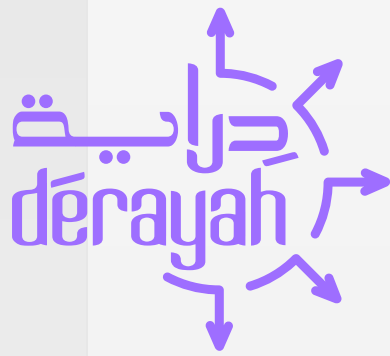
|                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Government</b>                                                                     | The Government of the Kingdom of Saudi Arabia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Gross Domestic Product (GDP)</b>                                                   | The total value of goods produced and services provided in a country during one year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Gulf investor with legal personality</b>                                           | A legal entity with a majority of its capital owned by citizens of GCC countries or their governments, which have the nationality of a GCC country in accordance with the definition set out in the Resolution of the Supreme Council of the Gulf Cooperation Council (GCC) issued in its fifteenth session and approved by Council of Ministers Resolution No. 16 dated 20/01/1418H, as well as corporate investment funds established in a GCC country whose units are publicly offered to investors in those countries in accordance with their respective applicable laws with a majority of their capital owned by citizens of GCC countries or their governments. |
| <b>H</b>                                                                              | The Hijri calendar.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Household Savings Rate</b>                                                         | The percentage of disposable income that households save rather than spend on consumption.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>IASB</b>                                                                           | The International Accounting Standards Board.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>IFRS</b>                                                                           | The International Financial Reporting Standards issued by the International Accounting Standards Board.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Implementing Regulations of the Companies Law</b>                                  | The Implementing Regulations of the Companies Law for Listed Joint Stock Companies issued by the CMA Board pursuant to Resolution No. 8-127-2016 dated 16/01/1438H (corresponding to 17/10/2016G), based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 10/11/2015G), as amended by CMA Board Resolution No. 2-26-2023 dated 05/09/1444H (corresponding to 27/03/2023G) based on the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G).                                                                                                                                          |
| <b>Implementing Regulations of the Companies Law for Listed Joint-Stock Companies</b> | The Implementing Regulations of the Companies Law for Listed Joint-Stock Companies issued pursuant to CMA Board Resolution No. 8-127-2016 dated 16/01/1438H (corresponding to 17/10/2016G), as amended pursuant to CMA Board Resolution No. 2-27-2023 dated 05/09/1444H (corresponding to 27/03/2023G), based on the Companies Law.                                                                                                                                                                                                                                                                                                                                     |
| <b>Individual Subscribers</b>                                                         | This tranche includes natural Saudi persons, including any divorced or widowed Saudi woman with minor children from a non-Saudi husband, who is entitled to subscribe in her own name or in their names for her own benefit provided she submits proof that she is divorced or widowed and proof that she is the mother of her minor children, and any non-Saudi natural person resident in the Kingdom or Gulf Cooperation Council country national who has a investment account and an active investment portfolio with one of the Receiving Entities and is eligible to open an investment account.                                                                  |
| <b>Individual Subscription Application Form</b>                                       | The subscription application form used by Individual Subscribers to submit a subscription application for the Offer Shares during the Offering Period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Initial Public Offering (IPO)</b>                                                  | A process through which a company is converted from private to public ownership by selling its shares to the general public for the first time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Internal Corporate Governance Manual</b>                                           | The Internal Corporate Governance Manual approved on 16/03/1446H (corresponding to 19/09/2024G).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Investment Fund</b>                                                                | A joint investment program aimed at providing investors with the opportunity to collectively participate in the program's profits. It is managed by the fund manager in exchange for specified fees, in accordance with the provisions of the Investment Funds Regulations.                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Investment Funds Regulations</b>                                                   | The Investment Funds Regulations issued by the CMA Board pursuant to Resolution No. 1-219-2006 dated 03/12/1427H (corresponding to 24/12/2006G) as amended pursuant to CMA Board Resolution No. 2-22-2021 dated 12/07/1442H (corresponding to 24/02/2021G).                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Kingdom or Saudi Arabia</b>                                                        | The Kingdom of Saudi Arabia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Labor Law</b>                                                                      | The Saudi Labor Law issued by Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G) and its amendments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Lead Manager</b>                                                                   | HSBC Saudi Arabia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Legal Advisor</b>                                                                  | Abuhimed Alsheikh Alhagbani (AS&H) Clifford Chance Law Firm.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Listing</b>                                                                        | The listing of securities on the Exchange in accordance with the Listing Rules.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Listing Rules</b>                                                                  | The Listing Rules issued by the CMA Board pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) as amended by CMA Board Resolution No. 4-114-2024 dated 04/04/1446H (corresponding to 07/10/2024G).                                                                                                                                                                                                                                                                                                                                                                                                                                    |

|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Lock-up Period</b>                             | The lock-up period imposed by the CMA, pursuant to its approval of the Company's request for a CMA notice of no-objection to the submission of an application to offer the Company's shares on the main market, issued on 07/10/1445H (corresponding to 16/04/2024G), and conditional on not less than 60% of the Company's shares, after offering its shares on the main market, being subject to a lock-up of not less than twenty-four (24) months from the date the Company's shares commence trading on the main market. Prior approval from the CMA must be obtained before disposing of these shares after the end of the Lock-up Period. Noting that none of the mentioned shareholders shares who are subject to the Lock-up period were counted within the free-float shares. For further details, please refer to the "Offering Summary" section of this Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Main market</b>                                | The market in which shares that have been registered and offered under Chapter Four of the Rules on the Offer of Securities and Continuing Obligations are traded, and whose listing is accepted under Chapter Three of the Listing Rules.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Managing</b>                                   | A person managing a security belonging to another person in cases that require discretionary action, or operating investment funds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Market Consultant or Arthur D. Little</b>      | Arthur D. Little Middle East FZ-LLC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>MHRSD</b>                                      | The Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Ministry of Commerce</b>                       | The Ministry of Commerce in the Kingdom of Saudi Arabia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Net Offering Proceeds</b>                      | The proceeds of the Offering after deducting all expenses related to the Offering.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Nomu</b>                                       | A parallel equity market with lighter listing requirements that serves as an alternative platform for companies to turn public in the Kingdom.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Offer Price</b>                                | SAR [●] per Offer Share.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Offer Shares</b>                               | forty-nine million nine hundred forty-seven thousand thirty-nine (49,947,039).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Offering</b>                                   | The Initial Public Offering (IPO) of the Company's shares in accordance with the terms set forth herein.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Offering Period for Individual Subscribers</b> | The period starting from Thursday 21/08/1446H (corresponding to 20/02/2025G) and lasting for three days, including the last day for closing the subscription, to end at 5:00 p.m. Kingdom time on Saturday 23/08/1446H (corresponding to 22/02/2025G).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Ordinary General Assembly</b>                  | The Ordinary General Assembly of Shareholders, which shall be held in accordance with the Company's Bylaws.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Participating Parties</b>                      | <p>This tranche includes the categories that are entitled to participate in the Book Building Process in accordance with the Book Building Instructions, namely:</p> <ol style="list-style-type: none"> <li>1- Public and private funds that invest in securities listed on the Saudi Exchange if the terms and conditions of the fund allow them to do so, while adhering to the provisions and restrictions stipulated in the Investment Funds Regulations and Book Building Instructions.</li> <li>2- Capital Market Institutions licensed to deal as a principal, while adhering to the provisions stipulated in the Prudential Rules when submitting a subscription application.</li> <li>3- Clients of a Capital Market Institution licensed by the CMA to practice management activities in accordance with the provisions and restrictions stipulated in the Book Building Instructions.</li> <li>4- Any legal persons who are permitted to open an investment account in the Kingdom and an account at the Depository Center, including foreign legal persons allowed to invest in the market where the Issuer's shares will be listed, taking into account the regulations governing investment by listed companies in the securities listed on the market as outlined in CMA Circular No. 6/05158 dated 11/08/1435H (corresponding to 09/06/2014G), issued based on CMA Board Resolution No. 9-28-2014 dated 20/07/1435H (corresponding to 19/05/2014G).</li> <li>5- Government entities or any international body recognized by the CMA or the Exchange or any other capital market recognized by the CMA or the Depository Center.</li> <li>6- Government-owned companies, either directly or through a private portfolio manager.</li> <li>7- Gulf companies and Gulf funds if the terms and conditions of the fund allow them to do so.</li> </ol> |
| <b>Private Portfolio Management (PPM)</b>         | An investment service that allows a portfolio manager to make investment decisions on behalf of the client, taking into account the client's objectives and any imposed limits thereupon.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Prospectus</b>                                 | This prospectus prepared by the Company in connection with the Offering in accordance with the Rules on the Offer of Securities and Continuing Obligations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

|                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Public</b>                                                      | <p>Persons not listed below:</p> <ol style="list-style-type: none"> <li>1- The Issuer's Affiliates.</li> <li>2- The Issuer's Substantial Shareholders.</li> <li>3- Directors and Senior Executives of the Issuer.</li> <li>4- Directors and Senior Executives of the Issuer's Affiliates.</li> <li>5- Directors and Senior Executives of the Issuer's Substantial Shareholders.</li> <li>6- Any relatives of the persons referred to in 1, 2, 3, 4 or 5 above.</li> <li>7- Any company controlled by any of the persons referred to in 1, 2, 3, 4, 5, or 6 above.</li> <li>8- Persons acting in concert and collectively owning 5% or more of the class of shares intended for listing.</li> </ol>                                                                                                                                                                                                       |
| <b>Qualified Foreign Investors</b>                                 | A qualified foreign investor, in accordance with the provisions of Chapter Three of the Rules for Foreign Investment in Securities, to invest in shares listed on the main market.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Real Estate Investment Fund</b>                                 | A joint real estate investment program aimed at providing investors with the opportunity to collectively participate in the program's profits. It is managed by the fund manager in exchange for specified fees, in accordance with the provisions of the Real Estate Investment Funds Regulations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Real Estate Investment Funds Regulations</b>                    | The Real Estate Investment Funds Regulations issued by the CMA pursuant to Resolution No. 1-193-2006 dated 19/06/1427H (corresponding to 15/07/2006G) as amended pursuant to CMA Resolution No. 2-22-2021 dated 12/07/1442H (corresponding to 24/02/2021G).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Receiving Entities</b>                                          | The receiving entities whose names are listed on page (ix) to (xi) of this Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Regulation S</b>                                                | A set of rules under the U.S. Securities Act that outlines the position of the competent authority regarding securities and their trading in the United States, specifically concerning securities offered outside the United States.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Related Party or Related Parties</b>                            | <p>The term "<b>Related Party</b>" or "<b>Related Parties</b>" in this Prospectus and according to the glossary of terms used in CMA regulations includes any of the following entities:</p> <ol style="list-style-type: none"> <li>1- The Company's affiliates, except for companies wholly owned by the Company.</li> <li>2- Substantial Shareholders of the Company</li> <li>3- Directors or Senior Executives of the Company</li> <li>4- Directors of the Company's Affiliates</li> <li>5- Directors or Senior Executives of the Company's Substantial Shareholders</li> <li>6- Any relatives of the persons referred to in (1), (2), (3) or (5) above.</li> <li>7- Any company or other entity controlled by any person referred to in (1), (2), (3), (5) or (6) above.</li> </ol> <p>For the purposes of paragraph (6) above, relatives shall mean father, mother, husband, wife and children.</p> |
| <b>Relatives</b>                                                   | <p>Husband, wife and minor children.</p> <p>For the purposes of the Corporate Governance Regulations, this term shall include:</p> <ul style="list-style-type: none"> <li>• Parents and grandparents (and ancestors thereof).</li> <li>• Children and grandchildren (and descendants thereof).</li> <li>• Full siblings, paternal half-siblings, or maternal half-siblings.</li> <li>• Spouses.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Rules for Foreign Investment in Securities</b>                  | The Rules for Foreign Investment in Securities issued by the CMA Board pursuant to Resolution No. 2-26-2023 dated 05/09/1444H (corresponding to 27/03/2023G) under the Capital Market Law.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Rules on the Offer of Securities and Continuing Obligations</b> | The Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) under the Capital Market Law, as amended by the CMA Board Resolution No. 3-114-2024 dated 04/04/1446H (corresponding to 07/10/2024G).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Saudi Central Bank (SAMA)</b>                                   | The Saudi Central Bank (formerly the Saudi Arabian Monetary Authority).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Saudi IFRS</b>                                                  | The International Financial Reporting Standards adopted in the Kingdom and other standards and statements issued by the Saudi Organization for Certified Public Accountants.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Saudi Riyal (SAR)</b>                                           | The official currency of the Kingdom of Saudi Arabia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Secretary</b>                                                   | The Secretary of the Board of Directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Securities business</b>                                         | Engaging in any of the activities of dealing, arranging, managing, advising, and custody by any person in the context of their business activities in accordance with a license from the CMA.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

|                                               |                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Securities Business Regulations</b>        | The Securities Business Regulations issued by the CMA pursuant to Resolution No. 2-83-2005 dated 21/05/1426H (corresponding to 28/06/2005G) as amended pursuant to CMA Resolution No. 2-75-2020 dated 22/12/1442H (corresponding to 12/08/2020G).                                                                                                                                                |
| <b>Selling Shareholders</b>                   | The Company's current shareholders whose names and ownership percentages are shown in Table 3 (" <b>The Company's Ownership Structure Before and After the Offering</b> ") and who will sell some of their shares in the Offering.                                                                                                                                                               |
| <b>Senior Executives</b>                      | The senior executives whose names are listed in Section 5.3 (" <b>Senior Executives</b> ") of this Prospectus, who are members of the Company's Executive Management.                                                                                                                                                                                                                            |
| <b>Shares</b>                                 | Any ordinary share in the Company's capital with a nominal value of SAR 2 per share.                                                                                                                                                                                                                                                                                                             |
| <b>SOCPA</b>                                  | The Saudi Organization for Chartered and Professional Accountants (SOCPA).                                                                                                                                                                                                                                                                                                                       |
| <b>Special Economic Zones (SEZs)</b>          | Designated areas within a country's borders that are subject to economic regulations different from national regulations, aimed at promoting economic activities.                                                                                                                                                                                                                                |
| <b>Subscribers or Investors</b>               | Individual Subscribers and Participating Parties.                                                                                                                                                                                                                                                                                                                                                |
| <b>Subscription Application Form</b>          | The subscription application form that Individual Subscribers and Participating Parties (as the context may require) must complete to subscribe for the Offer Shares.                                                                                                                                                                                                                            |
| <b>Subsidiaries</b>                           | The Company's Subsidiaries described in Section 12 (" <b>Legal Information</b> ") hereof.                                                                                                                                                                                                                                                                                                        |
| <b>Subsidiary</b>                             | Any person who controls another person, or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.                                                                                                                                                                                  |
| <b>Substantial Shareholders</b>               | Any person who owns five percent (5%) or more of the Company's shares or voting rights.                                                                                                                                                                                                                                                                                                          |
| <b>Sukuk Market</b>                           | A market for trading Islamic financial certificates similar to the bonds available in Western finance, but compliant with the provisions of Islamic Sharia.                                                                                                                                                                                                                                      |
| <b>Swap agreements</b>                        | Non-Gulf individual investors residing outside the Kingdom and non-Gulf institutions registered outside the Kingdom are entitled to invest indirectly to obtain the economic benefits of shares by entering into swap agreements with Capital Market Institutions licensed by CMA. Under these swap agreements, Capital Market Institutions shall be registered as legal owners of those shares. |
| <b>Tadawul All Share Index (TASI)</b>         | The main market index that tracks the performance of all companies listed on Saudi Exchange (Tadawul).                                                                                                                                                                                                                                                                                           |
| <b>Total Addressable Market (TAM)</b>         | The total revenue opportunities available for a product or service if 100% market share is achieved.                                                                                                                                                                                                                                                                                             |
| <b>Trading Finance Funds</b>                  | A fund designed to provide investors with fixed, risk-adjusted income revenues within the Capital Markets, often offering liquidity options.                                                                                                                                                                                                                                                     |
| <b>U.S. Dollar (USD)</b>                      | The official currency of the United States of America.                                                                                                                                                                                                                                                                                                                                           |
| <b>U.S. Securities Act</b>                    | The U.S. Securities Act of 1933, as amended.                                                                                                                                                                                                                                                                                                                                                     |
| <b>Underwriter</b>                            | HSBC Saudi Arabia.                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Underwriting Agreement</b>                 | The Underwriting Agreement between the Company, the Selling Shareholders, and the Underwriter, in accordance with the terms outlined in Section 13 (" <b>Underwriting</b> ") of this Prospectus.                                                                                                                                                                                                 |
| <b>Unit or Units</b>                          | The share of any owner in an investment fund consisting of units or a part thereof. Each unit is treated as representing a common share in the net assets of the fund.                                                                                                                                                                                                                           |
| <b>User Experience/User Interface (UX/UI)</b> | A general term that describes the design of user interfaces and user experience from a design perspective. It is commonly used in the context of web, computer, and mobile services.                                                                                                                                                                                                             |
| <b>Vision Realization Programs</b>            | Initiatives and programs designed to achieve the Kingdom's Vision 2030 goals to diversify the economy and reduce dependence on the oil sector.                                                                                                                                                                                                                                                   |
| <b>ZATCA</b>                                  | The Zakat, Tax and Customs Authority of the Kingdom of Saudi Arabia.                                                                                                                                                                                                                                                                                                                             |





## 2. Risk Factors

## 2. Risk Factors

Before deciding whether to invest in the Offer Shares, all prospective investors should carefully consider all the information contained in this Prospectus, particularly the risk factors described below. These risk factors may not include all the risks that the Company faces, as there may be additional risks that are not currently known by the Company, or that may be deemed immaterial but may nevertheless affect the Company's operations or its financial position and future prospects.

The Company's business, financial position, results of operations and future prospects could be adversely and materially affected if any of the risks referred to below, or if any other risks that the Directors have not identified or that are deemed immaterial, actually occur or become material. As a result of such risks or other factors that may affect the Company's business, the forward-looking events and circumstances that have been presented in this Prospectus might not occur in the way the Company and/or the Directors expect, or may not occur at all. When evaluating the risks described below, a prospective investor should also consider other information set out in this Prospectus, including information regarding the Company and the relevant agreements described in Section 4 ("**Company Section**") and Section 12 ("**Legal Information**") of this Prospectus.

The Directors also acknowledge that, to the best of their knowledge and belief, there are no other material risks other than those mentioned in this section whose non-disclosure would affect investors' decisions to invest in the Offer Shares.

An investment in the Offer Shares is only appropriate for investors who are capable of assessing the risks and merits of such an investment and who have sufficient resources to bear any loss that might result from this investment. Any prospective investor who has any doubts concerning the appropriate actions to be taken should consult a financial advisor licensed by the CMA for advice in connection with any investment in the Offer Shares.

The occurrence of any of the risk factors specified below, or the occurrence of any other risks which the Directors have not identified or those which they do not consider to be material as of the date of this Prospectus, may result in the reduction of the Company's share price in the Exchange and an investor could lose all or portion of the value of their investment in the Offer Shares.

The risks described below are not presented in order of importance, expected impact on the Company or likelihood of occurrence. The risks set out in this Section 2 ("**Risk Factors**") may: (a) not include all risks that may affect the Company or its operations, activities, assets or the markets in which it operates; or (b) not include all risks involved in investing in the Offer Shares.

### 2.1 Risks Related to the Company's Business and Operations

#### 2.1.1 Risks related to the Company's investment in D360 Bank

The Company, together with a number of investors, including the Public Investment Fund, has established a joint venture (D360 Bank) to engage in digital banking business through digital platforms in the Kingdom, which is regulated by SAMA (for further details, please refer to Section 12.9.1 ("**Joint Venture Agreement for D360 Bank**") of this Prospectus). The investment is classified as an investment in an associate company and the Company's stake of the profits or losses achieved by the bank during the financial period is recognized according to the equity method.

Given the novelty of the digital banking model in the Kingdom, its regulatory framework is subject to change by the relevant government authorities, including SAMA. Accordingly, additional enforcement measures may be imposed on D360 Bank with regard to the services it provides to its clients, or additional administrative and financial burdens (e.g., additional investment) may be imposed to ensure D360 Bank's compliance with the regulatory framework. This, in turn, could lead to increased operating costs for D360 Bank or reduced revenues, which could materially and adversely affect the Company's investment in D360 Bank. Except as otherwise provided in the joint venture agreement, the shareholders of the bank, including the Company, the Public Investment Fund, and all other shareholders, are subject to a lock-up period during which no shareholder may transfer any of their shares before the publication of D360 Bank's annual audited financial statements for five full years from the date of issuance of the Commercial Register on 03/02/1444H (corresponding to 30/08/2022G) until 22/07/1448H (corresponding to 31/12/2026G), as stipulated in the agreement to establish the joint venture.

The Company owns 20% in the Bank, representing SAR 330 million at the time of the Bank's establishment in 2022G through:

- a cash injection of approximately SAR 137 million.
- an amount of approximately SAR 194 million infused by the other shareholders in the Bank on behalf of the Company for the Company's efforts in establishing the Bank and obtaining the required licenses and approvals. This amount includes an amount of SAR 29 million, the vesting of which is contingent upon the achievement of D360 Bank's performance indicators in the coming period. On 15 January 2022G, the Company entered into a commitment agreement with the Public Investment Fund (the "**Commitment Agreement**") under which the Company provides guarantees with a total value of approximately SAR 29 million, as explained below. Accordingly, a balance of SAR 29 million was recorded as unrealized revenue. For further details regarding the Bank's KPIs, please refer to Section 6.5.2.12 ("**Investment in Associate**") of this Prospectus.

According to the Company's financial statements, the amounts infused by other shareholders in the Bank (amounting to SAR 193 million at the time of incorporation) were recorded as revenues amounting to SAR 164 million, due to the Bank not being fully operational, which led to its recorded losses. The balance of SAR 29 million was recorded as unrealized revenue in the Company's financial statements, as it is linked to achieving Bank D360's KPIs in the coming period.

As of 17 December 2024G, the Bank is still not fully operational, which has led to the Bank being unprofitable and incurring losses, resulting in a decrease in the value of the shareholders' stakes in the Bank, including the Company's shares in the Bank. If this continues, the Bank faces the risk of a continued decrease in the value of its financial shares in the Bank. It is also worth noting that the value of the Company's share in the Bank decreased from SAR 330 million at the time of establishment on 03/02/1444H (corresponding to 30/08/2022G) to SAR 264 million as of the financial year ended 31 December 2023G, and then decreased to SAR 238 million as of 30 June 2024G. If the Bank continues to incur similar losses, the Company may be forced to inject additional investment amounts, which may increase the Company's exposure to the aforementioned risks.

In addition, in the event that the Company wishes to sell its shares in D360 Bank, the Public Investment Fund shall have the right to participate in the sale or purchase of the shares to be sold. The Company may face difficulties if it wishes to exit from D360 Bank due to the restrictions set forth in the agreement, as well as the general risks associated with joint venture investments, which could have a material adverse effect on the Company. For more information regarding the risks associated with entering into joint ventures and other strategic partnerships, please refer to Section 2.1.23 ("**Risks related to the Company's investments and strategic partnerships**") of this Prospectus.

In addition, the investment arrangements related to the establishment of D360 Bank expose the Company to further risks, in terms of the obligations incurred under the investment arrangements relating to the Company's contribution to the establishment of D360 Bank. The Company entered into a Commitment Agreement with PIF as mentioned above, under which the Company agreed to pay the Public Investment Fund certain amounts if D360 Bank fails to achieve certain previously agreed operational targets. Please refer to Section 12.8 ("**Material Agreements**") of this Prospectus for a summary of the Commitment Agreement. As security for its payment obligations, the Company provided PIF with two bank guarantees equivalent to the amounts the Company will pay if the operational targets are not achieved. The first guarantee amounted to SAR 15,131,888.16 and ends on 08/01/2026G, and the second guarantee amounted to SAR 14,250,455.68 and ends on 08/01/2028G. Furthermore, the agreement stipulates that the Company is obligated to extend both the first and second guarantees in the event that the claim falls due after the guarantee's effective date. In the event that D360 Bank does not achieve the agreed operational targets mentioned in the Commitment Agreement by the third operational year (for the first amount) or the fifth operational year (for the second amount), the Company will have to pay the respective compensation amount or PIF may accelerate the relevant guarantees. In the Commitment Agreement, the Company provided a number of representations and warranties on the establishment of D360 Bank and its business activities. The Company's representations and warranties contained in the Commitment Agreement will remain valid for five years from the date of the Commitment Agreement (i.e., until 14 January 2027G). If a breach of the representations and warranties made by the Company in the Commitment Agreement occurs, the Public Investment Fund shall be entitled to seek compensation from the Company in accordance with the provisions of such agreement.

The Company also has an Employee Share Program for employees who contributed to the establishment of D360 Bank, under which the Company's ownership share in the Bank may be reduced. As of the date of this Prospectus, there are sixteen (16) such employees who moved to work for the Bank after its establishment. The Program stipulates the allocation of approximately 3.5% of the Bank's shares currently owned by the Company to these employees. On the vesting date, the Program gives each of these employees the right to obtain the shares allocated to them in accordance with the terms agreed upon, including that the employee continues to work at the Bank for a certain period. The employee may decide to receive a cash amount from the Company instead of the shares, based on the fair value of the shares on the vesting date. In the event that employees decide to obtain shares in D360 Bank, the transfer of ownership of those shares to the concerned employee is conditional upon the end of a five-year lock-up period starting on the date on which the Company was registered in the Commercial Register, i.e., 03/02/1444H (corresponding to 30/08/2022G), in addition to obtaining all regulatory approvals, including the approval of the Saudi Central Bank. Also note that in the event that the regulatory approvals required to transfer ownership of the shares are not obtained after the end of the three-year lock-up period, the Company is bound to pay the fair value of those shares to the employees. As of 30 June 2024G, the Company allocated an amount equal to SAR 58.9 million as a provision in the event that any employees of D360 Bank request the fair value of the shares - in cash - instead of the shares. Accordingly, the Company's ownership in the Bank may decrease if the concerned employees decide to exercise their rights by choosing to obtain shares in the Bank, which will be subject to the approval of the Central Bank, instead of obtaining a similar cash amount, which will lead to a decrease in the future revenues generated from the Company's ownership and investment in the Bank. It shall be noted that the current value of the obligations referred to in this paragraph, represented by the obligations included in the Employee Share Program, has been processed from an accounting perspective using actuarial valuation methods. For more details, please refer to Section 4.7 ("**Subsidiaries**") of this Prospectus.

If any of the above risks occur, this would have a material adverse effect on the Company's business, profits, financial position, results of operations and prospects, and therefore on the Company's share price.

### 2.1.2 Risks related to local brokerage business activities

The Company's financial performance relies substantially on the revenues generated from its local brokerage services activity, which represent a significant portion of its total revenues.

Brokerage services accounted for 86.65% of the Company's total revenue, amounting to a total of SAR 510,313,933 in 2021G. Brokerage services accounted for 58.83% of the Company's total revenue in 2022G, with a total of SAR 379,740,773. In 2023G, these services accounted for 62.32% of the Company's total revenue, with a total of SAR 388,565,878. For the six-month period ended 30 June 2024G, brokerage services accounted for 55.7% of the Company's total revenues, amounting to SAR 241,870,535. As mentioned above, the Company's revenues from brokerage services have decreased in recent years compared to the financial year ended 2021G, as a result of a decrease in the Company's traded value online by approximately 38% in the financial year ended 31 December 2022G and approximately 15% in the financial year ended 31 December 2023G to SAR 245 billion, which is in line with the general decline in the market, as the total traded values in the market witnessed a decrease of about 23% in the financial year 2022G and the financial year 2023G. Based on the foregoing, it is worth noting that the Company's performance in the brokerage sector is linked to the total values traded in the market, which in turn decreased since 2020G and which represents the period of the COVID-19 pandemic.

This is in addition to the increasing competition from Capital Market Institutions, both local and international, as well as the entry of modern products such as automated trading based on algorithms, which are offered by some competitors.

As a result of the entry of different categories of competitors, the Company is obliged from time to time to carry out intensive advertising campaigns in addition to granting high discounts to its clients for the purpose of maintaining its market share, leading to a decrease in the Company's revenues from its clients, which in turn directly affects its profit margins from this item. The Company also offers incentives in the form of discounts to clients based on the value of their trades, whereby clients with high trades are given discounts linked to the value of the trades, which would negatively affect the Company's profit margins. In addition to the entry of competitors and the discounts granted, the Company's revenues from local brokerage decreased as a result of the increase in interest rates due to their impact on margin trading activities by clients directly.

Accordingly, if the Company is unable to attract new clients, this will lead to a decrease or slower growth in the amount of revenue generated from brokerage services, which could have a material adverse effect on the Company's business, financial position, results of operations and future prospects (for more information on the risks related to attracting new clients, please refer to Section 2.2.10 ("**Risks related to competitiveness in the sector in which the Company operates and the Company's ability to retain existing clients and attract new clients**") of this Prospectus).

The brokerage services sector is exposed to a number of different external factors, including fluctuations in the general economic climate, disposable income and inflation rates. In addition, trading volumes, market share, net commission rate from purchase and sale operations, the performance of the general market index, the performance of managed funds and portfolios, as well as the size and diversity of clients' assets have a material impact on the Company's revenues from brokerage services. If any negative circumstances related to these factors occur, they may have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects and therefore the Company's share price.

### 2.1.3 Risks related to international brokerage business activities

The Company's financial performance substantially relies on the revenues generated from its brokerage services activity in international markets, which are considered among the Company's main revenues. Brokerage services accounted for 86.65% of the Company's total revenue, amounting to a total of SAR 510,313,933 in 2021G. Brokerage services accounted for 58.83% of the Company's total revenue in 2022G, with a total of SAR 379,740,773. In 2023G, these services accounted for 62.32% of the Company's total revenue, with a total of SAR 388,565,878. For the six-month period ended 30 June 2024G, brokerage services accounted for 55.7% of the Company's total revenues, amounting to SAR 241,870,535. Based on the foregoing, it is worth noting that the Company's performance in the brokerage sector is linked to the total values traded in the market, which in turn decreased since 2020G and which represents the period of the COVID-19 pandemic.

The Company's revenues from international brokerage services are witnessing a noticeable shift towards options contracts amid reduced trading of ordinary shares and stocks at extremely discounted prices - classified as cheap shares. The Company's revenue growth rates from international brokerage were mainly based on the increase in the volume of options contracts traded through the Derayah Global Platform, which amounted to approximately 50% for the financial year ended 31 December 2022G and the financial year ended 31 December 2023G, respectively, and increased by approximately 43% in the financial period ended 30 June 2024G as compared to the corresponding period ended 30 June 2023G.

These growth rates were mainly based on an expanded client base and the acquisition of new active clients, in terms of trading activities in international markets. Clients who registered their accounts with the Company during 2021G and 2022G constituted 90% of the revenues achieved during the past three years, which decreased to 75% in 2023G. Accordingly, if the Company is unable to expand its client base, this will have a material adverse effect, especially in light of the increasing difficulty of expanding the Company's client base due to the entry of a number of local and international competitors into this activity. In addition, investor preferences in this regard change from time to time, as investors have recently tended to purchase options contracts linked to indices instead of options contracts linked to regular shares. The Company's revenues from options contracts linked to indices are significantly lower than the revenues from options contracts linked to regular shares.

In addition, trading shares at very low prices - classified as cheap shares - was significantly lower as compared to previous years. Trading volume decreased by approximately 73% for the financial year ended 31 December 2022G and decreased by approximately 27% in the financial year ended 31 December 2023G, as compared to previous years, and decreased by approximately 12% in the financial period ended 30 June 2024G, as compared to the same period ended 30 June 2023G. The trading value for the financial period ended 30 June 2024G decreased by 28%, as compared to the same period ended 30 June 2023G. Trading in common shares and cheap shares through the Derayah Global Platform also witnessed a decrease compared to previous years. The trading volume of common shares decreased by approximately 32% for the financial year ended 31 December 2022G, 34% in the financial year ended 31 December 2023G, and 31% in the financial period ended 30 June 2024G as compared to the corresponding period ended 30 June 2023G.

In addition, profit margins from international brokerage depend on the cost and rates of intermediary parties. Any changes to the terms and conditions or pricing structures with interactive brokers could have a direct impact on the Company's net profit margins and revenues (for further details, please refer to Section 2.1.9 ("**Risks related to relationships with intermediaries and counterparties**") of this Prospectus). Any significant further decline in the Company's net profit margins could have an adverse effect on the revenues generated from brokerage services, and could thus have a material adverse effect on the Company's business, profits, financial position, results of operations and prospects, and therefore the Company's share price.

#### 2.1.4 Risks related to assets under management

The Company is exposed to the risk of fluctuation in the number of assets within the funds it manages, either as a result of a withdrawal of funds or the dismissal or replacement of the Company as a fund manager. If this occurs, it will negatively affect the management fees that the Company receives in return for its management of these funds, which will in turn negatively affect the Company's profit margins. Moreover, the Company is exposed to the risk of changes in the valuation of the assets it manages, as the management fees collected by the Company as a fund manager are calculated based on this valuation, which directly affects the Company's revenues. Consequently, in the event of a decrease in the valuation of the assets under management, the management fees collected may decrease. The managed assets sector is also directly linked to the financial markets, given that most of these assets, managed funds and their valuations are linked to the financial markets. If any of this were to occur, it would have a material adverse effect on the Company's business, profits, financial position, results of operations and prospects, and therefore the Company's share price.

The Company is also exposed to concentration risks in the funds it manages. As of 30 June 2024G, privately managed portfolios constituted approximately 50% of the assets managed by the Company. It is noted that these portfolios represent the ten largest funds without counting the funds managed under the Discretionary Portfolio Management Section.

The Company also faces concentration risks associated with its key investors in private managed portfolios (the "**Key Investors**"). Management fees generated by the Company from its Key Investors as of the financial year ended 31 December 2021G amounted to a total of SAR 4,852,000, representing 44% of the management fees. For the financial year ended 31 December 2022G, the total amounted to SAR 8,069,000, representing 48% of the management fees. In the financial year ended 31 December 2023G, 53% of the management fees generated by the Company, equivalent to approximately SAR 16,000,000, were concentrated in Key Investors. As for the six-month period ended 30 June 2024G, the total amount generated by the Company from its Key Investors in the assets under management segment was SAR 7,873,000, representing 60% of the management fees, compared to a total of SAR 3,176,000, representing 54%, in the six-month period ended 30 June 2023G. Any significant decline in the Company's revenues generated from its Key Investors could have a negative impact on its profit margins and may therefore have a material adverse effect on the Company's business, profits, financial position, results of operations and prospects and therefore on the Company's share price.

If any of the above risks were to occur, this would have a material adverse effect on the Company's business, profits, financial position, results of operations and prospects, and therefore on the Company's share price.

#### 2.1.5 Risks related to the management of private portfolios and public and private investment funds

As of 30 June 2024G, the Company manages 79 private portfolios and 28 funds (including public and private investment funds and real estate funds). In 2021G, the Company achieved revenues from fund management amounting to approximately SAR 64.8 million, representing 11% of its total operating revenues. Those services amounted to approximately SAR 70.2 million in 2022G, representing 11% of the Company's total operating revenues, and approximately SAR 81.5 million in 2023G, representing 13% of the Company's total operating revenues. For the six-month period ended 30 June 2024G, revenues generated by the management of funds amounted to approximately SAR 70 million, representing 16.1% of the Company's total operating revenues.

The portfolio or fund manager is responsible for all activities related to the management of clients' portfolios and investment funds, which include sales and purchases, in addition to monitoring portfolios and funds, measuring performance, and preparing reports required by the Capital Market Authority. Accordingly, the portfolio or fund manager performs a set of steps and procedures that enable the client to understand the nature of the risks associated with the type of deal that the manager will conclude after taking into account the client's level of education and knowledge, the duration and nature of the client's stock market experience, and the client's financial position, investment objectives and degree of risk tolerance. It cannot be confirmed that the steps or procedures taken by the Company are sufficient to verify the suitability of the investment's risk level for the client. Consequently, clients may pursue legal action if they believe that the investment decisions made by the Company do not comply with their requirements and investment objectives or are not commensurate with their ability to bear risks or if the information relied upon for decision-making proves inaccurate or incomplete, potentially impacting the Company's operations and financial results.

In addition, the decline in the performance of the investment portfolios and funds managed by the Company could lead to the Company's inability to maintain its existing clients or attract new clients, which could have an adverse effect on the Company's business and results of operations.

The Company invests in private companies and startups through investment funds, either on its own behalf or on behalf of its clients, which results in potentially varying levels of due diligence for the companies in which it intends to invest. The Company also relies on third parties for certain aspects of due diligence (e.g., legal due diligence for certain investments). Despite its commitment to exercising due diligence, the Company does not guarantee that the companies in which it invests will provide it with accurate and complete information on which to base its investment decisions. This could expose the Company to claims if its investments or the funds it manages encounter any problems or consequences based on information provided by third parties.

The Company, acting as a fund manager or investment portfolio manager, operates within the parameters set forth by the investment fund's terms, client agreements, and regulatory requirements. While the Company adheres to these guidelines and regulations through its policies and procedures, there is no guarantee that such measures are sufficient to prevent intentional or unintentional violations. Any violations may result in the creation of material financial obligations that may affect the Company's business and financial position, which could have a material adverse effect on the Company's business, profits, financial position, results of operations, and future prospects, and therefore on the Company's share price.

### 2.1.6 Risks related to special commission income

The Company benefits from depositing its clients' funds and linking them to products with other financial institutions that generate income, under which the Company earns revenue represented by the returns resulting from depositing such amounts. The Company also benefits from its provision of securities lending services, which it started in late 2023G. Through this service, the Company lends securities for different periods, which enables it to generate additional revenues shared with clients according to the terms and conditions of the dealing agreements. Such amounts are referred to as special commission income according to the Company's financial statements.

It is worth noting in this regard that special commission income increased significantly in the financial years ended 31 December 2022G and 2023G as a result of increased interest rates, changes in deposit structure and high deposit amounts. Given the continued increases in SIBOR rates for both 2022G and 2023G, special commission income increased from approximately SAR 8.4 million as of the year ended 31 December 2021G (representing 0.8% of the Company's revenues for the aforementioned financial year) to approximately SAR 35 million as of the financial year ended 31 December 2022G (representing 3.13% of the Company's revenues for the aforementioned financial year). Furthermore, special commission income increased from approximately SAR 35 million in the financial year ended 2022G to approximately SAR 135 million for the financial year ended 31 December 2023G (representing 21.5% of the Company's total revenues for the aforementioned financial year).



In light of the securities lending service that the Company commenced in late 2023G and the returns resulting from depositing clients' funds, private revenues increased to approximately SAR 109 million for the six-month period ended 30 June 2024G (representing 25% of the Company's total revenue for the aforementioned financial period) as compared to approximately SAR 57 million for the six-month period ended 30 June 2023G (representing 22% of the Company's total revenues for the aforementioned financial period) (for further details, please refer to Section 6 ("**Management Discussion and Analysis of Financial Position and Results of Operations**") of this Prospectus).

Special commission income is substantially exposed to any fluctuations in interest rates and SIBOR rates directly. If any of the interest rates or SIBOR rates change, this will directly affect special commission income. In addition, any change in or related regulations or compliance requirements by the relevant authority may affect the Company's ability to benefit from special commission income in the future (for further details on the same, please refer to Section 2.2.3 ("**Risks Related to Compliance with the Laws and Regulations to which the Company and its Subsidiaries are Subject**") of this Prospectus). In addition, the Company was able to obtain favorable contractual terms regarding special commission income with contracted related parties such as banks and interactive brokers, due to high interest rates and SIBOR rates. Accordingly, the Company may not be able to obtain the same terms in the event of a decrease in interest rates and SIBOR rates.

If any of the above risks occur, this could have a material adverse effect on the Company's business, profits, financial position, results of operations or prospects, and therefore on the Company's share price.

### 2.1.7 Risks related to the management of real estate funds

The Company manages Derayah REIT, Wadi Masharee Real Estate Fund, Derayah Real Estate Income Fund III and other funds which invest in real estate assets and projects. These funds may be required to pay specific expenses if the respective property manager is unable to do so. Also, these funds may be required to pay expenses (such as real estate taxes, VAT and maintenance) to maintain the value of an investment property and avoid attachment and/or transfer of a property to a new tenant. Such expenses will reduce the returns of the fund. Given that real estate funds heavily rely on tenant income and/or the ability to find suitable financing sources, any factor that negatively impacts lease agreements or rental income and collection or obtaining suitable financing could have an impact on the continuity of the funds in question, and consequently negatively impact the Company as the fund manager.

Additionally, real estate assets acquired by a real estate fund manager are exposed to the risk of legal disputes regarding the ownership of such assets and the risk of suspension without affecting ownership for planning purposes. These disputes may prevent the fund from selling or benefiting from the relevant assets, which could lead to the failure to fulfill obligations. The Company is exposed to the risk of suspension without affecting ownership for planning purposes, which may last for a long period of time and may affect investment results.

The Company may also be exposed to certain risks related to the valuation of real estate acquired through the investment funds it manages, including inaccuracies in the valuation of real estate acquired by these funds. For example, as of 30 June 2024G, the real estate owned by Derayah Gulf Real Estate Fund was valued at approximately SAR 74 million, as shown in the Company's financial statements. If the aforementioned real estate is overvalued, this will negatively affect the Company's ability to generate returns from these assets. In addition, the Company is exposed to risks whereby the market value of real estate assets managed by the funds may decrease and thus be less than the book value recorded in the financial statements. If this happens, the Company may record losses, which would directly affect the Company's profits and therefore on the Company's share price.

The Company may be also exposed to risks related to tenant defaults, changes in rental value, or the default of contractors or property developers with whom they have contracts. The Company may also face difficulty in obtaining the necessary financing to acquire real estate. If any of these risks were to materialize, they would have a material adverse effect on the fund's performance, which could in turn affect the performance of the Company as the fund's manager.

In addition, under the provisions of Article 20 of the Investment Fund Regulations and Article 16 of the Real Estate Investment Funds Regulations promulgated by the CMA, the CMA has the authority to dismiss the fund manager and take any actions it finds appropriate upon the issuance of a resolution by the fund unit holders under which the fund shareholders file a request with the CMA to dismiss the fund manager. Accordingly, the unit holders of any fund managed by the Company may issue a resolution requesting that the CMA dismiss the Company as the fund manager. If any of the foregoing were to occur, this would have a material adverse effect on the Company's business, profits, financial position, results of operations and future prospects, and therefore on the Company's share price.



### 2.1.8 Risks related to material agreements

The Company has entered into several material agreements in the ordinary course of its business in a number of contractual arrangements relating to its business. These agreements are necessary for the Company to conduct its business, as they enable the Company to provide its services to all its customers. These agreements include the Company's agreements with its clients, agreements related to investment funds and agreements with its suppliers. The total value of the material agreements, which include the unified templates and contracts for the provision of services and material agreements related to the management of investment funds, amounted to SAR 575,068,755 for the financial year ended 31 December 2021G, (Which represents 97% of the company's revenues for the financial period referred to) SAR 613,736,916 for the financial year ended 31 December 2022G, SAR (Which represents 95% of the company's revenues for the financial period referred to) 470,033,627 for the financial year ended 31 December 2023G (Which represents 75% of the company's revenues for the financial period referred to) and SAR 311,835,246 for the financial period ended 30 June 2024G. (Which represents 72% of the company's revenues for the financial period referred to) Amounts paid by the Company under the material agreements with suppliers were SAR 13,732,690 for the financial year ended 31 December 2021G, (Which represents 6,30% of the company's expenses for the financial period referred to) SAR 21,457,217 for the financial year ended 31 December 2022G, (Which represents 7,60% of the company's expenses for the financial period referred to) SAR 32,768,501 for the financial year ended 31 December 2023G (Which represents 12,70% of the company's expenses for the financial period referred to) and SAR 18,962,439 for the financial period ended 30 June 2024G (Which represents 10,60% of the company's expenses for the financial period referred to).

The provisions of a number of these material agreements concluded by the Company stipulate the right of the contracting parties to terminate the agreement without cause, including the services agreement concluded between the Company and Smart Money Capital Management, the market information presentation and provision agreement concluded between the Company and the Dubai Financial Market and the services agreement concluded between the Company and Al-Elm Information Security Co. It is also worth noting that certain material agreements stipulate the right of the contracting parties to terminate these agreements in the event of a breach of the contractual provisions. These include the following agreements: the main service agreement concluded between the Company and Advansys-ESC, Egypt; the services agreement concluded between the Company and Bloomberg Finance; the services agreement concluded between the Company and S&P Co.; and the licensing agreement concluded between the Company and NYFIX USA LLC on 10/09/2013G.

The contracting parties working with the Company under its material agreements are not contractually obligated to renew these agreements or enter into new agreements with the Company. If the parties decide to terminate any or all of these agreements at any time for any reason or refuse to renew them on terms suitable for the Company or at all, the Company may not be able to compensate for any losses incurred due to the termination of any of these agreements or find alternative service providers within its business sectors on equal terms, which may lead to the disruption of the Company's business and negatively affect its revenues and profitability (for more information, please refer to Section 12.8.4 ("**Other Material Agreements**")).

Any of the factors referred to above may affect the Company's ability to operate its business sectors or its revenues and profitability, which would have a material adverse effect on the Company's business, operations, financial position and prospects.

### 2.1.9 Risks related to relationships with intermediaries and counterparties

The Company's operations involve financial services, such as brokerage, advisory, custody services, dealing, managing and arranging activities, which require cooperating with a number of intermediaries and counterparties (whether as principal or agent), such as interactive brokers, local, regional and international banks and brokerage companies, custodians, investment banks, Saudi Exchange (Tadawul), Securities Clearing Center Company (Muqassa), and any party, agent or service provider who is a party to the brokerage operations (collectively, the "**Intermediaries**"), whose performance and activity levels are outside the Company's control.

Any disruption in operational systems, payment systems or asset transfer systems or securities of Intermediaries, or the occurrence of errors, bankruptcies, defaults, failures, or settlement discrepancies, alongside fluctuations in exchange rates and currencies that are material to those Intermediaries, could, in turn, affect the performance of the Company.

The Company enters into a number of agreements with its intermediaries under which the Company is committed to abide by a number of obligations. The Company also grants certain intermediaries rights that could have a negative impact on the Company and its business. These agreements include the Interactive Broker Unified Account Agreement with Interactive Brokers LLC, which authorizes Interactive Brokers to provide loans to itself or others through the Company's securities or assets in the Company's accounts with Interactive Brokers and also authorizes it to pledge or re-pledge the Company's securities and assets separately or with those of other clients for any amount due in any of the Company's accounts with Interactive Brokers (for more information, please refer to Section 12.8.4 ("**Other Material Agreements**")).

In addition, the Company offers investment opportunities to its clients through mutual funds managed by third parties (investment funds pooling money from many investors to purchase securities), feeder funds (mutual funds investing in other investment funds), and investment opportunities in traditional or alternative assets managed by external parties and/or investment entities. These investments involve inherent risks such as devaluation, fraudulent activities, and inaccuracies in data provided, as well as the possibility of errors in the processes of assessing the suitability of clients for investment products and the risks of examination in general.

Consequently, any errors or misconduct associated with those investments may lead to client claims against the Company, resulting in potential damage to the Company's profitability. This may also have a negative impact on the Company's reputation due to perceptions that the Company may be deemed unable to adequately assess the financial solvency of counterparties. This could have a material adverse effect on the Company's business, profits, financial position, results of operations, or future prospects, and therefore on the Company's share price.

### 2.1.10 Risks related to compensating clients for operational errors, delays or non-execution of client orders

The Company operates within the financial services sector of capital markets and is subject to regulations that require adherence to principles of care and diligence. However, errors may occur in operational processes, risk management, or in the timely provision of services. These errors include, for example, an employee mistakenly entering an order to buy or sell a security at a price or with a quantity different from those agreed upon with the client, or an error in entering the type of order, such that orders to sell securities are entered while the client wants to buy securities, or an order to buy a security is entered while the client wants to sell the security. In addition, errors may occur in calculating commissions and administrative fees for performance reports agreed upon with the client, which may result in harm to some clients and will lead to the Company compensating the client or providing discounts, thus negatively and materially affecting the Company's business results, results of operations and profitability.

Moreover, the execution of a large number of buy and sell orders may be affected by several factors, including the speed of communications, the quality and speed of the Company's internal systems and the speed and quality of the response of other parties in the execution of large deals. Disruptions in telecommunication networks or reduced capacity or network speed may also create issues, which in turn would cause difficulty in the Company's processing of orders. There may be periods when the Company experiences high levels of demand for execution orders, including product launches, initial public offerings, and when the Company adds a large number of new customers within a short period of time. The Company may also experience system disruptions due to reasons unrelated to telecommunications services or high pressure, such as when the Company updates its systems without ensuring compatibility with other systems, which may result in the independent failure of systems. In order to manage such high demand for orders, the Company uses a load-balancer tool and an automated monitoring system. However, any interruption or delays of communication systems or any failure of the Company's internal systems may affect the speed at which orders are executed, and if the Company receives requests to execute exceeding its capacity in a short time, it may not be able to execute all orders at the same time, which may result in losses for the Company's clients and thus expose the Company to financial and legal consequences. For further details on the risks related to employee errors and misconduct, please refer to Section 2.1.15 ("**Risks related to employee misconduct and errors**") of this Prospectus.

Based on the above, the Company may be compelled to compensate affected clients or offer discounts, rebates, waivers or complimentary services, in addition to the possibility of claims and complaints being brought against the Company by its affected clients, which may result in the Company bearing the costs of legal proceedings (for further details, please refer also to Section 2.1.33 (**"Risks related to legal disputes"**) of this Prospectus), which would have an adverse effect on the Company's business results, operational performance, and profitability. Clients also usually submit their requests and complaints directly to the CMA, and the CMA may impose specific fines in addition to the compensation paid by the Company to affected clients if it becomes clear that the Company has not complied with the applicable controls and rules. The CMA received a total of 163 complaints in connection with the Company in 2021G, 163 complaints in 2022G, 142 complaints in 2023G, and 72 complaints during the six-month period ended 30 June 2024G, during which the Company received a significant number of complaints due to a glitch in some of the Company's channels on 27 February 2024G. The Company has formed provisions for lawsuits in accordance with the accounting standards followed in this regard. As of the date of this Prospectus, the Company has established a provision in the amount of SAR 33,849,910 for complaints in general, which include the complaints referred to previously such as client complaints related to the Company's ordinary business in providing its services and managing those services, including investment funds, and client complaints related to technical malfunctions, settlement operations and cash transfers, in addition to legal disputes (for more information, please refer to Section 12.18 (**"Claims and Lawsuits"**)). For further details on the risks related to fines imposed on the Company by the CMA and other regulatory authorities and material business interruptions, please refer to Section 2.2.3 (**"Risks related to compliance with the laws and regulations to which the Company is subject"**) and Section 2.1.18 (**"Risks related to any material disruption in the Company's operations and systems and unauthorized access to its systems"**) of this Prospectus.

Compensation paid to clients in 2021G amounted to SAR 851,506 (representing 0.14% of the Company's total expenses for that period), and amounted to SAR 437,807 in 2022G (representing 0.07% of the Company's total expenses for that period), SAR 268,595 in 2023G (representing 0.04% of total expenses for that period), and SAR 14,944 in the six-month period ended 30 June 2024G, (representing approximately 0.033% of total expenses for that period). Such compensation or discounts may not only cause the Company to incur immediate financial losses but will also negatively impact its reputation and impose legal burdens, in addition to subjecting it to regulatory scrutiny, which in turn will have an additional impact on the Company's position in the market and its ability to attract and retain customers. This would have a material adverse effect on the Company's business, profitability, financial position, results of operations and future prospects, and therefore the Company's share price.

### 2.1.11 Risks related to the Company's reputation and brand protection

The financial services sector is competitive and it is easy to lose clients. Clients can choose from among many service providers and may choose to move to one of the Company's competitors relatively easily and in a short time period. Therefore, the Company's reputation and public perception have a direct effect on the Company's ability to retain existing clients and obtain new clients.

In marketing its services, the Company relies on its reputation that is associated with its trade name and brand, which supports its business and competitive position in the market. Consequently, the success of the Company depends also on its ability to maintain and boost the value of its trademark, which in turn depends on many factors, such as the Company's reputation, the investment products provided by the Company and the perception of its trademark. The Company has registered its **"Derayah"** trademark in Saudi Arabia with the Saudi Authority for Intellectual Property (SAIP) (for further details about the Company's brand, please refer to Section 12.14 (**"Intellectual Property and Intangible Assets Owned by the Company"**) of this Prospectus). In the event that the intellectual property rights related to the Company's trademark are infringed, including as a result of unauthorized use or a failure to protect such rights with the competent authorities in accordance with the applicable regulations, the Company may face costly litigation and the wastage of time and efforts of technical and management personnel. The Company's failure to adequately register its trademark would adversely affect the goodwill attached thereto, which in turn would have a negative impact on the Company's business, results of operations, financial position and future prospects.

The Company may, from time to time, be compelled to file lawsuits to demand restitution of its commercial rights related to its commercial trademarks and other intellectual property rights. Further, third parties may claim that the Company has violated their intellectual property rights, which may expose it to lawsuits. Litigation inherently involves a state of uncertainty and may be distracting to the Company's Management, resulting in significant costs and dissipation of resources. For further details on this, please refer to Section 2.1.33 ("**Risks related to legal disputes**") of this Prospectus. This may adversely impact the Company's income and profits, regardless of whether the Company is able to retain or defend intellectual property rights.

The Company may not succeed in enhancing its brand and increasing its sales and profits. The value of the Company's trademark and brand may be adversely affected by internal factors, such as poor quality of services rendered by its employees and the mishandling of clients' complaints, as well as external factors such as embezzlement by third parties, theft of client data, infringement of or damage to the intellectual property rights of the Company, complaints, investigations or other statutory actions and illegal activities targeting the Company. Internal factors may also impact the Company, such as embezzlement by the Company's employees. In addition, negative publicity or any negative media coverage regarding the Company can damage the Company's reputation and brand and can result in a loss of clients. The Company may also be exposed at any time to negative comments on social media, including blogs, social networks and other types of web platforms, which could have a negative impact on the Company's reputation and image. The inability of the Company to properly manage and address these factors and events or its inability to prevent them would have a material adverse effect on its brand and trademark, which would result in fewer new clients or the departure of existing clients and consequently a decline in revenues.

In the event that any of the above-mentioned risks, or any of the risks more generally mentioned in this Section 2 ("**Risk Factors**"), were to materialize, this could have a material adverse effect on the Company's business, profitability, financial position, results of operations and future prospects, and therefore on the Company's share price.

### 2.1.12 Risks related to the interpretation of Shariah principles

The Company provides certain financial services and products within its business scope that comply with the principles of the Islamic Shariah. These services are vetted and approved through certification by an external Shariah advisor (the "**Shariah Advisor**") before they are offered to clients.

Although the Shariah Advisor evaluates such Shariah-compliant products or services in light of the relevant Shariah principles according to its interpretation and understanding of Shariah principles and rulings, many Shariah issues and legal rulings are interpreted differently, and scholars may have different opinions about the same product or service. Hence, some Shariah scholars may form a view that some of the services and products offered by the Company are in violation of Shariah principles and rulings. In addition, products that were previously compliant with Shariah principles may no longer be considered Shariah compliant for various reasons, including but not limited to human errors (i.e., the actions of asset management employees or delays by the Company's employees in executing client orders), misinterpretations of Shariah principles and rulings, and restructuring of the relevant financial products.

If litigation and disputes are brought before the competent courts, such courts may also have interpretations of Shariah principles that are different than those of the Company's Shariah Advisor, which would have a negative impact on the Company's success in defending such disputes. This could have a material adverse effect on the Company's business, profitability, financial position, results of operations or future prospects, and therefore the Company's share price. As of the date of this Prospectus, the Company has not been subject to any litigation or disputes in relation to the legitimacy of its products being presented as Shariah compliant.

Decertification of certain products offered by the Company as Shariah compliant may have a material adverse effect on the Company's reputation and on its business, profitability, financial position, results of operations or future prospects, and therefore the Company's share price.

### 2.1.13 Risks related to transactions and contracts with Related Parties

The Company, within the ordinary course of its business, enters into agreements and transactions with Related Parties, including the terms and conditions of investment funds in which some Directors or Senior Executives hold units, as well as agreements for the provision of the Company's customary services. All of the Company's transactions and agreements with Related Parties are concluded on an arm's length basis.

Transactions concluded with Related Parties are listed and recorded in the consolidated financial statements in accordance with the Saudi IFRS and the applicable laws, regulations and principles in the Kingdom. Pursuant to the Company's financial statements, the nature of Related Party transactions include: (1) cash dividend distributions declared and paid to the shareholders; (2) bonuses for a certain period, incentives for continued service, and employee end of service benefits paid to key management personnel; (3) remunerations paid to the Chairman, Directors and Board committee members for their service term; (4) fund management fees; (5) the Company's investment in Related Parties, such as receivables, payables and granting loans to funds under management with the amounts to be recovered at a subsequent stage; and (6) payment of bills on behalf of the funds it manages and the subsequent recovery of these amounts. For further details on Related Party transactions in accordance with the applicable International Financial Reporting Standards, please refer to Section 6 ("**Management Discussion and Analysis of Financial Position and Results of Operations**") of this Prospectus.

The total amounts due to the Company from Related Parties according to the Company's financial statements amounted to approximately SAR 27 million for the financial year ended 31 December 2021G (which represents 3.6% of the Company's assets for the aforementioned financial period), approximately SAR 33 million for the financial year ended 31 December 2022G (which represents 3.6% of the Company's assets for the aforementioned financial period), approximately SAR 47 million for the financial year ended 31 December 2023G (which represents 4.5% of the Company's assets for the aforementioned financial period) and approximately SAR 22 million for the financial year ended 30 June 2024G (which represents 1.9% of the Company's assets for the aforementioned financial period). The Company does not have any amounts due to Related Parties for the years ended 31 December 2021G, 2022G and 2023G, and for the financial period ended 30 June 2024G.

According to the Company's consolidated financial statements, the total revenue generated from Related Parties for the financial years ended 31 December 2021G, 2022G and 2023G and the six-month period ended 30 June 2024G amounted to SAR 120,302,113 (representing 20% of the Company's total operating revenues for the year 2021G), SAR 93,376,064 (representing 14% of the Company's total operating revenues for the year 2022G), SAR 69,893,896 (representing 11% of the Company's total operating revenues for the year 2023G) and SAR 55,711,845 (representing 13% of the Company's total operating revenues for the six-month period ended 30 June 2024G), respectively. These revenues include receipts, management fees and services related to payments made on behalf of certain funds, in addition to subscription fees and financing fees. Please refer to Section 12.9 of this Prospectus regarding the material agreements entered into by the Company with Related Parties.

There are also transactions between the Company and some of its Directors and Senior Executives in relation to the funds managed by the Company or in which they hold units, as some of the Directors and Senior Executives invest in these funds and hold units, which may lead each of them to enter into the relevant fund terms and conditions with the Company. The revenues generated by the Company from transactions of the Directors and employees in the financial years ended 31 December 2021G, 2022G and 2023G and for the six-month period ended 30 June 2024G amounted to SAR 5,714,466 (representing 0.99% of the Company's total operating revenues for 2021G of SAR 575,068,755), SAR 4,289,394 (representing 0.95% of the Company's total operating revenues for 2022G of SAR 449,930,444), SAR 2,882,482 (representing 0.61% of the Company's total operating revenues for 2023G of SAR 470,033,627) and SAR 1,466,181 (representing 0.34% of the Company's total operating revenues for the six-month period ended 30 June 2024G of SAR 434,197,030), respectively. For more details, please refer to Section 5.5.2 ("**Interests of Directors, Senior Executives and the Board Secretary in the Shares and Debt Instruments of the Company and its Subsidiaries**") and Section 12.9 ("**Material Agreements with Related Parties**") of this Prospectus.

In September 2023G, the Company entered into two agreements with Bwa for Information Technology Company (BwaTech), a Company managed by Director Hashem Al-Hekail, who owns a 47.70% stake in such Company as of the date of this Prospectus. Director Hashim Al-Hekail has an interest in these transactions as he is a partner in Bwa for Information Technology Company. On 24 October 2024G, the Company entered into an agreement to purchase shares in Bwa for Information Technology Company, which resulted in the Company owning a percentage of 16.87% in exchange for the agreed price. On 8 September 2023G, the Company also entered into an agreement with Bwa Investment Company for the purpose of providing investment fund distribution services to the Company. Bwa Investment Company is a wholly-owned subsidiary of Bwa for Information Technology Company and Director Hashem Al-Hekail is also the chairman of its board of directors. The Company also entered into an information licensing agreement on 22/11/2010G with Saudi Tadawul (Tadawul), under which the Company is licensed by Tadawul to use market information for its clients. The Director Hashem Othman Ibrahim Al-Hekail has an indirect interest due to his membership on the board of directors of Tadawul Holding Group, which fully owns Saudi Exchange. In addition, the Director Zaki Al-Showaier has an indirect interest in a lease contract concluded between the Company and Al-Showaier Real Estate Investment and Development Company due to his ownership in Al-Showaier Real Estate Investment and Development Company and being a member of its board of directors, as Al-Showaier Real Estate Investment and Development Company leased warehouses for the benefit of the Company. The Director Abdulwahab Al-Sayed also has an indirect interest in a lease contract concluded between Saeed Electricity Company and a special purpose vehicle wholly owned by one of the funds managed by the Company due to his indirect ownership in Saeed Electricity Company through his ownership in Alsayed Sons Company Limited, whereunder a commercial space is leased to the Company in its capacity as manager of Derayah REIT Fund. The Director Abdulwahab Al-Sayed and a number of his relatives also own all units of Derayah Private Fund 45, and accordingly, the Director Abdulwahab Al-Sayed has a direct interest in the terms and conditions concluded between the Company, in its capacity as manager of the fund, and the Director and his relatives. For more information, please refer to Table 12.8 ("**Summary of Investment Funds Managed by the Company as of 30 June 2024G**") of this Prospectus.

Please also refer to Section 5.5.1 ("**Interests of Directors and Senior Executives in contracts and agreements concluded with the Company or its Subsidiaries**") of this Prospectus for further details about the agreements concluded by the Company with companies in which Directors have an interest. Pursuant to Articles 27 and 71 of the Companies Law, a Director may not have a direct or indirect interest in the transactions and contracts executed for the benefit of the Company unless authorized by the Ordinary General Assembly. The Company's Ordinary General Assembly approved the transactions entered into with Bwa for Information Technology on 31 August 2023G and 15 January 2023G, while the agreement with Bwa Investment Company was approved on 01/01/1446H (corresponding to 07/07/2024G). The Company's Ordinary General Assembly approved the information licensing agreement with Saudi Exchange, the warehouse lease agreement concluded with Al-Shuwaier Real Estate Investment and Development Company, the lease agreement concluded between Saeed Electricity Company and a special purpose vehicle wholly owned by one of the funds managed by the Company or the agreement to purchase shares in Bwa for Information Technology at its meeting held on 20/07/1446H (corresponding to 20/01/2025G). However, there is a risk that the Company's Board of Directors or General Assembly may not approve the renewal of these transactions in the future or other transactions that are subject to the provisions of Articles 27 and 71 of the Companies Law. In the event that the Board or the General Assembly does not grant its approval to any agreements or transactions in which a Director has an interest, the relevant Director must resign within a period determined by the General Assembly of the Company, otherwise his membership on the Board shall be deemed terminated, unless he decides to withdraw from the transaction (for example, by terminating that contract or ceding the rights arising from said interest). Termination of such transaction or agreement, or the resignation of said Director, may have a material or adverse effect on the Company's operations and profitability and thus affect its business, results of operations, financial position and prospects. The Company has implemented policies addressing conflicts of interest and Related Party transactions, including disclosure procedures and obtaining the necessary approvals. However, there is no guarantee that conflicts of interest will not arise from time to time among the Directors, Senior Executives, or other Company employees.

From time to time, the Company also provides certain administrative and financial services and technical support to its Subsidiaries (including those that are not wholly owned and are considered Related Parties). For example, the Company paid the initial expenses incurred by D360 Bank during its establishment phase, which was later fully reimbursed by D360 Bank. The Company has also given undertakings to SAMA and PIF stating that the Company would provide support to D360 Bank. The Company and D360 Bank have not entered into any agreements to that end as of the date of this Prospectus, however, the Company has an obligation to enter into such agreements with D360 Bank and arrangements are currently under discussion. For further details, please refer to Section 12.9 ("**Material Agreements with Related Parties**") of this Prospectus.



As of the date of this Prospectus, the Company has concluded all transactions with Related Parties on an arm's length basis and through written contracts. The Company has developed a Related Party transaction policy which was approved by the General Assembly on 01/01/1446H (corresponding to 07/07/2024G). However, there is no assurance that the terms and scope of future agreements will be similar to those that can be obtained if independent persons (non-Related Parties) are contracted. This is especially true if the Company's interests differ from those of the Related Parties who are party to such agreements. If the Company enters into contracts with any Related Parties on a non-commercial basis, or if such transactions result in an improper transfer of interests to Related Parties, this may have a negative impact on the Company's costs and revenues, which would have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore the Company's share price.

#### **2.1.14 Risks related to financial fraud**

Criminal networks are active in fraudulent activities, attempting to deceive investors by assuming the identity of the Company and its personnel. Such fraudulent actions may lead to the filing of complaints, claims, or lawsuits against the Company. In addition, these fraudulent entities may employ sophisticated methods to impersonate clients and attempt to have impersonators enter clients' investment portfolios, carry out unauthorized transactions, and attempt to withdraw investments or sums of money, which will result in financial losses for affected clients and lead to legal claims or complaints being filed against the Company. Consequently, the Company may incur unforeseen expenses associated with addressing these legal claims or complaints and cooperating with competent authorities. Should any of the above risks materialize, they could have a material adverse effect on the Company's business, profits, financial position, results of operations, or future prospects, and therefore the Company's share price.

#### **2.1.15 Risks related to employee misconduct and errors**

The Company may encounter errors, misconduct and fraudulent acts by its employees, which could expose the Company to financial claims due to negligence, regulatory measures, or other reputational harms. The Company's employees may fail to comply with internal regulations, controls and procedures, including failing to properly document transactions according to the Company's forms, procedures and policies or acting without obtaining the necessary permissions. They may also execute transactions that exceed authorized limits, expose the Company or its clients to unacceptable risks, or carry out transactions that result in the loss of clients' funds without obtaining the appropriate authorization to do so.

In addition, the Company's employees may send incorrect data to clients in the reports issued by the Company, as well as spread rumors about the Company and funds managed by the Company through social media or by other means of communication. Employees may also use Company information in general, or other confidential client information for personal or other improper purposes, or misrepresent or conceal improper activities from the Company. If the Company's employees commit any misconduct or material errors, this will have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects and therefore the Company's share price.

#### **2.1.16 Risks related to risk management policies and procedures**

The Company has established a risk and compliance committee according to the requirements of the Capital Market Institutions Regulations to ensure the preparation and implementation of appropriate risk management systems and mechanisms and the preparation of appropriate reports regarding conformity procedures and risk management that are periodically submitted to the Board of Directors. However, the Company's business and the markets in which it operates are continuously evolving and such systems, regulatory requirements and applicable policies may not be sufficient to keep up with market developments.

The Company evaluates future market trends and economic changes, and takes into consideration events that are most likely to occur in line with its future strategy planning and preparation of budgets and business plans, taking into consideration events and circumstances that have not occurred yet. Therefore, these policies may not be able to accurately predict future risks, which may be greater than those anticipated. The nature of these risks and their consequences can rapidly change over time.

If the Company's risk framework is ineffective, either because it fails to reflect changes in the financial markets, regulatory requirements, the Company's business, counterparties, clients or service providers or for other reasons, the Company could incur losses, suffer reputational damage or be in breach of applicable regulatory or contractual mandates or expectations, which may have a material adverse effect on the Company's business, profits, financial position, results of operations and future prospects, and therefore the Company's share price.

### 2.1.17 Risks related to the Company's reliance on outside parties, suppliers and service providers in performing its activities and providing its services

In the normal course of its activities, the Company relies on a number of suppliers and service providers (other than brokers) who provide the Company with services that enable it to carry out its daily operations and provide its services to its customers, including asset valuation, advisory services, collection agent services, credit card services, online services and internal audit. The Company also engages third parties for the provision of services for the development and maintenance of its information technology systems and other supporting services.

In 2021G, the Company's purchases from its top five suppliers amounted to SAR 30,513,564.79 (representing 39.06% of the total purchases for that period), in 2022G they amounted to SAR 38,563,789.52 (representing 35.01% of the total purchases for that period), in 2023G they amounted to SAR 34,028,651 (representing 30.57% of the total purchases for that period), and in the six-month period ended 30 June 2024G they amounted to SAR 21,135,370 (representing 30.63% of the total purchases for that period) (for more information, please refer to Section 12.8.3 ("**Material Agreements with Suppliers**")). The total value of agreements concluded with service providers in amounted to SAR 78,122,960 in 2021G (representing 13.3% of the total operating expenses for that period), SAR 110,157,440 in 2022G (representing 17.1% of the Company's total operating expenses for that period), SAR 111,317,096 in 2023G (representing 17.9% of the total operating revenues for that period) and SAR 69,010,665 in the financial period ended 30 June 2024G (representing 38.46% of the total operating expenses for that period). (for more information, see Section 12.8 ("**Material Agreements**")).

The Company does not guarantee that the quality or manner in which services are provided by suppliers or service providers will meet the standards expected from its clients and the Company may be held liable for any deficiency of services provided by such suppliers or service providers.

If the Company is unable to renew such agreements with suppliers or service providers on terms acceptable to the Company, and if the Company is unable to enter into new agreements with other suppliers or service providers, this may have a material adverse effect on the Company's business, assets, financial position, results of operations and future prospects (for more information, see Section 12.8 ("**Material Agreements**") of this Prospectus). If the contractual relationship with such suppliers or service providers is discontinued or the Company fails to find alternative suppliers or service providers, this will result in the suspension of the Company's operations, which would have a material adverse effect on the Company's business, earnings, financial position, results of operations, and future prospects and therefore the Company's share price.

### 2.1.18 Risks related to any material disruption in the Company's operations and systems and unauthorized access to its systems

In its operations and the management of its business, the Company relies on its information technology systems and infrastructure, whether through the provision of brokerage and trading services via trading platforms, the transfer of funds between investment or bank accounts, the availability and updating of purchasing power to reflect the client's financial situation, or the management of fund operations and the preservation of assets. Operations can be severely impacted if there are disruptions to the Company's internal IT system.

Most of the Company's business depends on the reliable performance and security of the Company's computer systems and those of third parties that the Company utilizes in its operations. These systems may be subject to damage or interruption due to a number of reasons, including natural disasters, hardware and software failure, increased loads on technical systems, communication systems, power outages, communication networks, the internet and various other reasons. For example, the Company's systems were suspended for about 4 market trading hours on 27 February 2024G and about 20 minutes of market trading hours on 28 February 2024G. This was due to several technical factors, according to the internal investigation conducted by the Company on the incident. The incident did not have a material impact on the Company, however, compensation and discounts amounting to approximately SAR 28,270 (representing 0.016% of total expenses) were given to some clients. Any similar



interruptions in the Company's systems or in telecommunications systems in general could hinder the Company's ability to deliver its services.

The Company's operations depend, in part, on the quality of its protection and maintenance of IT systems and software against damage from a number of threats. Any disruptions in the Company's service could result in IT system failures, delays, or increases in capital expenses. The Company's operations also depend on the timely maintenance, upgrade and replacement of equipment and IT systems and software, as well as precautionary expenses it maintains to mitigate the risks of failures. The Company's IT system must also be able to handle a large number of orders and transactions simultaneously (for more information, see also Section 2.1.10 ("**Risks related to compensating clients for errors, delays or non-execution of client orders**") of this Prospectus). Service interruptions, errors in the Company's software or the unavailability of computer systems used in its operations could diminish the attractiveness of the Company's services provided to existing and potential clients. In the event of a system failure without adequate backup mechanisms in place, whether within the Company's own systems or those provided by third parties, or in cases where alternative systems fail to provide essential services, the Company may not be able to promptly fulfill client requests, which may expose the Company to legal consequences that may lead to the Company providing compensation or discounts and the possibility of losing opportunities.

Additionally, the Company's computer systems and those of third parties the Company uses in its operations are subject to cybersecurity threats, including cyberattacks such as computer viruses, denial of service attacks, physical or electronic break-ins and similar disruptions. These systems periodically experience directed attacks intended to lead to interruptions and delays in the Company's service and operations as well as loss, misuse, or theft of personal information (of third parties, employees, or the Company's Directors) and other data, confidential information, or intellectual property. Additionally, outside parties may attempt to induce employees, vendors, partners, or users to disclose sensitive or confidential information in order to gain access to data. Any attempt by hackers to obtain the Company's data (including member and corporate information) or intellectual property (including digital content assets), disrupt the Company's service, or otherwise access its systems or those of third parties the Company uses, if successful, could harm the Company's business, require an expensive remedy and damage the Company's reputation. If the Company's systems or third-party systems are hacked or personal information is stolen or misused, it could subject the Company to business, regulatory, litigation and reputation risk.

Most of the Company's operations rely on the internet. Given the numerous and complex risks associated with the internet such as accessibility, security, privacy, reliability, cost, service quality, speed, and other matters that the Company is committed to, no matter how much security systems evolve and no matter how much the Company does to avoid these risks there will be always some vulnerabilities that have no definitive solution among tech experts, and these vulnerabilities can negatively impact both the Company and its internet-using customers. While the Company strives to increase speed as much as possible, if internet usage continues to grow at an accelerated pace, the existing internet infrastructure may not be able to support the increasing demand for buy and sell orders in the market, potentially leading to decreased performance and reliability of these operations. The Company's ability to increase the speed with which it provides services to consumers and to increase the scope and quality of these services is limited and depends on the speed and reliability of customer or Company systems accessing the internet and internet service providers, which is beyond the Company's control. A decline or disruption in internet service from providers or the Communications Commission, and frequent periods of decreased performance, outages, or delays in internet service, or the failure to resolve other critical internet-related issues, could have a material adverse effect on the Company's business, financial position, and results of operations.

If any of the above factors occur, this could have a material adverse effect on the Company's business, profits, financial position, results of operations and future prospects, and therefore the Company's share price.

### 2.1.19 Risks related to poor quality of service provided

The Company does not guarantee that it will continue to provide the same level of service to its customers, nor does it guarantee its ability to keep pace with and meet customer needs and expectations in a timely manner. Therefore, if the Company is unable to provide high-quality services that meet its customers' requirements, its market share and competitive position will be materially and adversely affected, which could, in turn, have a material adverse effect on the Company's business, results of operations or future prospects, in addition to potential legal consequences.

### 2.1.20 Risks related to an ineffective business continuity plan

The Company has adopted a business continuity plan which aims to ensure that the Company is able to continue its activities during emergencies, sudden business interruptions, or disruptions. The plan's objectives include ensuring the protection and safety of all employees, minimizing interruptions to the Company's ability to provide products and services, minimizing financial losses and data loss, and enabling the resumption of basic operations within a specified time frame following a disaster.

If the Company fails to activate the business continuity plan, it may be unable to continue its business operations and/or comply with its legislative, legal, or contractual requirements. Additionally, if all backup devices fail, business activities could be temporarily shut down, exposing the Company to potential legal consequences and jeopardizing business continuity, which would adversely impact the Company's profitability.

The occurrence of such events could impair the Company's ability to serve clients effectively and sustain financial performance, leading to reputational damage and potential loss of market share. Accordingly, if the Company is unable to properly activate and implement its business continuity plan, this could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore the Company's share price.

### 2.1.21 Risks related to anti-money laundering and anti-terrorism policies and procedures

The Company is subject to all anti-money laundering and anti-terrorism laws and other regulations applicable under the laws of the Kingdom and the other jurisdictions in which the Company may operate. These laws and regulations require the Company, amongst other things, to adopt and implement certain know-your-customer ("KYC") policies and procedures and to report suspicious transactions to the relevant authorities. The Company has adopted a fully automated KYC process for individual clients and has in place a semi-automated anti-money-laundering (AML) process. Accordingly, compliance, auditing and review procedures for the Company's systems, policies and procedures and reporting are intensive processes that require the presence of a specialized and trained team. If the Company is unable to hire or maintain competent employees to carry out such work and report as required to the regulatory authorities, this may expose the Company to investigation, penalties, fines, or any judicial or administrative procedures, any one of which would have a material adverse effect on the Company's results and financial position.

If the Company fails to comply with the applicable laws, regulations, rules or contractual compliance requirements, this may result in investigations by the relevant authorities, information gathering, defamation of the Company, financial penalties and disciplinary action, additional legal responsibilities and/or enforcement action by the relevant government agencies against the Company, including the withdrawal, suspension or non-renewal of licenses or permits that the Company needs to conduct its business. For example, the CMA performed an inspection of the Company in 2021G, and submitted three observations on the Company's policies and procedures, without imposing any fine. The Company has since made a number of changes to address the CMA's observations, and the Company is currently working on developing ad hoc arrangements to combat money laundering. Any future non-compliance with anti-money laundering and anti-terrorism regulations and procedures could impair the Company's ability to conduct its business and would have an adverse effect, that may be material, on the Company's business, financial position, results of operations or future prospects.

In addition, the Company's operations may be limited by way of restrictions, sanctions or other penalties imposed by the United Nations, the United States, the European Union and other states and international organizations. In the past, European, American and other international sanctions have been imposed on companies engaging in certain types of transactions with specified countries or companies or individuals in those countries. The terms of legislation and other rules and regulations which establish sanctions regimes are often broad in scope and difficult to interpret. If, in the future, the Company were to violate existing or future European, American or international sanctions, penalties could include a prohibition or limitation on the Company's ability to conduct business in certain jurisdictions or to access U.S. or international capital markets. Any such sanction may have an adverse material effect on the Company's business, results of operations, financial position and future prospects, and therefore the Company's share price.

The Company cannot guarantee that the compliance, auditing and reporting systems it applies to comply with CMA and other regulations and legal requirements (which are subject to extensive oversight by regulatory authorities, including regular examination activity) will at all times be fully effective. Any failure to effectively prevent, identify or address violations of the Company's legal and regulatory obligations as a result of inadequate internal controls, procedures, compliance systems and risk management systems could result in penalties and other sanctions, additional liabilities, damages claims by third parties, and reputational damage, each of which could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore the Company's share price.

### 2.1.22 Risks related to the Company's reliance on Senior Executives and key employees

Current operations and their success depend on the continuity of services and performance of Senior Executives and key employees, and its ability to find, hire, develop, motivate, and retain qualified individuals in the future. The Company relies on a number of key employees who have served for a long time, such as its Senior Executives, who have valuable expertise, skills and business relations within the financial services industry and who have made substantial contributions to the development of the Company's operations and development.

There is no guarantee that the Company will be able to retain its qualified employees or continue to develop their skills. The Company may need to invest high level financial and human resources to be able to attract and retain new Senior Executives or qualified employees. Consequently, if the Company is unable to retain its current employees or loses a key Senior Management employee unexpectedly, or if the Company fails to hire new highly-qualified employees, this will negatively impact the implementation of the Company's strategic plans and its management in the required manner. Accordingly, this could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore the Company's share price.

### 2.1.23 Risks related to the Company's investments and strategic partnerships

The Company invests its financial assets in sukuk, listed shares, investment funds, or shares in private companies, whether managed by the Company or by other parties. These investments may be subject to a decrease in their market value or exited by the Company below the initial investment value, which may negatively affect the Company's results and financial position. As of 30 June 2024G, the Company's investments amounted to SAR 369 million, which are mainly invested in local, regional and international funds, in addition to sukuk and bonds as indicated below. These are as follows:

- Investments carried at amortized cost, with an approximate value of SAR 54 million, mainly related to investment in Saudi government sukuk.
- Investments at amortized cost, with an approximate value of SAR 299 million, related to private equity funds, mutual funds, real estate funds, venture capital and others.
- Other investments at fair value through profit or loss, with an approximate value of SAR 16 million, in a real estate fund (Derayah REIT).

For further details on the Company's investments, please refer to Section 12.6 ("**Company Investments**") of this Prospectus.

Additionally, the Company faces liquidity-related risks due to participating in some investment funds managed by the Company or other parties, such as Derayah Trading Fund, Derayah Ventures Asian Fund, Derayah Ventures Fund, Derayah USD Trade Finance Fund, Derayah Global Ventures Fund and Derayah Private Equity Fund. All such funds are private. Therefore, if the Company needs liquidity in the short run, it will be difficult to liquidate its investments in these funds, which will accordingly have an adverse effect on the Company's business. The Company may lose any or all of its investments, which could have a material adverse effect on the Company's financial position.

As of the date of this Prospectus, the Company is obligated, as part of its investment arrangements, to invest from time to time in various companies and investment funds as part of its ordinary activities. In the event that investment is no longer feasible for the Company, due to its contractual obligations, it would still be obliged to make the investment, which could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore the Company's share price.

Additionally, the Company may not be able to liquidate its investments on favorable terms, or at all, resulting in potential losses. If these losses materialize, this could have a material adverse effect on the Company's business, profits, financial position, results of operations, or future prospects, and therefore the Company's share price and could result in partial or total loss of the capital invested.

In addition, the Company may from time to time enter into strategic partnerships and joint ventures with other companies or entities, such as the Company's investment in D360 Bank (for more information, please see Section 2.1.1 ("**Risks related to the Company's investment in D360 Bank**") of this Prospectus). The Company may not have a controlling interest in the investments and strategic partnerships it enters into, which in turn would not give the Company any guarantees on achieving its investment objectives. The Company's objectives may not be compatible with those of its partners in the relevant investments, and those partners may fail to comply with their obligations set out in the agreements entered into with the Company. In addition, investments and strategic partnerships may require considerable time and effort from the Company's Management, and there is no assurance that any of these investments and strategic partnerships will succeed. Such investments may lead to the Company incurring unexpected obligations and pumping additional investments, when needed, if cooperating with a strategic partner that may not cooperate with the Company. In addition, co-investments and joint ventures expose the Company to the usual risks associated with these kinds of arrangements, which include, but are not limited to, the risk of the Company's co-investors or partners violating regulations or failing to perform their obligations to the detriment of the Company. The Company's reputation may be adversely impacted if one of the partners fails to comply with the local laws or the provisions of the shareholders' agreement. If the Company's partners fail to meet their funding commitments, the Company may be forced to make cash contributions. If the Company breaches the provisions of the shareholders' agreement, the Company may be obligated to purchase the shares of the remaining shareholders under the shareholders' agreement, which could in turn result in the Company incurring significant costs. If any of these factors occur, this could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore the Company's share price.

#### 2.1.24 Risks related to interest rate fluctuations

Changes in interest rates affect the Company's net interest and dividend income, net interest margin and overall results of operations. Interest rates are sensitive to many factors beyond the Company's control, including the policies of central banks, such as the Saudi Central Bank, adverse domestic and international economic conditions and political factors.

In addition, the Company is exposed to risks resulting from mismatches between the interest rates on its interest-bearing liabilities and interest-earning assets. For example, the Company relies significantly on margin financing products as a key revenue stream factor, generating profits from the variance between loan profit margins and the cost of funds. Fluctuations in interest rates directly influence the Company's profitability levels. The Company may also have to offer lower yields to encourage investors to participate in margin financing loan applications. The Company also benefits from depositing its clients' funds and linking them to products with financial brokers or other income-generating financial institutions, whereby the Company obtains revenues represented by the interests resulting from depositing those amounts. The amounts of special commission income increased in the financial period ended 30 June 2024G, amounting to approximately SAR 51 million, as compared to the corresponding financial period ended 30 June 2023G. For further details on the amounts of special commission income and the risks in this regard, please refer to Section 2.1.6 ("**Risks Related to Special Commission Income**") of this Prospectus.

If any of the above risks occur, this could have a material adverse effect on the Company's business, profits, financial position, results of operations and prospects, and therefore the Company's share price.

#### 2.1.25 Risks related to the Company's Management having insufficient experience in managing a listed company

The Company's Senior Executives do not have any experience in managing a joint stock company listed in the Kingdom and complying with the laws and regulations applicable to such companies, as well as the other obligations related to listed joint-stock companies. After the Offering, the Company will be subject to strict regulatory control and constant disclosure requirements under the laws and regulations of the Capital Market Authority in addition to ongoing audit by securities analysts and investors. Compliance with this will require great efforts on the part of the Senior Executives, which could affect their daily work in the context of the Company's business.

If the Company fails to comply with the regulations or disclosure requirements imposed on listed companies, the Company may be exposed to regulatory penalties and fines, which in turn could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore the Company's share price.

### 2.1.26 Risks related to the Company's expansion strategy and future projects

The Company's future performance depends on its ability to implement its long term strategy and action plan (e.g., plans to expand local and international brokerage services and products, asset management services and products, and margin finance services) that in turn depend on its ability to diversify its funding sources, develop new applications and electronic (digital) platforms, introduce new services and innovative and attractive financing products, and improve the efficiency of its financial and administrative systems and its workforce in line with these expansions, without jeopardizing quality (for further details about this, please refer to Section 4 ("**Company Section**") of this Prospectus). The Company may not be able to successfully implement its business plan to achieve its strategy and targeted growth in a profitable manner due to factors outside of its control, such as the economic situation, maturity of capital markets, financing cost and regulatory changes or failure to obtain required regulatory authorities' approvals (including the CMA), among others.

The Company's growth plans rely in part on the launch of new products and services. The Company launches products from time to time, such as "**Derayah Global Lite**" (for more details, please refer to Section 4.5 ("**The Company's Principal Activities and Business**") of this Prospectus). The product development process depends on a number of variables, including, but not limited to, product readiness, obtaining licenses, and changes in the market such as customer preferences and response to these new products and services. If the Company is unable to launch its products and services on time or obtain the necessary licenses, or if the products are not well-received in the market, this could negatively impact the execution of the Company's growth plan. Additionally, if competing companies develop more advanced products and services or offer more competitive prices, customers may switch to using their products instead of those of the Company, which would negatively impact its growth plan.

In addition, the Company's expansion plans are subject to a specific schedule and may require additional funding to cover additional costs. The Company's failure to comply with this specific schedule or to obtain additional funding could lead to the failure to achieve the desired economic end of the growth and expansion plans. If the Company fails to implement its business plans and growth strategies on time for any reason whatsoever, this could have a material adverse effect on the Company's business, profits, financial position, results of operations, or future prospects, and therefore the Company's share price.

### 2.1.27 Risks related to financing agreements

Some of the business segments in which the Company operates can be capital-intensive, and the Company may seek financing or assistance from third parties in securing funding for its investments and projects.

On 3 January 2024G, the Company concluded a credit facility agreement with Arab National Bank for a total value of SAR 69,383,000, consisting of an Islamic overdraft facility of SAR 40,000,000 for the purpose of financing working capital and Islamic letters of guarantee of SAR 29,383,000 for the purpose of issuing payment guarantee letters to the Public Investment Fund in connection with the establishment of D360 Bank (for more information, please see Section 2.1.1 ("**Risks related to the Company's investment in D360 Bank**") of this Prospectus). In addition, the Company has issued a promissory note for a total of SAR 69,383,000 to guarantee the amount due under the facility agreement. For further details on the amounts utilized of the facilities as of 30 June 2024G and terminations, defaults and material restrictions in this regard, please refer to Table 12.27 ("**Summary of the Sharia-Compliant Credit Facilities Agreement with Arab National Bank**") of this Prospectus.

The Company may also need to provide other guarantees as required by Arab National Bank. In the event that Arab National Bank requires such additional guarantees and the Company is not able to provide them, the Company will not be able to use these facilities and may need to obtain sufficient alternative sources of financing, potentially under less favorable conditions, which may have a material adverse effect on the Company's business, results of operations and future prospects.

The Company's financing arrangements, including any agreements the Company may conclude in the future, are subject to various conditions, obligations and restrictions. For example, under the credit facility agreement and the general conditions of bank guarantees, Arab National Bank has the right to set off any amount due to the Company held by ANB Capital or any other institutions for the purpose of the repayment of any debt payable by the Company to Arab National Bank, which could impact the Company's ability to distribute dividends, dispose assets and restructure its financial affairs (including obtaining additional loans). Any breach of its financing arrangements could restrict the Company's ability to distribute dividends to Shareholders, trigger fines from financiers, accelerate repayments, require the Company to pay the full amounts financed, or lead to enforcement against the Company's assets. The Company has the right from time to time enter into financing and credit facility agreements under which it provides specific guarantees. In the event of the Company's default under any such loans or facilities, the financiers have the right to execute on the Company's assets mortgaged as a security in the event of default.

This would have a material adverse effect on the Company's business, profitability, financial position, results of operations or future prospects, and therefore the Company's share price.

### 2.1.28 Risks related to the reduction of the Company's investments

The Company invests directly and indirectly in securities listed on the Saudi Stock Exchange, where the Company owns a total share of 2.42% in Derayah REIT Fund, which is traded on the Saudi Stock Exchange. Furthermore, the Company invests in a number of private venture capital funds and funds managed by it. For example, the Company owns a 6.94% stake in Derayah Global Ventures Fund. The Company also holds shares in a number of private companies such as BwaTech and Mala Holdings LTD (for more details, please refer to Section 12.6 ("**Company Investments**") of this Prospectus). Each of the Company's investments is subject to price fluctuations that could have a material adverse effect on the Company's financial position. Such fluctuations could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore the Company's share price.

### 2.1.29 Risks related to inadequate insurance coverage

The Company owns several insurance policies to cover its business and assets (for further details about this, please refer to Section 12.13 ("**Insurance**") of this Prospectus). However, the Company may be exposed to several risks against which it may not be adequately insured, cannot be fully insured against or cannot be insured against at reasonable commercial rates. The Company cannot guarantee that its current insurance coverage is adequate to protect it from the abovementioned risks, which may result in significant financial losses, third-party claims for personal injury or accidents in the course of its operations or losses resulting from property damage.

The coverage provided by the Company's insurance policies may be discontinued and future insurance coverage may not be available at reasonable commercial prices. If the insurance policies are not renewed within the current scope of coverage and under commercially acceptable terms, if they are not renewed at all, or if there is no insurance or insufficient insurance for the different fields of the Company's business, this would have a material adverse effect on the Company's business, profits, financial position, results of operations and future prospects, and therefore the Company's share price.

### 2.1.30 Risks related to the Company's real estate

The Company leases all the sites it uses for both of its branches and its headquarters. As of the date of this Prospectus, the Company's lease terms for its sites range from four (4) to six (6) years. For more details, please refer to Section 12.12 ("**Real Estate**") of this Prospectus. Therefore, if the Company is unable to maintain the continuity of the lease contracts for these sites, to renew them on terms and conditions no less favorable than the current ones or to dispose of the owned property in the future, this will adversely and materially affect the Company's business, results of operations, financial position and future prospects, and consequently the Company's share price.



### 2.1.31 Risks related to possible future acquisitions

The Company may decide to acquire businesses, technologies, services, products and other assets from time to time based on the suitable proper strategy and financial position. Acquisitions may involve various risks, including the Company's inability to accurately assess the value, investment targets, strengths and weaknesses of the acquisition, effectively integrate the purchased businesses or assets, achieve the expected synergies, or recover the purchase costs of the acquired businesses or assets.

The Company may also incur unanticipated costs or assume unexpected liabilities and losses in connection with any business or asset it acquires, including in relation to the retention of key employees, legal contingencies (such as contractual, financial, regulatory, environmental, or other obligations and liabilities), risks related to the acquired business, and the maintenance and integration of procedures, controls, and quality standards. Moreover, the Company may encounter regulatory difficulties in completing acquisition deals (please refer to Section 2.2.7 ("**Risks related to the Competition Law**") of this Prospectus). These difficulties may affect the Company's current business, distract its management and employees and push up its costs, which could have a material adverse effect on the Company's business, profits, financial position, results of operations, or future prospects, and therefore the Company's share price.

### 2.1.32 Risks related to margin financing operations and credit risks

One of the services that the Company offers, either directly or through Derayah Trading Fund, is margin financing loans, where the client borrows a portion of the cost of investment in shares to obtain greater purchasing power. These loans are secured by cash and securities in the clients' accounts. For example, investors in Derayah Trading Fund receive a return consisting of SAIBOR (three month) plus a margin of approximately 2%, while the lending margin rate is approximately 9%. Those loans are collateralized by cash and securities held in the clients' accounts with the Company. However, during periods of rapid market fluctuations, the risks associated with margin financing increase significantly. If the value of the shares purchased by margin financing declines significantly, clients may not have sufficient funds in their accounts to meet margin requirements. This can lead to margin calls for additional funds from the Company, requiring clients to deposit additional cash or securities into their accounts to cover the shortfall. If clients are unable to meet the margin call requirements referred to, the Company may have to liquidate the clients' positions at unfavorable prices, resulting in losses for both the clients and the Company.

The Company provided margin financing loans through Derayah Trading Fund, whereby the Company provided a margin financing loan of SAR 110 million to a company which was guaranteed by the parent company. However, the Board of Directors classified this guarantee as "low quality," which raised a risk regarding the possibility of being unable to recover the loan amount. The Company approved a margin financing loan of SAR 350 million a client which was guaranteed by assets of SAR 800 million. A further loan of SAR 70 million was also provided to another client, guaranteed by assets of SAR 150 million. In accordance with the Company's policy, the approval of the Board of Directors is required for any margin financing loan exceeding SAR 40 million.

For the years ended 31 December 2021G, 2022G and 2023G, net receivables from margin financing clients amounted to SAR 99,411,642 (representing 13.36% of the total assets in 2021G), SAR 85,854,127 (representing 9.36% of the total assets in 2022G) and SAR 75,317,730 (representing 7.22% of the total assets in 2023G), respectively, while they amounted to SAR 65,982,804 in the six-month period ended 30 June 2024G (representing 5.5% of the total assets for that period). The decrease was due to the change in client requirements and the change in total assets of the Company. The Company also offers its clients direct financing through its funds or through an agency via the Derayah Trading Fund, which represents a large portion of the Company's income and amounts to SAR 1,473,592,437 as of 30 June 2024G.

Volatility in share prices may also impact the liquidity of the Company's assets. Since the Company holds shares as collateral for margin loans, it may face difficulties in liquidating these assets at favorable prices during periods of heightened volatility. The Company's ability to sell or liquidate collateral may also be hampered by declining trading volumes in the market or suspension of trading for specific securities.

Additionally, the Company is exposed to credit risk when clients engage in operations such as short selling of derivatives, stocks, or options. The Company bears full responsibility for compensating foreign brokers in instances of client portfolio depreciation, inadequate collateral, or the client's failure to meet debts owed to the foreign broker. This could result in the Company incurring additional expenses. Therefore, if the market witnesses adverse movements or clients fail to meet their obligations, this could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore the Company's share price.

### 2.1.33 Risks related to legal disputes

The Company's various businesses involve potential risks of becoming involved in litigation. Some of the risks are related to the Company's responsibility under the applicable laws and regulations or judicial or administrative orders and judgments and rules as well as regulations issued by the relevant regulatory authorities, including those related to anti-money laundering, capital markets, foreign asset controls, labor laws, insurance, taxation, intellectual property rights and other commercial disputes. The Company contracts with a number of parties, including suppliers, brokers, clients and others with whom the Company may conclude agreements on behalf of the investment funds the Company manages, and in general, there is a risk of commercial disputes arising in relation to any of those contractual arrangements, such as the failure to provide the agreed services as specified in such agreements or the failure to achieve performance indicators.

As of 17 September 2024G, the Company was party to three (3) lawsuits pending before the Committee for Resolution of Securities Disputes as a defendant, which arose within the normal course of its business, and which are nonmaterial lawsuits with a total estimated value of SAR 7,417,625. The Company filed a lawsuit against a real estate developer and its parent company for breaching its obligations under the private real estate investment fund establishment agreement dated 11/09/1444H (corresponding to 02/04/2023G) to develop a plot in Riyadh, whereby the Company fulfilled all its obligations under the agreement and demanded that the real estate developer fulfill the obligations which it failed to fulfill. The Company is demanding that the real estate developer be obliged to pay SAR 14,800,000 as compensation for the financial damages incurred by the Company as a result of establishing the contracted fund, along with collecting cash subscriptions and financing costs granted to the fund through the Company.

In addition, the Company faces complaints filed with the CMA by third parties (such as the Company's clients and unit holders in its managed funds). The Company's clients usually submit their claims and complaints to the CMA directly, and the CMA may impose specific fines in addition to the compensation amounts paid by the Company to affected clients if it finds that the Company has not complied with the applicable controls and rules. The CMA received a total of 163 complaints related to the Company during 2021G, 163 complaints in 2022G, 142 complaints in 2023G and 72 complaints during the six-month period ended 30 June 2024G. Any of these complaints may become a lawsuit filed before the Committee for Resolution of Securities Disputes. It should be noted that the Company has set aside some provisions for complaints filed by investors in general in the amount of SAR 33,849,910 (for further details, please refer to Section 12.18 ("**Claims and Lawsuits**"). If the Company is unable to settle these complaints amicably, these complaints may result in lawsuits before the Committee for Resolution of Securities Disputes or other competent courts (for more information on complaints filed with the CMA, please refer to Section 2.1.10 ("**Risks related to compensating clients for operational errors, delays, or non-execution of client orders**") of this Prospectus). If an unfavorable decision is issued in any lawsuit or claim against the Company, this may require it to pay substantial damages or impose restrictions on the way the Company conducts its business in the future.

In the event that the Company is subject to any judicial or administrative procedures that result in any judgment or a set of judgments against it, and such judgments involve large compensation amounts, this will materially and adversely affect the Company's business, financial position, results of operations and future prospects, and consequently the Company's share price. Such cases and judicial procedures may include, but are not limited to, offenses or violations in relation to any of the laws and regulations to which the Company is subject, including the Labor Law. As of 30 June 2024G, the Company has 183 employees.

The Company cannot guarantee the results of the cases it may be a party to or the amounts that may be imposed on it in the context of such cases and legal procedures. Accordingly, if such cases and legal procedures had negative consequences, this could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore the Company's share price.



### 2.1.34 Risks related to foreign currency rate volatility

The Company operates in both local and global financial markets and is therefore exposed to market risks stemming from fluctuations in currency exchange rates.

The reporting currency of the Company's financial statements is the Saudi Riyal (SAR). Because the Company engages in global operations, a portion of its revenues realized from commissions and some of the funds managed by the Company is denominated in foreign currencies such as the U.S. dollar, the Qatari riyal, the UAE dirham, and other local currencies. The Company's operations are therefore affected by exchange rate fluctuations, in particular the rates of the U.S. dollar, the Qatari riyal, and the UAE dirham. In accordance with the Kingdom's policy as of the date of this Prospectus, the Saudi Riyal is pegged to the U.S. dollar at an exchange rate of SAR 3.75 / USD 1. However, there is no guarantee that the Saudi Riyal will remain pegged to the U.S. dollar at the same rate or at all, which could affect the Company's financial results denominated in SAR.

In 2021G, revenues denominated in foreign currencies amounted to SAR 326,658,639 (representing 55.47% of the total operating revenues for that period). In 2022G, they amounted to SAR 279,759,374 (representing 43.34% of the total operating revenues for that period), and in 2023G, they amounted to SAR 343,064,512 (representing 55.02% of the total operating revenues for that period). Further, revenues denominated in foreign currencies for the six-month period ended 30 June 2024G amounted to SAR 188,093,522 (representing 43.32% of the total operating revenues for that period).

The Company's exposure to exchange rate risk also depends on numerous factors beyond its control, such as overall market trading activity, fluctuations in interest-rate levels and exchange rates, government measures and general market volatility. The Company cannot predict exchange rate developments and may incur losses in the future. Measures undertaken by the Company to hedge against exchange rate risk may not effectively manage such risks or offset the adverse financial impact resulting from exchange rate variations.

If any of the above factors occur, this could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore the Company's share price.

### 2.1.35 Risks related to taxes and potential Zakat dues

The Company is subject to the laws and regulations of ZATCA, and it has submitted the necessary tax and Zakat returns independently since its incorporation through 31 December 2024G. The Company has paid all tax dues for such periods. ZATCA issued the Company's Zakat assessment for the years 2010G to 2013G, in which it demanded an additional commitment for Zakat, as well as income tax and withholding tax, for a total amount of SAR 5.4 million during 2020G. The Company reached an agreement with ZATCA to pay SAR 3.04 million as a final Zakat settlement for 2010G to 2013G. The amount was paid to ZATCA and the Company's Zakat status was settled for these years.

During 2020G, ZATCA issued a Zakat assessment for the years 2014G to 2018G in which it demanded an additional amount of SAR 6.5 million from the Company. An objection was submitted to ZATCA on the additional amount and an allocation was formed for the full amount of the claim. The objection was rejected by the First Department for the Determination of Violations and Income Tax Disputes in Riyadh. In 2022G, the Company filed an appeal against the Committee's decision. ZATCA's final decision on the Zakat assessment for the years 2014G, 2017G and 2018G was issued, and the Company paid SAR 3.926 million from the previously formed allocation. During the first half of 2023G, the Company paid SAR 1,182,379 as settlement for the year 2017G and SAR 1,410,006 as settlement for the year 2018G. Pending the final judgment of the Tax and Zakat Disputes Settlement Committee for the years 2015G and 2016G, the Company also established a provision for SAR 1,682,080 covering the full amount claimed. Therefore, the Zakat assessments for the period from incorporation until 2021G are final assessments.

As for the period from 2022G to 2023G, the Company submitted its Zakat returns and obtained a final Zakat certificate, however no Zakat assessment has been issued as of the date of this Prospectus. The Company cannot predict whether ZATCA will accept its Zakat estimates for those years or require it to pay Zakat differences comparable to what the Company paid as Zakat. Therefore, if ZATCA re-assesses these years and requires the Company to pay additional Zakat for the Zakat returns submitted for these years, the Company will bear the costs of paying those Zakat differences and additional amounts if it is unable to object to them, which would have a material adverse effect on the Company's business, results of operations and cash flows.

As of 31 December 2021G, 2022G and 2023G, respectively, the Company established provisions for Zakat in the amount of SAR 21,345,385, SAR 21,295,229 and SAR 24,143,322. As of 30 June 2024G, the Company has established a provision for Zakat amounting to SAR 19,299,358 to cover any potential additional claims for the prior years. For further details, please refer to Section 12.19 ("**Company's Zakat and Tax Status**") of this Prospectus. It is possible that the Company may not have established sufficient tax allocations to cover any potential additional claims in the future, which may have a material adverse effect on the Company's business, results of operations, financial position and future prospects, and therefore the Company's share price. There are currently no material tax or Zakat-related disputes between the Company and ZATCA.

ZATCA issued the E-invoicing Regulations on 19/04/1442H (corresponding to 04/12/2020G), which mandated electronic invoicing for taxpayers. Failure by the Company to comply with the provisions of these regulations or any other laws and regulations issued by ZATCA could have a material adverse effect on the Company's business, profits, financial position, results of operations and future prospects, and therefore the Company's share price.

### 2.1.36 Risks related to the concentration of clients and suppliers

The Company's revenues depend on a number of major individual and corporate clients, where the relationship with major clients is based on management fees and subscription to funds managed by the Company, in addition to brokerage commission and subscription fees. Revenues from the Company's top ten (10) major clients amounted to SAR 32,658,481.00, SAR 43,753,308.84 and SAR 54,365,355.55 as of 31 December 2021G, 2022G and 2023G, respectively, constituting 5.66%, 11% and 8.72% of the Company's total revenue as of 31 December 2021G, 2022G and 2023G, respectively. The revenues from the top ten (10) clients for the financial period ended 30 June 2024G amounted to SAR 25,076,224, representing (8.04%) of the total revenues for the aforementioned financial period. Accordingly, if the relationship with one or a group of major clients is suspended or reduced, this will have a material adverse effect on the Company's business, profits, financial position, results of operations and prospects, and therefore on the Company's share price. The Company relies on a number of major suppliers, with purchases from the Company's top five suppliers amounting to SAR 30,513,564.79, SAR 38,563,789.52, SAR 34,028,652 and SAR 21,135.370 for the financial years ended 31 December 2021G, 2022G and 2023G and for the financial period ended 30 June 2024G, respectively, constituting 14.02%, 13.57%, 13.24% and 30.63% of the total purchases for the financial years ended 31 December 2021G, 2022G and 2023G and for the financial period ended 30 June 2024G, respectively. Accordingly, if the Company is unable to maintain good relations with the Company's major suppliers, or if the Company is unable to find other suppliers on suitable terms for the Company, this will have a material adverse effect on the Company's business, profits, financial position, results of operations and prospects, and therefore on the Company's share price. For further details regarding major clients and suppliers, please refer to Section 4.8 ("**Major Clients and Suppliers**") of this Prospectus.

## 2.2 Risks Related to the Market, Sector and Regulatory Environment

### 2.2.1 Risks related to the license to engage in securities business

The Company obtained CMA License No. 27-08109 dated 19/06/1429H (corresponding to 23/06/2008G) to engage in securities business. The CMA supervises the Company and its business as a licensed Capital Market Institution whose activities are subject to the laws and regulations issued by the CMA, which include, but are not limited to, the Capital Market Institutions Regulations, the Investment Funds Regulations, the Real Estate Investment Funds Regulations, the Prudential Rules and other relevant regulations applicable in the Kingdom. For further details regarding the risks associated with such agreements and memberships and the Company's activities and the nature of its business, please refer to Section 4 ("**Company Section**") and Section 12 ("**Legal Information**") of this Prospectus.

The Company, as a Capital Market Institution, must comply with a number of regulatory requirements and ongoing obligations stipulated in the Capital Market Institutions Regulations to maintain the CMA license, including the following:

- 1- The Company remaining at all times capable and fit to engage in securities business.
- 2- Adhering to the scope of its licensed business and complying with all applicable rules and any other restrictions, conditions or requirements specified by the CMA.

- 3- Not suspending engagement in securities business before notifying the CMA in writing and following all procedures stipulated in the CMA regulations.
- 4- Recording and maintaining sufficient information regarding the securities business it undertakes and maintaining the relevant records stipulated in the CMA regulations.
- 5- Paying the financial consideration determined by the CMA to maintain the license.

The CMA may also impose other conditions or requirements to maintain the Company's license. In the event that the license is withdrawn from the Company or suspended by the CMA, the Company will not be able to continue engaging in securities business, which constitutes an essential part of its business and would have a material adverse effect on the Company's activity, continuity and financial position.

## 2.2.2 Risks related to licenses and regulatory permits

The Company's business is largely regulated by the Capital Market Law and its implementing regulations, and more specifically by the Capital Market Institutions Regulations. The Company is licensed by the Capital Market Authority to conduct securities business activities that include dealing, arranging, advising, and custody as well as managing and operating investment funds. Pursuant to its CMA license, the Company is subject to various ongoing obligations under the Capital Market Institutions Regulations, including minimum capital requirements, periodic reporting and requirements to obtain the Capital Market Authority's prior approval on several matters. For further details, please refer to Section 2.2.3 ("**Risks related to compliance with the laws and regulations to which the Company and its Subsidiaries are subject**") of this Prospectus. The Company is a member of several parties associated with the Saudi Exchange, given its work in the local securities brokerage field, which include, but are not limited to, the Saudi Exchange, the Securities Clearing Center (Muqassa) and the Securities Depository Center Company (Edaa). Under these memberships, the Company adheres to specific commitments to the aforementioned entities, and therefore the Company's ability to serve its customers may be negatively affected in the event of the loss or impairment of any of the memberships required for the Company to carry out its activities. For more details on these memberships, please refer to Section 12.7 ("**Government Approvals, Licenses, and Certifications**") of this Prospectus.

D360 Bank is under the Saudi Central Bank's control and supervision,. D360 Bank is subject to numerous obligations, requirements and restrictions that apply to banks in the Kingdom, including the obligation to submit reports and financial position statements to the Saudi Central Bank and to appoint auditors.

If the Company and D360 Bank fail to comply with such requirements and ongoing obligations, this could result in fines or penalties being imposed by the CMA or any other competent authority or, ultimately, the suspension of their licenses.

In addition, the Company and D360 Bank have to obtain and maintain the necessary permits, licenses and regulatory approvals from the relevant government authorities for their operations and business activities. These permits, licenses and approvals include, but are not limited to, commercial registration certificates issued by the Ministry of Commerce, licenses and permits issued by various municipalities, membership certificates with the relevant chambers of commerce, trademark registration certificates, and Saudization and GOSI certificates relating to the business operations of the Company and D360 Bank (for further details, please refer to Section 12.7 ("**Government Approvals, Licenses and Certifications**") of this Prospectus).

If either the Company or D360 Bank fails to comply with the conditions set forth in their licenses or permits, if either of them fails to obtain, renew or maintain any of the key licenses required for their operations, if the licenses expire or are suspended, or if the Company or D360 Bank is unable to issue the necessary additional licenses in the future, the Company or D360 Bank shall cease to carry out their business, in whole or in part, and this may expose them to fines imposed by the relevant government authorities.

If any of the above factors occur, this could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore on the Company's share price.

### 2.2.3 Risks related to compliance with the laws and regulations to which the Company and its Subsidiaries are subject

The Company, D360 Bank and their businesses are subject to the supervision of a number of government agencies in the Kingdom including, but not limited to, the Ministry of Commerce, the Ministry of Municipalities and Housing, the Ministry of Human Resources and Social Development, the Capital Market Authority, the Saudi Exchange (Tadawul), and other agencies. In addition, the Company operates under a license issued by the CMA, and all its activities are subject to the laws and regulations issued by it including, but not limited to, the Capital Market Law, the Capital Market Institutions Regulations, the Prudential Rules, and the Real Estate Investment Funds Regulations, as well as other relevant regulations in force in the Kingdom, which include the Companies Law, the Labor Law, and Zakat laws, which impose increasingly stringent standards that the Company must comply with on an ongoing basis. Moreover, D360 Bank and its activities are subject to the supervision of the Saudi Central Bank and its laws, implementing regulations and circulars in force.

The Company, as a Capital Market Institution, must comply with a number of ongoing requirements and obligations in accordance with the Capital Market Institutions Regulations, including, for example, the minimum capital requirements for each of the securities activities carried out by the Company, the requirements for keeping records and submitting periodic reports to the CMA and the public, and the notification requirements including, but not limited to, any change in the material information submitted to the CMA in the basic registration application or in the event of establishing, acquiring, selling or dissolving any subsidiary and in the event of accepting or rejecting any application or canceling or granting any license to practice securities, banking or insurance business outside the Kingdom. Given the nature of the Company's business, the CMA imposes a number of rules relating to the funds received by the Capital Market Institution from its clients. These rules include, for example, keeping the client's money in the client's account with a local bank and separating the clients' assets and money from the Capital Market Institution's assets and money. The Company is also subject to certain provisions of the Instructions for Shariah Governance in Capital Market Institutions issued by the CMA Board pursuant to Resolution No. 3-77-2022 dated 22/06/2022G, based on the Capital Market Law, as it provides, in whole or in part, products or services that comply with the provisions and principles of Shariah. Among these mandatory provisions is the development and adoption of a policy that defines the scope of the products and services that must be referred to the Shariah Committee for approval, as well as the mechanism and procedures for verifying the compliance of these products and services with this policy and the decisions issued by the Shariah Committee, and the procedures to be taken in case of non-compliance. As of the date of this Prospectus, the Board of Directors has not approved the Shariah compliance policy. Failure by the Company to comply with these instructions may result in enforcement actions against the Company, including the imposition of fines and penalties. In light of the foregoing, the CMA conducts periodic inspection visits to the Company from time to time, as the Company has previously been notified of violations related to its failure to fully comply with its obligations stipulated in the CMA regulations. These notifications received from the CMA include the following: A review of the Company's policies and procedures, weaknesses in the management and operations of custody activities, problems and discrepancies regarding settlement operations, discrepancies in the management of transaction requests and contracts, failure to comply with the terms and conditions of funds managed by the Company and others.

In addition to the Company's commitment to its international business, it provides CME reports on major transactions. The Company's failure to comply with this would expose it to risks of non-compliance, potentially leading to the suspension of its international brokerage business.

The legislative and regulatory environment in the Kingdom is witnessing the issuance of regulations at a rapid pace, which makes the Company and D360 Bank more vulnerable to change and development. The cost of complying with this new regulatory environment is high. Consequently, this leads to incurring high costs for complying with these laws and regulations, and compliance with these new and stringent standards may require additional costs. If existing regulations change or new laws or regulations related to the business of the Company and D360 Bank are issued, the Company and D360 Bank may need to make a change to their services or financing products to meet the requirements of these laws, resulting in the Company incurring additional costs.

The Company cannot foresee changes in the regulatory environment in the Kingdom of Saudi Arabia and in the other regions it operates in, which may be subject to many changes, including changes to data localization, data protection, and cybersecurity controls, the application of other technology-specific regulations and laws, changes to tax laws, and the adoption of tougher antitrust, pricing, and corporate governance regulations, among others. The Company may also be subject to different laws and regulations in the countries in which it operates, which may not align with each other. Requirements in a particular country can differ substantially from those in other countries whereby the Company may have to duplicate procedures to comply with legal provisions.

If the Company fails to comply with these changes and to adhere to updated regulatory requirements, this may result in regulatory authorities imposing severe penalties and fines on the Company, including the potential suspension of the Company's business license, and subject the Company to lawsuits from third parties. For example, during the year 2022G, the CMA imposed two fines on the Company, amounting to a total of SAR 20,000, for hiring two employees for positions that must be registered pursuant to the Capital Market Institutions Regulations, without obtaining the CMA's prior written approval. During 2024G, the CMA imposed two fines on the Company, totaling SAR 600,000, namely a fine of SAR 300,000 for the Company's failure to provide the CMA with information during a routine visit in accordance with the requirements of the Capital Market Institutions Regulations, and another fine of SAR 300,000 for the Company's violation of the provisions of Paragraph (C) of Article 55 of the Capital Market Institutions Regulations related to establishing policies and systems for monitoring customer trading behaviors. (for further details, please refer to Section 12.18 ("**Claims and Lawsuits**") of this Prospectus). In addition, the Capital Market Authority's regulations and the Company's policies could significantly impact the Company's solvency or its liquidity, as mandated by the Prudential Rules, which directly affects the business's going concern.

The Company is currently subject to fees imposed by the CMA for continuing to license it to engage in securities business, with total fees amounting to SAR 210,000 annually. The Company is also subject to a number of fees imposed by Saudi Tadawul and Edaa. The total fees for Saudi Tadawul and Edaa amounts to SAR 30,000 each annually. In the event that new fees are imposed on the Company, this may adversely and materially affect the Company's profitability, which would have a material adverse effect on the Company's business, results of operations, financial position and future prospects, and therefore the Company's share price.

If the Company fails to comply with laws and regulations on an ongoing basis, or if any unexpected changes in the regulatory environment in the Kingdom or in a country where the Company may conduct business, which may expose the Company to regulatory procedures and penalties imposed by the competent supervisory authorities, this could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore the Company's share price.

#### 2.2.4 Risks related to capital market fluctuations, low trading volumes, market share or commissions

The Company's business and operational activities are significantly reliant on both local and international capital markets as the Company's revenues from the majority of its operations are derived from fees and commissions. Fees and commissions for many of the Company's services are linked to the activity of the capital markets, the volume of deals and transactions concluded, the market value of the assets under management, custody and execution, the volume and spread of securities lending activity, and fees for other services provided. Consequently, the Company's performance is closely linked to the dynamics of the capital markets, rendering it susceptible to negative consequences during periods of low trading volumes, intensified competition for market share, and alterations in commission fees for brokerage and intermediary activities.

For example, capital markets are naturally subject to fluctuations in demand influenced by official holidays, travel seasons, and holiday seasons. These periods witness a decrease in the general levels of demand for the Company's services and a decline in trading activity, the number of participants, and the volume and number of transactions. Additionally, severe market fluctuations, current economic conditions, the decline in stock prices, trading volumes or liquidity have in the past caused, and could continue to cause, the Company's financial results to fluctuate from period to period due to various possibilities, including, for example, the potential decrease in the volume of trading operations executed by the Company on behalf of its clients.

If daily trading volumes decline or if there are adverse changes in commission rates on a global scale, this could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore on the Company's share price.

### 2.2.5 Risks related to the application of financial reporting standards, accounting estimates, assumptions and revenue recognition

The Company has prepared its financial statements in accordance with the provisions of IFRS and the Saudi IFRS. Since these accounting standards are issued or updated either by the International Accounting Standards Board (IASB) or by the board of directors of SOCPA, some of these publications or updates may adversely and materially affect the Company's business, financial position, results of operations and future prospects, and therefore the Company's share price.

Preparing the Company's consolidated financial statements requires Management to make judgments, estimates and assumptions that may affect the amounts of revenues, expenses, assets and liabilities as of the date of preparing the consolidated financial statements. Uncertainties in making these assumptions and estimates could result in material adjustments to the carrying amount of assets or liabilities that will be affected in the future. Such estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the existing circumstances and are used to measure the book values of assets and liabilities that are difficult to obtain from other sources. These estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized in the period in which the estimates are adjusted or during the adjustment and future periods if the adjusted estimates affect current and future periods (for more information on accounting estimates and assumptions, please refer to Section 6.5 **"Bases of Preparation of the Financial Statements and Summary of Significant Accounting Policies"** of this Prospectus).

Under IFRS 15, a company recognizes revenues and costs relating to its customers before payments from customers are due. In exchange for recognizing these revenues in the Company's income statement, contract assets (or contract liabilities if the Company has received the amount due from the client or payment is due but the revenues have not yet been recognized) are recorded in the statement of the financial position until the performance obligation is met by the Company. Accordingly, the Company may face the possibility of errors in estimating its accounting revenues and assets, either through an increase or decrease, as the assets may be subject to cancellation or future disputes, since if a client refuses to accept invoices, the Company records a provision for bad debts in the statement of financial position and records sales and marketing expenses in the income statement (based on the expected credit loss (ECL) provision policy and in accordance with IFRS 9) (for more information on accounting estimates and assumptions, please refer to Section 6.5 **"Bases of Preparation of the Financial Statements and Summary of Significant Accounting Policies"** of this Prospectus). If any of the above circumstances occur, this could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore on the Company's share price.

### 2.2.6 Risks related to general economic conditions as well as economic conditions in the Kingdom of Saudi Arabia and within the countries in the Middle East region

The Company's performance depends on the financial position and strength of its clients, which in turn depends on the economic conditions of the markets in which the Company and its clients operate. The Company's operations and client base are situated in the Kingdom, which is part of the wider Middle East region. The Company's financial performance is therefore dependent on the prevailing economic and political conditions in the Kingdom and on global economic conditions that affect Saudi Arabia's economy.

For example, the oil sector still constitutes a large share of the GDP of Saudi Arabia. Oil prices may witness fluctuations that negatively affect the economy of the Kingdom of Saudi Arabia, which may have a material adverse effect on the Company's business, financial position, results of operations or prospects.

Moreover, the wider Middle East region is subject to several geopolitical and security risks that may impact the geographies in which the Company operates. In addition, investments in the Middle East region, which remains subject to ongoing political, economic and social changes, are characterized by instability. There can be no assurance that the negative economic and political conditions in those countries or in any other countries will not have a negative impact on the economy, foreign direct investment or financial markets in the Kingdom of Saudi Arabia in general, and on the Company's business, results of operation, financial position and prospects.



Further, deteriorating general economic conditions could have a material adverse effect on the Company's business, financial position, results of operations and/or prospects. Disruptive regulatory or geopolitical events, including the ongoing armed conflicts in Ukraine and Gaza as well as other conflicts in the Middle East, could contribute to increased volatility and diminished revenues, and may lead to negative performance of capital markets. The Saudi economy may be adversely affected by tightening global economic conditions and external shocks, including capital market volatility, trade disruptions and protectionist trade policies or threats thereof. Client demand can also be impacted by the conditions in capital markets, as a result of the general level of commercial activity and economic conditions. Limitations regarding the availability of capital or higher costs of capital may cause individual and institutional investors to make additional reductions to their demand for investment services, even if certain economies experience positive growth.

Any unexpected changes in the political, social, economic or other conditions in the Middle East region or unexpected changes in general global economic conditions may have a material adverse effect on capital markets generally and the Company's services specifically, and on markets in which the Company operates and its ability to retain and attract clients in such regions, as well as on investments that it has made or may make in the future, which in turn would have a material adverse effect on the Company's business, profitability, financial position, results of operations or future prospects, and therefore the Company's share price.

### 2.2.7 Risks related to the Competition Law

The Competition Law seeks to protect fair competition in the Saudi markets and promotes and establishes market rules, freedom and transparency of prices. According to Article 7 of the Competition Law, entities participating in any economic concentration process should notify the General Authority for Competition (GAC) for approval of this concentration at least 90 days before the completion of the relevant transaction. "**Economic concentration**" is defined broadly to include, among other things, any total or partial transfer of ownership of shares and assets that results in a change in control. The implementing regulations of the Competition Law set a new limit regarding the deals that require the approval of the GAC. If the total revenues of the entities participating in the merger or sale and purchase transaction exceed SAR 200 million, the relevant parties must submit a request to the GAC at least 90 days before the completion of the transaction. The GAC has issued some guidelines on identifying the entities that must be taken into account when determining whether or not the abovementioned limit has been exceeded. Effectively, the parties to the relevant transaction (along with any other entity controlled within their respective groups) should be considered. Given the size of the Company, any commercial transaction undertaken by the Company may reach the minimum limit of SAR 200 million. As a result, it may be necessary to notify the GAC of this transaction for approval. This applies even if this transaction is conducted outside the Kingdom and regardless of its size. If it is found that a filing was required and the parties move forward with the proposed transaction without seeking the GAC's approval, the parties may be subject to the penalties imposed by GAC, which include fines and the risk of unwinding the whole transaction. This could have a material adverse effect on the Company's future expansion plans.

If the Company violates the provisions of the Competition Law (whether related to reporting acquisitions or other provisions regulating the Company's practices) and any judgment is issued against it related to that violation, it may be subject to substantial fines imposed by the GAC. In addition, the GAC has the right to request the temporary or permanent suspension of the Company's activities (in whole or in part) in the event of a repeated violation. Furthermore, legal proceedings may be lengthy and financially costly for the Company. The occurrence of any of these risks could have a material adverse effect on the Company's business, financial position, results of operations or future prospects, and therefore on the Company's share price.

In addition, the Company may decide to enter into certain corporate transactions such as acquiring new companies or businesses, whether inside or outside the Kingdom (for further details, please refer to Section 2.1.31 ("**Risks related to possible future acquisitions**") of this Prospectus). There is a risk that the GAC, or other authorities in the relevant countries, may withhold their approval, issue conditional approvals that the Company may be unable to satisfy, reject certain transactions or delay their completion until they issue their decision. The authorities may also impose certain penalties or sanctions if they find that the Company has not generally complied with the provisions of the competition laws. This may adversely affect the Company's ability to identify acquisition targets or strategic partners that are compatible with its objectives, which may have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore on the Company's share price.

## 2.2.8 Risks related to the Company's compliance with the Corporate Governance Regulations

The Board of Directors approved the Company's Internal Governance Manual on 16/03/1446H (corresponding to 19/09/2024G). The Manual includes rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by the Capital Market Authority. The Company's success in properly implementing the Corporate Governance Rules and Procedures will depend on the extent to which these rules are understood and properly implemented by the Board of Directors, its committees and the Senior Executives, particularly with regard to the composition of the Board of Directors and its committees, independence requirements, and rules relating to conflicts of interest and transactions with Related Parties.

The Corporate Governance Regulations impose various mandatory requirements on the Company, including the adoption of certain corporate governance policies and procedures. Additionally, the Company, as a Capital Market Institution, is required under the Capital Market Institutions Regulations to establish a governance infrastructure, which specifies the necessary systems and policies to achieve its corporate governance objectives, formulate its own policies and procedures and monitor their implementation and effectiveness. These policies and procedures must set out, for example, the procedures, controls and powers of the Board of Directors, employee codes of conduct and the formation of committees.

If the Company fails to comply with the governance rules, especially the mandatory rules stipulated in the Corporate Governance Regulations and the Capital Market Institutions Regulations, this could expose it to regulatory penalties, which may have a material adverse effect on the Company's business, financial position, results of operations or future prospects, and therefore the Company's share price.

On 31 August 2023G, the General Assembly appointed the members of the Audit Committee, and on 28 September 2023G, the Board of Directors appointed the members of the Nomination and Remuneration Committee and the Risk and Compliance Committee. For more information, please refer to Section 5.7 ("**Board Committees and Responsibilities**") of this Prospectus. If the members of these committees fail to perform their duties and adopt a work approach that ensures the protection of the interests of the Company and its shareholders, this may affect corporate governance compliance, ongoing disclosure requirements and the Board of Directors' ability to monitor the Company's business through these committees, which would have a material adverse effect on the Company's business, results of operations, financial position or future prospects, and therefore the Company's share price.

Such committees or the Company's Executive Management may not have sufficient experience to apply the corporate governance requirements imposed by the CMA. If the members of these committees or management do not in the future perform their duties and follow a work methodology that ensures the protection of the interests of the Company and its shareholders, this may affect the implementation of governance regulations and the efficiency of the Company's Board of Directors in controlling the management of its business through such committees and the Company's management. This may expose the Company to potential non-compliance with continuous disclosure requirements after listing on the one hand, and to operational, administrative and financial risks on the other hand.

This could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore on the Company's share price.

## 2.2.9 Risks related to Saudization and other Labor Law requirements

Compliance with Saudization requirements is a regulatory requirement in the Kingdom, whereby all companies operating in the Kingdom are obliged to employ a certain percentage of Saudi employees among their workforce and to maintain this percentage. The ratio of Saudi employees varies on the basis of the Company's activities and individuals' professions. As of 30 June 2024G, the Company's Saudization rate was approximately 84%. The Company received Saudization certificates from MHRSD for observing Saudization requirements. The Saudization rate of D360 Bank was approximately 87.1% as of 30 June 2024G. The Bank obtained Saudization certificates from the Ministry of Human Resources and Social Development to acknowledge its fulfilment of the Saudization requirements. Under the Saudi Labor Law, foreign employees are only permitted to work in a corporate entity that sponsors them in the Kingdom of Saudi Arabia or through the "**Ajeer**" program. Failure to comply with the provisions of the Labor Law related to the Company's employment of foreign employees may result in the imposition of penalties by the Ministry of Human Resources and Social Development in the amount of SAR 10,000 per laborer, which could have a material adverse effect on the Company's business, profits, financial position, results of operations and prospects, and therefore on the Company's share price (for more information on this, please refer to Section 4.13.3 ("**Saudization**") of this Prospectus).



The Company and D360 Bank must maintain labor regulations and employment contracts consistent with the Saudi Labor Law, which is updated by MHRSD from time to time. The Company and D360 Bank must ensure that its employment contracts are consistent with the provisions of the Labor Law. It should be noted that the Company's employment contracts for Saudi and non-Saudi employees are not entirely consistent with the template issued by MHRSD. In addition, the Company's labor regulations may not be fully consistent with MHRSD's model. D360 Bank has prepared labor regulations in accordance with MHRSD's model. Non-compliance may result in the imposition of penalties and the termination of the relevant employment contracts according to the provisions of the Labor Law. This could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore on the Company's share price.

The Company cannot guarantee its ability to fulfill current or amended Saudization or other Saudi Labor Law requirements in the future or that the minimum wage the Company is required to pay will not increase. In the event of non-compliance with the requirements pertaining to Saudization or non-Saudi employees, the Company could face sanctions by governmental authorities. The Company may not be able to provide the required workforce or employ the required number of Saudi citizens and/or foreign workers without incurring additional costs, which could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore on the Company's share price.

#### **2.2.10 Risks related to competitiveness in the sector in which the Company operates and the Company's ability to retain existing clients and attract new clients**

The sector in which the Company operates is highly competitive and the competitive conditions are expected to continue. The Company's ability to compete depends on many factors, including its reputation, the quality of its services, product innovation, execution ability, pricing, sales efforts, and the talent of its employees. In particular, the Company competes with other financial services businesses including established local and international commercial banks as well as fintech companies operating in Saudi Arabia. The financial sector is highly regulated and requires relatively large start-up capital. Many of the Company's competitors are subsidiaries of large financial services companies and may therefore have greater access to capital, financing and other resources than the Company. Furthermore, competition might lead to pressure on financial margins.

In addition, the financial services market in the Kingdom has recently witnessed several mergers, and there may be more in the future. When a company's competitors merge, their combined businesses may gain economies of scale and the ability to develop new products. As a result, they may be able to compete more effectively in terms of product offerings and prices.

Regulators are encouraging the growth of small and medium enterprises, and have taken a more open approach to licensing fintech companies and enabling them to operate in the financial and investment fields. Fintech companies have strategically targeted lucrative financial sectors, introducing diverse business models characterized by innovative technologies, enhanced client experiences, fee reduction strategies, or the provision of fee-free services. However, this evolving regulatory landscape and the disruptive nature of fintech innovations may pose more risks, including potential shifts in regulatory frameworks, heightened compliance requirements and increased competition, which could impact market dynamics and disrupt established business models.

In addition, the Company's operational performance depends upon its ability to both retain its existing clients and attract new clients. As of 30 June 2024G, the Company had 446,220 investment accounts, including 445,474 accounts for the Company's individual clients and 75 accounts for corporate clients. Revenues from contracts concluded with clients during 2021G amounted to SAR 575,068,755, including SAR 502,837,877 from individual clients and SAR 72,230,878 from corporates (87.44% and 12.56%, respectively, of the Company's total revenues for that period); while revenues in 2022G amounted to SAR 613,736,916, including SAR 453,457,527 from individual clients and SAR 160,279,389 from corporates (73.9% and 26.1%, respectively, of the Company's total revenues for that period); in 2023G, revenues amounted to SAR 470,033,491, including SAR 388,484,286 from individual clients and SAR 81,549,205 from corporates (82.7% and 17.3%, respectively, of the Company's total revenues for that period). In the six-month period ended 30 June 2024G, revenues amounted to SAR 311,835,246, including SAR 259,315,454 from individual clients and SAR 52,519,792 from corporates (83.2% and 16.8%, respectively, of the Company's total revenues for that period). To retain its current clients and attract new clients, the Company relies on several factors, including, but not limited to, continuing to provide high-quality services and offering innovative products that are compatible with clients' needs, competitive investment strategies and providing an advanced IT

infrastructure. The Company cannot guarantee the maintenance of current service quality standards for its clients, nor can it guarantee timely alignment with evolving client demands. Consequently, any failure to uphold high service standards commensurate with client expectations may significantly and adversely impact the Company's market share, competitiveness, business operations, financial performance and future prospects, in addition to potential legal ramifications. Failure to match or surpass the product offerings and service quality of competitors may lead clients to switch to alternative firms and institutions, potentially resulting in the loss of market share and hindering the Company's ability to attract new clients.

The competition the Company faces depends on many factors, including its financial position, geographical coverage, outreach to potential clients, compliance with Shariah principles and terms of financing products offered to clients in comparison with what banks and other financing companies offer, including premium charges, administrative fees, type of guarantees, and the ability to adapt to new market trends (such as subsidies and government backed loans to SMEs and individuals). If the Company is unable to compete successfully by ignoring the development of its client base and does not introduce new products or pricing, or does not improve performance, distribution channels or services, this will have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore on the Company's share price.

### 2.2.11 Risks related to data protection and cybersecurity systems

The Company collects and processes personal and other data from its current and potential customers through its platforms and website. The Company uses this information to provide services and products to its customers, provide support, expand and improve its business, and communicate and recommend products and services. The Company is subject to the oversight of a number of legislative authorities regarding cybersecurity and the processing and storage of its customers' personal data, including, but not limited to, the National Cybersecurity Authority and the Saudi Data and AI Authority (SDAIA).

As a result, the Company must comply with local laws and regulations issued by these authorities, including a number of regulatory requirements in this regard, such as the Personal Data Protection Law issued pursuant to Royal Decree No. M/19 dated 09/02/1443H and the Essential Cybersecurity Controls issued in 2018G. Under the aforementioned regulations, the Company is obligated to establish frameworks for governing and enhancing cybersecurity within the Company, as well as methods for collecting, processing and disposing of the personal information of its customers and data localization requirements. The Company is currently not fully compliant with the regulatory requirements under the Personal Data Protection Law. The Company's failure to comply with the requirements of the Personal Data Protection Law, or its violation of such requirements, could result in the imposition of fines of up to SAR 5,000,000, which could be doubled in the event of recurrence, in addition to other enforcement actions which the Company may be subject to, such as claims for damages from customers and other affected individuals, which could harm the Company's reputation. This may in turn harm the Company's business, results of operations, financial position and future prospects. The costs of compliance and other burdens imposed by laws, regulations and standards may restrict the use and reliance on the Company's platforms or website, or may result in the imposition of fines or penalties or significant liabilities as a result of non-compliance. Consequently, all of these factors could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore on the Company's share price.

## 2.3 Risks Related to the Offer Shares

### 2.3.1 Risks Related to Restrictions on Bank D360's Ownership

Ownership of shares in banks is subject to numerous regulations and directives issued by SAMA and any restrictions it may impose. According to the directives issued by SAMA to the Company, no person may own 5% or more of the Company's total shares as one of the main partners of Bank D360 prior to obtaining SAMA's no-objection letter, taking into account the established integrity and suitability requirements as of the date of listing the Company's shares. In the event that SAMA refuses or delays in issuing its no-objection letter or imposes conditions that the Company or the concerned investors cannot meet, such restriction may reduce the Company's opportunities to attract financial or strategic investors, as well as restrict the ability of any investor to increase their ownership percentage in the Company in order to fulfill their investment strategy with respect to the Company, which may result in a material adverse effect on the Company's business, profits, financial position, results of operations or prospects and therefore on the Company's share price.

### 2.3.2 Risks related to effective control by the current shareholders

Following completion of the Offering, the current shareholders are expected to collectively hold (directly or indirectly) at least 80% of the issued shares. Accordingly, it is likely that the current shareholders will be able to influence all matters and decisions that require the approval of the Company's General Assembly, including the election and dismissal of Directors, approval of contracts and significant Company activities, distribution of profits, and any amendments that may be made to the Company's capital and its Bylaws, whether during the Lock-up Period with CMA approval or after the end of the Lock-up Period. While the Company currently believes that these arrangements are in its overall financial interest, the interests of these shareholders may differ from those of other Company shareholders, and the current shareholders may refrain from making certain decisions or taking specific actions that would protect the rights of other Company shareholders. This may also delay, postpone or prevent changes in control or dividends and discourage bids for shares, which could adversely affect the value of the shares.

Such powers may be used in a manner that has a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore on the Company's share price.

### 2.3.3 Risks related to liquidity and absence of a prior market for the shares

The Company's shares have not been offered or traded on a public stock market, and there can be no assurance that an active and liquid market for the shares will exist or continue to exist following the Offering. The absence of an active and liquid market for shares could have a material adverse effect on the Company's business, profits, financial position, results of operations or future prospects, and therefore on the Company's share price.

Many factors, such as the Company's financial results, general conditions, overall economic prosperity, and the regulatory environment in which the Company operates, may lead to significant variations in the liquidity and price of the shares.

### 2.3.4 Risks related to the sale of a large number of shares post-Offering

The sale of a large number of shares on the market after the completion of the Offering, or the perception that such a sale will occur, may adversely affect the Company's share price.

Upon the successful completion of the Offering, certain shareholders named in the Offering summary – including the Substantial Shareholders, whose shares represent 60% of the Company's capital after the Offering – shall be subject to a Lock-up Period of 24 months from the date the shares begin trading on the Exchange. During this period, they shall not be allowed to dispose of any of the shares they own. Those shareholders must obtain the CMA's prior approval before disposing of their shares after the end of the aforementioned Lock-up Period. However, if a large number of shareholders sell their shares in the Company (whether after listing by shareholders not subject to the Lock-up Period or after the end of the Lock-up Period), this may adversely affect the market for the shares and the Company's share price. For more information, please refer to Section 17 ("**Information on the Shares and Terms and Conditions of the Offering**") of this Prospectus.

Upon successful completion of the Offering, the Company will also be subject to a six-month Lock-up Period during which no new shares may be issued. After the end of the Lock-up Period, the Company may issue shares or other securities from time to time as consideration or financing for future acquisitions or investments or for other capital needs. The Company cannot predict the volume of future share issuances or the impact, if any, that future sales or issuances of shares will have on the market price of the shares. If any acquisition, investment or capital requirement is significant, the number of shares or other securities that the Company may issue or the total principal amount thereof, as applicable, may be significant and may result in the dilution of shareholdings of the Company's shareholders.

### 2.3.5 Risks related to fluctuations in the market price of the shares

The Offer Price has been determined based on several factors, including the past performance of the Company, the future prospects of the Company's business, the sector in which it operates, the markets in which it competes and an assessment of the Company's management, operations and financial results. Following completion of the Offering, the Offer Price may not be equal to the price at which the shares will be traded. Investors may be unable to resell the Offer Shares at or above the Offer Price, or investors may be unable to sell them at all.

The stock market in general is subject to severe fluctuations in price and trading volume from time to time. These fluctuations in the market may result in significant changes in the price of the shares, which may cause a decline in the value of the shares, with an increase in price volatility if trading volume decreases. The share price may be adversely affected by various factors, including the Company's performance and expected results of its operations, the departure of key personnel from their positions, changes in profit estimates or expectations, and the occurrence of any of the risks described in this section. Other factors include changes in applicable laws and regulations, terrorist acts, escalation of hostilities, acts of war or periods of widespread civil unrest, natural and other disasters, and stock market price volatility. The occurrence of any such risks or factors may adversely affect the expected returns of any investor, or may result in the loss of all or part of their investments in the Company.

### 2.3.6 Risks related to the Company's ability to distribute dividends

Future distribution of dividends depends on several factors including future profits, financial position, cash flows, working capital and capital adequacy requirements and the Securities Clearing Center Company (Muqassa) requirements regarding the permitted trading ceiling, capital expenditures and the Company's distributable reserves. In addition to other factors, the Company may not be able to pay dividends, and the Directors may not recommend, or the Shareholders may not approve, the payment of dividends. Additionally, the Company may be restricted by the terms of financing and facilities agreements executed with financing institutions which could require the written approval of the lenders prior to making dividend payments to shareholders. Such agreements include the Sharia-compliant credit facilities agreement with the Arab National Bank, which prevents the Company, in a number of specific cases of breach, from distributing dividends to its shareholders (for more information, see Section 2.1.27 ("**Risks related to financing agreements**") of this Prospectus). The Company may incur expenses or liabilities from time to time that would likely reduce or result in a lack of cash available for the distribution of dividends. If the Company does not pay dividends on the shares, the shareholders may not receive any return on their investment in the shares unless they sell the shares at a price higher than the price at the time of their purchase, which could have a material adverse effect on any investor's anticipated returns. For more information, see Section 7 ("**Dividend Distribution Policy**") of this Prospectus.

### 2.3.7 Risks related to foreign exchange rates when investing in the Offer Shares

The Offer Shares, and any dividends distributed with regard to the Offer Shares, are denominated in Saudi Riyals. Accordingly, any investment in the Offer Shares by an investor whose primary currency is different from the Saudi Riyal or the U.S. Dollar will be exposed to the exchange rate risks for that foreign currency. This may negatively affect the value of the investor's investment in the Offer Shares or any dividends.

### 2.3.8 Risks related to a delay in closing the Offering and listing the shares

The end of the public offering period for the shares to be listed on the market usually coincides with the acceptance of stock trading, as both usually occur more than two weeks after the announcement of the final Offer Price of the shares. During that time, the parties will complete the Offering for Individual Subscribers (which in the KSA has not previously begun until the final Offer Price has been determined) and complete the subscription process and the allocation of shares. There is no guarantee that the listing of the Offer Shares will begin as planned. Accordingly, the end of the Offering Period and the listing and trading of shares in the Exchange may be delayed. Saudi Exchange (Tadawul) will announce the starting date of trading the shares in the Exchange on its website.

### 2.3.9 Risks related to research published on the Company

If securities analysts or sector analysts fail to publish research on the Company and its business or if they publish research that is inaccurate or includes findings that are not in the Company's favor, the price of the shares on the Exchange may decline. Stock trading price and volume will depend partly on the research that securities or sector analysts publish about the Company and its business. If analysts fail to conduct sufficient research on an ongoing basis, or if one or more analysts who cover the Company lower their recommendations regarding the Company's shares or publish research about its business that is inaccurate or includes findings that are not in the Company's favor, it may lead to a decline in the price of the shares on the Exchange. In addition, if one or more analysts who publish research cease to cover the Company, or fail to publish regular reports on it, the Company may lose its standing in the financial markets, which may lead to a significant decline in the price of the shares on the Exchange.

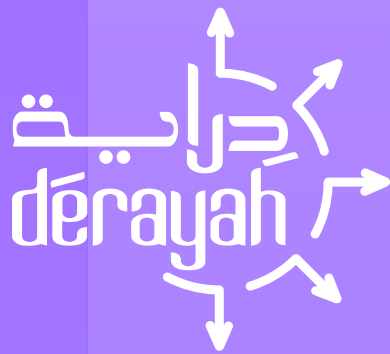
### 2.3.10 Risks related to the inability of non-qualified foreign investors to hold shares directly

Under applicable regulations, non-qualified foreign investors (other than foreign strategic investors) wishing to participate in the Offering must conclude swap agreements with Capital Market Institutions, under which they acquire a beneficial interest in the Offer Shares. Non-qualified foreign investors can trade this ownership through Capital Market Institutions that will be the legal owners of the shares.

Accordingly, foreign investors will not have legal ownership of the shares and will not be able to vote on shares in which they have an economic interest. These factors may have a negative impact on investors' expected returns or may result in the loss of all or part of their investment in the Company.

### 2.3.11 Risks related to expectations and associated future statements

Some of the statements contained in this Prospectus may represent forward-looking statements and forecasts and include known and unknown risks and uncertainties that affect the Company's financial results. Such statements include, but are not limited to, statements relating to the Company's financial position, business strategy and future plans and objectives. The Company's future results and performance data cannot be accurately predicted and may vary from those set out in this Prospectus, as actual results depend on the Company's performance and development capabilities. The inaccuracy of these forecasts and statements represents one of the risks that shareholders and investors face when investing in the Company's shares. If the Company's future forecasts differ from its actual results, this may adversely affect the share price. For more information on forward-looking statements and forecasts, see the **"Important Notice"** section of this Prospectus.



### 3. Overview of the Market and Sector

### 3. Overview of the Market and Sector

#### 3.1 Introduction

##### 3.1.1 Preface

The information shown below is based on an independent market study conducted by Arthur D. Little Saudi Arabia exclusively for Derayah. Derayah has commissioned Arthur D. Little Saudi Arabia to undertake necessary research and analysis and develop the market assessment section as part of the IPO prospectus document.

Arthur D. Little is an independent management consulting firm, that provides strategic advisory services and market research. Arthur D. Little was founded in 1886 AD and started its operations in Saudi Arabia in the 1950s (for further information about the market study consultant, please go to [www.adlittle.com](http://www.adlittle.com)).

It shall be noted that neither the market study consultant nor any of its affiliates or sister companies, partners, shareholders, members of its board of directors, directors or their relatives, own shares or hold ownership interests in the company or its subsidiaries. The market study consultant has given its written approval on the use of its name, the market information and analysis conducted to the company as shown in this document, and such approval has not been withdrawn to date.

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Conclusions shown in this document are based on analysis conducted by the market study consultant, based in part upon its analysis of materials and information collected by them from third party research agencies, government agencies, its internal network of experts and publicly available resources.

While the market study consultant has undertaken best efforts to assimilate available market data and represent the impact of the pandemic to the best of its abilities and expertise, a number of trends including macroeconomic development, geopolitical changes and other trends may have fundamentally unpredictable impact on economic stakeholders and therefore the market dynamics. These unpredictable developments (such as the COVID-19 pandemic) have caused structural and far reaching impact on the economy, industrial growth trends and the financial services sector worldwide. As a result, the actual trends in the market may be at significant variance to indicated forecasts.

In addition, while this document represents the market consultant's current view of the market sizing, growth and dynamics, realization of forecasts is contingent on several additional factors. These include but are not limited to timely and effective implementation of policy initiatives, technological progress and maturity, regulatory changes and developments, and industry trends and movements.

As a result, the use of this report by any third party for whatever purpose should not, and does not, absolve such third party from using their own due diligence and competent business and investment judgement in verifying the report's contents or deriving conclusions from the same.

### 3.1.2 Research methodology and approach

All analysis outlined in this section is a product of research conducted during the period February – April 2024 through

- 1- Secondary research of publicly available sources such as government entities, academic reports, industry reports
- 2- Analysis of materials provided by Derayah such as financial information for the period 2020-2023, internal strategy documents and company profile, in addition to discussions organized with Derayah's management to obtain strategic context
- 3- Data from multiple sources as cross-checked and triangulated based on Arthur D Little' to arrive at an accurate consensus

Key data sources utilized for developing the report include: Statista, The World Bank, The International Monetary Fund (IMF), Kingdom of Saudi Arabia's General Authority for Statistics (GASTAT), Saudi Central Bank (SAMA), Capital Market Authority (CMA), Financial Sector Development Program (FSDP), Saudi Exchange (Tadawul), Ministry of Investment (MISA), Ministry of Human Resources and Social Development (MHRSD), Reuters, Saudi Press Agency, Refinitiv, Global wealth report (Credit-Suisse), and other publicly available resources.

## 3.2 Macroeconomic Overview

### 3.2.1 Government Initiatives – Vision 2030

#### 3.2.1.1 Overview

Under Vision 2030, eleven Vision Realization Programs (VRPs) have been launched to achieve specific objectives within defined timelines. These programs target key areas vital for the nation's economic and social evolution, including economic diversification, social development, and sustainable growth. Among these, the Financial Sector Development Program (FSDP) and the National Transformation Program (NTP) are particularly relevant to capital market participants including the asset managers and brokerage firms like Derayah.

The Financial Sector Development Program (FSDP), seeks to enhance financial services through increased digitalization, improved financial access for small and medium-sized enterprises, the development of a more dynamic capital market capable of supporting the broader economic transformation and world leading fintech ecosystem. Additionally, the National Transformation Program (NTP) underpins these efforts by facilitating improvements in infrastructure, boosting the efficiency of public services, and fostering a more conducive environment for both local and international investments. Together, these programs are designed to create a more inclusive and expanded financial landscape, encouraging more active participation by investors and institutions in a diversifying economy. These structural changes are expected to lead to deeper, more liquid capital markets, diversified investment portfolios, and enhanced investor confidence, ultimately contributing to sustainable economic growth.

#### 3.2.1.2 The Financial Sector Development Program (FSDP)

The FSDP aims to develop a diversified financial sector to support the development of economy, diversify its sources of income, and stimulate savings, finance and investment. The Financial Services sector in KSA has already achieved many of the set targets for 2025, with further enhancements planned by 2030<sup>1</sup>.

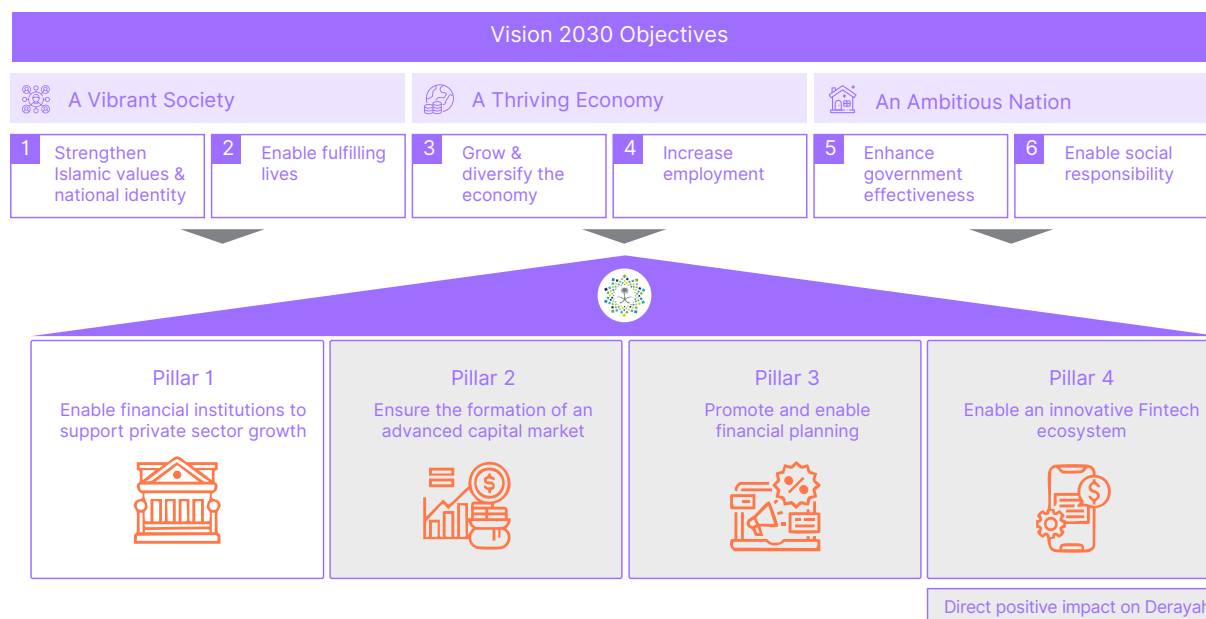
The FSDP comprises four pillars aimed at transforming the financial sector

- 1- Enable financial institutions to support private sector growth
- 2- Ensure the formation of an advanced capital market
- 3- Promote and enable financial planning
- 4- Enable an innovative Fintech ecosystem.<sup>1</sup>

1 Vision 2030 document, FSDP Program Charter 2022, FSDP website



Figure (3.1): Pillars of FSDP



Formation of an Advanced Capital Market in the KSA is the second pillar of the Financial Sector Development Program (FSDP) and aims to enhance the Saudi Arabia's capital market, targeting deeper liquidity, improved regulations, and heightened appeal to investors globally<sup>1</sup>. Central to this transformation are reforms in corporate governance enhancing transparency, the establishment of a Sukuk exchange bolstering Islamic finance to stimulate innovation, and the advancement of green capital markets aligned with international sustainability practices. These reforms aim to attract more investments, foster financial innovation, and seamlessly integrate Saudi Arabia's capital markets into the global financial ecosystem, offering institutions like Derayah substantial growth opportunities and a stronger competitive edge as a result of the deeper, more transparent and more integrated capital markets.

Promotion and Facilitating Financial Planning (Pillar Three) promotes and facilitates financial planning services, focusing on the importance of retirement, savings, and financial literacy<sup>1</sup>. This pillar aims to increase the savings rate among the population, improve financial planning and literacy, and develop a more inclusive financial system that can cater to the needs of all segments of society. For Derayah, this initiative represents an opportunity to deepen its engagement with clients through enhanced product offerings tailored to savings and retirement, and leveraging its platform to support the broader goal of financial inclusivity.

The Fintech Strategy (Pillar Four) focuses on boosting and diversifying the infrastructure of the financial sector to fuel economic growth<sup>1</sup>. It encompasses enhancing banking, capital markets, insurance, and fintech sectors to create a more varied financial landscape. The initiative aims to broaden the spectrum of financial institutions and tools, advance financial inclusion, fortify regulatory and oversight frameworks, and cultivate the Kingdom's capital markets to diversify funding sources for businesses. The government's support for the fintech industry will create a better environment for Derayah to operate and grow within.

### 3.2.1.3 The National Transformation Program (NTP)

NTP forms a core part of Saudi Arabia's strategic shift to reduce oil dependency, enhance the private sector, streamline government operations, and promote sustainable economic partnerships. This shift is particularly significant for companies like Derayah, opening up numerous opportunities in technology and finance through the drive for economic diversification.

A key component of the NTP is the National Digital Transformation Strategy. This, along with the Saudi Arabian Monetary Authority's (SAMA) initiatives to enhance financial sector efficiency, lays a foundation for innovation and digital advancement. For Derayah, this means fertile ground for developing and enhancing its digital offerings.

Moreover, regulatory reforms and infrastructure investments, especially in telecommunications, are reducing operational challenges and improving connectivity. This evolving landscape not only eases the way for Derayah to broaden its reach and innovate but also helps it in maintaining a competitive edge in a dynamic market.

In summary, the NTP's emphasis on digital transformation and improved financial efficiency aligns with Derayah's mission to offer more effective and sophisticated financial solutions, thereby supporting its growth and adaptation in a rapidly changing economic environment.

### 3.2.2 KSA Economy, GDP and GDP per capita

In the GCC, Kingdom of Saudi Arabia (KSA) is a prominent economic player with a nominal GDP (in 2022) of SAR 4.16 trillion, accounting for about half of the region's total.<sup>2</sup> From 2018 to 2021, KSA's real GDP declined, largely influenced by the impact of the COVID-19 pandemic. Nonetheless in 2022, the Kingdom's real GDP rebounded, surpassing pre-COVID (2020) levels. In 2023, KSA's overall GDP declined by 0.9%, on account of a decrease in oil prices. However, GDP contribution of non-oil and government sectors grew by 4.6% and 2.1%, respectively.<sup>3</sup>

Looking ahead, consensus estimates indicate that the KSA's GDP is forecast to grow at a 3.03% compound annual growth rate (CAGR)<sup>4</sup>, driven by several factors:

- 1- Government initiatives aimed at diversifying the economy, along with the expansion of tourism, manufacturing, and construction sectors
- 2- Increased government expenditure on infrastructure and social programs
- 3- A rise in foreign investment since the launch of Vision 2030 in 2016

**Table (3.1): KSA real GDP and GDP per Capita (2018-2028, SAR billion, SAR thousand)**

| Year           | 2018  | 2019  | 2020  | 2021  | 2022  | 2023F | 2024F | 2025F | 2026F | 2027F | 2028F | CAGR    | CAGR    |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|---------|
|                |       |       |       |       |       |       |       |       |       |       |       | (18-22) | (22-28) |
| Real GDP       | 2,729 | 2,752 | 2,632 | 2,736 | 2,975 | 3,066 | 3,162 | 3,256 | 3,353 | 3,454 | 3,559 | 2.18%   | 3.03%   |
| GDP per Capita | 77.9  | 76.8  | 73.1  | 76.1  | 81.7  | 83    | 84.4  | 85.7  | 87.1  | 88.6  | 90.1  | 1.20%   | 1.64%   |

Source: IMF World Economic Outlook website

Between 2018 and 2022, the COVID-19 pandemic, associated supply chain disruptions and the (ongoing) Ukraine conflict resulted in significant volatility in oil prices.<sup>5</sup> The volatility underscores the risks of oil dependency, pushing oil-exporting nations to diversify. This diversification is understood to be essential-especially in the financial services sector, for KSA's economic resilience.

**Table (3.2): Crude Brent Oil Prices (2018-2023, SAR)**

|                                                | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   |
|------------------------------------------------|--------|--------|--------|--------|--------|--------|
| Crude Brent oil prices (average oil price SAR) | 267.53 | 241.13 | 157.35 | 265.73 | 378.49 | 309.34 |

Source: Crude Brent Oil Prices, Statista

2 IMF 2022, World Bank 2022, World Bank website  
 3 Arab News, GASTAT, IMF, World Economic Outlook websites  
 4 GASTAT, IMF 2022 websites  
 5 US Energy Information Administration

Government efforts in investments and economic diversification are evident in their commitment to economic sustainability and reducing oil reliance. Total government revenues have grown at 5.3% annual rate (between 2019 and 2023), with the share of oil revenue within the government revenue decreasing from 64% in 2019 to 58% by 2023. The Government aims to reduce dependence further to a target of 50% by 2028.<sup>6</sup> Government spending aimed at diversification is therefore driving economic growth and job creation in the Kingdom. Against this backdrop the capitalization of TASI (Tadawul All Share Index) reached SAR 11 tn in 2023 compared to SAR 1.9tn in 2018.<sup>7</sup>

### 3.2.3 Population and Demographics

Saudi Arabia's population is expected to increase by 19% in the period 2018 - 2030, reaching over 36 million people. Notably, the growth rates differ by age groups: the population aged 0-24 is expected to grow at a CAGR of 2.0%, and the 25-64 age group at a CAGR of 2.1%, between 2024 and 2030. In contrast, the growth rate for those aged 65 and over is projected at 0.9%. This indicates a larger population in the working age and a larger available workforce, potentially enhancing productivity and overall economic output. The country's predominantly young demographic is likely to stimulate economic expansion through increased consumption, investment, and active participation in diverse sectors. This trend presents Derayah with opportunities to cater to the needs of this evolving demographic through targeted investment products and services.

**Table (3.3): Saudi Population Composition (2018-2030, million people)**

| Year         | CAGR 24F-30F | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024F | 2025F | 2026F | 2027F | 2028F |
|--------------|--------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Age 65+      | 0.9%         | 0.72  | 0.74  | 0.78  | 0.81  | 0.86  | 1.01  | 1.21  | 1.37  | 1.59  | 2.10  | 1.78  |
| Age 25 to 64 | 2.1%         | 17.27 | 17.15 | 18.22 | 17.57 | 18.61 | 18.93 | 19.27 | 19.56 | 19.92 | 20.04 | 20.64 |
| Age 0 to 24  | 2.0%         | 12.21 | 12.18 | 12.55 | 12.41 | 12.70 | 12.84 | 13.01 | 13.13 | 13.30 | 13.35 | 13.76 |

Source: The World Bank website

Moreover, increasing participation of Saudi nationals in the workforce, especially women, is set to change the earning patterns and influence investment trends in the country. The demographic evolution will likely drive changes consumption and savings patterns. Financial institutions like Derayah need to adapt their investment strategies to align with these changing dynamics and prepare their go to market strategies to capture the new opportunities such as increase in female investor population.

**Table (3.4): Saudi Labour Participation (2016-2020, %)**

|                                  | 2016        | 2017        | 2018        | 2019        | 2020        |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Non-Saudi                        | 56.5        | 55.6        | 55.9        | 58.8        | 61.0        |
| Saudi                            | 42.2        | 41.9        | 42          | 46.7        | 51.2        |
| <b>Total Labor participation</b> | <b>76.2</b> | <b>74.2</b> | <b>74.5</b> | <b>75.2</b> | <b>74.5</b> |

Source: GASTAT website

6 GASTAT, IMF 2022

7 Tadawul

### 3.2.4 Wealth and Saving trends

In Saudi Arabia, both household income and consumption have been growing steadily with a compound annual growth rate (CAGR) of 5.7% and 5.5% between 2018 and 2022 respectively. Despite this growth, the household savings rate (HSR) has remained constant around 9%.<sup>8</sup>

**Table (3.5): Saudi Household income and consumption (2018-2022, billion SAR)**

|                                 | 2018   | 2019   | 2020   | 2021   | 2022   |
|---------------------------------|--------|--------|--------|--------|--------|
| Household net disposable income | 1,316  | 1,378  | 1,341  | 1,510  | 1,641  |
| Household final consumption     | -1,196 | -1,262 | -1,213 | -1,382 | -1,481 |
| Household saving                | 120    | 115    | 128    | 129    | 160    |
| Household saving rate           | 9.1%   | 8.4%   | 9.5%   | 8.5%   | 9.8%   |

Source: GASTAT website

The growing household incomes and stable savings rates offers substantial potential for promoting conscious savings behaviors and transitioning from informal to more structured savings practices. Wealth per adult has been on a consistent upward trajectory after a significant decline during the 2007-2008 financial crisis. The increase in Wealth per Adult is expected to lead to rise in both savings and consumption, subsequently stimulating demand and investment.

**Table (3.6): Wealth per adult <sup>9</sup>in KSA (2016-2023, SAR thousand)**

|                  | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------|------|------|------|------|------|------|------|------|
| Wealth per adult | 255  | 261  | 276  | 289  | 295  | 320  | 341  | 355  |

Source: Global Wealth Report 2023, Credit Suisse website

The growth in personal wealth in Saudi Arabia is consistent with global trends (4.09% CAGR for KSA vs. 4.6% globally)<sup>10</sup>. In Saudi Arabia, the share of financial assets within the total wealth has consistently exceeded 50% over the past two decades (2000-2022), surpassing the global average share (lower than 50% share of financial assets).<sup>11</sup> This indicates a greater potential for reliance on financial markets and investment opportunities to accumulate wealth, thereby presenting diverse opportunities for Derayah.

Furthermore this fact underlines the country's solid financial position and potential for further economic advancement, indicating an environment conducive for financial institutions like Derayah to thrive by offering investment products to a population with an increasing amount of disposable wealth.<sup>12</sup>

### 3.2.5 Digitalization

KSA has already achieved 100% internet penetration among its population.<sup>13</sup> At the same time according to a survey conducted by the Global Digital Sentiment, consumers have increased their digital usage and anticipate further growth.<sup>14</sup> Additionally, the KSA government's noteworthy commitment to digital transformation has yielded tangible results across the economy. In 2020, a total of 73 billion SAR was contributed to the national GDP by the digital economy through leveraging digital infrastructure. Consequently, KSA emerges as a top digital country, ranking first in the GCC for enhancing its digital capabilities in 2021.<sup>15</sup>

<sup>8</sup> GASTAT website

<sup>9</sup> Total net assets held by an individual after subtracting liabilities. This includes the value of financial assets (such as stocks, bonds, savings accounts) and non-financial assets (such as real estate and other physical assets), minus any debts or liabilities.

<sup>10</sup> Global Wealth Report 2023, credit-suisse website

<sup>11</sup> Global Wealth Report 2023, credit-suisse website

<sup>12</sup> Saudi Arabia Consumer Outlook, Fitch Solutions website

<sup>13</sup> Statista website, World Bank 2022 website

<sup>14</sup> Global Digital Sentiment Survey

<sup>15</sup> GASTAT website, MCIT website, World Bank website

### 3.2.6 Maturing Saudi Capital Markets

The Saudi Stock Exchange, Tadawul, has experienced substantial growth in a short period. Starting as a local exchange with limited products and funding options, it has swiftly risen to become the world's tenth-largest exchange by market capitalization, reaching SAR 11 trillion in June 2023.<sup>16</sup> Notably, the Tadawul All Share Index (TASI) has exhibited a CAGR of approximately 200% from 2015 to 2023. Furthermore, foreign investors' ownership in the Saudi capital market saw a robust CAGR of around 17% from 2019 to 2023.<sup>17</sup>

During 2023, the Tadawul All Share Index (TASI) observed an uptick in the number of listed companies, closing the year at 231 – up from 223 the year before.<sup>18</sup> Additionally, the parallel market “NOMU” experienced a surge of 72%, boasting 79 listed companies by 2023-end compared to 46 in 2022.<sup>19</sup>

The value and volume of shares traded on Tadawul have been consistently increasing at a Compound Annual Growth Rate (CAGR) of 9% and 5% respectively over the past six years (2018-2023).<sup>19</sup> The COVID-19 pandemic led to a surge in trading activity in 2020 and 2021 which was then followed by a subsequent decrease, however the levels observed in 2023 has reached higher levels than those seen before the outbreak (Table 7). Derayah was able to benefit from these dynamics and managed to attract new clients and enhance its market positioning. Additionally, the growing market presents Derayah with new opportunities for investment diversification.

**Table (3.7): Total value of traded shares on Saudi Capital Markets (2018 - 2028, SAR billion)**

|       | 2018 | 2019 | 2020  | 2021  | 2022  | 2023  | 2024F | 2025F | 2026F | 2027F | 2028F |
|-------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Value | 871  | 882  | 2,095 | 2,247 | 1,722 | 1,341 | 2,016 | 2,238 | 2,484 | 2,757 | 3,060 |

Source: Historical values – Saudi Exchange Report, Projection – Arthur D. Little

In line with Vision 2030 and in a concerted effort to bolster the capital market, Tadawul and CMA have undertaken a series of reforms as integral components of the broader Financial Sector Development Program (FSDP).<sup>20</sup> These reforms encompass:

- 1- Implementing market liberalization measures aimed at attracting foreign investors
- 2- Enhancing corporate governance standards and fostering transparency
- 3- Streamlining the listing process to encourage more listings
- 4- Facilitating Tadawul's evolution into the Saudi Tadawul Group
- 5- Introducing post-trade reforms to enhance efficiency
- 6- Expanding product offerings to diversify investment options

### 3.2.7 Regulatory Development

Derayah operates in Saudi Arabia as a Capital Market Institution (CMI), licensed by the Saudi Capital Market Authority (CMA). Its licensed activities encompass a range of financial services, including offering investment advice, selling investment products from other companies, developing and managing diverse investment solutions, executing trades for clients, enabling foreign shareholders to invest in Saudi shares, and providing share trading services across different markets via a unified website and account.

### 3.2.8 National regulations

Recent regulatory developments by the CMA and the Saudi Arabian Monetary Authority (SAMA) have notable impacts on the Capital Markets in the Kingdom. In January 2023, the New Companies Law, implemented by the CMA, positioned it as the primary authority overseeing joint stock companies listed in the capital market.<sup>21</sup> This change introduces new regulatory requirements for Derayah once it becomes a listed entity.

<sup>16</sup> Saudi Exchange Annual Statistical Report 2022, Saudi Exchange website

<sup>17</sup> Tadawul 2023, Tadawul website

<sup>18</sup> Saudi Exchange Annual Statistical Report 2023

<sup>19</sup> Saudi Exchange Annual Statistical Report 2023

<sup>20</sup> FSDP Program Charter 2022, FSDP website

<sup>21</sup> CMA (Announcements), CMA website

In February 2023, SAMA introduced the New Banking Law, focusing on consumer protection and financial stability within the Kingdom's banking sector.<sup>22</sup> Though Derayah is indirectly affected by this law, it stands to gain from the enhanced trust and security it brings to the financial system. This regulatory environment not only bolsters Derayah's compliance but also aids in fostering a more secure and trustworthy investment climate, which is beneficial for its business and clientele. In July 2023, the Saudi Arabian Monetary Authority (SAMA) introduced the Regulations for the Law of Payments and Payment Services.<sup>23</sup> This regulatory framework aims to strengthen and stabilize the financial sector, ensuring alignment with international standards. For Derayah, while these regulations may indirectly influence its payment transaction practices, they are likely to yield benefits from the resulting stability in the financial environment. Such regulatory enhancements contribute to a more robust and secure financial landscape, favorable for both financial institutions and their clients.

**Table (3.8): CMA and SAMA's new regulations (selection)**

|                         | January 2023                                                                                                                                                                                               | February 2023                                                                                                                                                                                                                                                                                                                                                   | July 2023                                                                                                                                           | February 2024                                                                                                                             |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Regulator               | CMA                                                                                                                                                                                                        | SAMA                                                                                                                                                                                                                                                                                                                                                            | SAMA                                                                                                                                                | FMO Framework                                                                                                                             |
| Regulation              | New Companies Law                                                                                                                                                                                          | New Banking Law                                                                                                                                                                                                                                                                                                                                                 | Regulations for the Law of Payments and Payment Services                                                                                            | FMO Framework                                                                                                                             |
| Description             | Recognizes CMA as the Competent Authority to supervise and monitor joint stock companies listed on the Saudi Exchange (whether on the Main Market or Nomu) and to issue rules to regulate their operations | Introduces new regulatory and supervisory powers for SAMA and enhances consumer protection and financial stability for the banking system in the KSA                                                                                                                                                                                                            | Enables SAMA to protect and stabilize the financial sector, as well as enhance compatibility with comparable international principles and standards | Enables large shareholders to float additional shares in a process that is governed, which is a catalyst for an increase in free float    |
| Objective               | Foster the growth and expansion of Saudi companies and thereby boost the Kingdom's investment climate                                                                                                      | <ul style="list-style-type: none"> <li>Ensure stability and growth, encourage investment, and contribute to financial stability in the banking sector</li> <li>Establish a legal framework for banking business in the KSA</li> <li>Promote the protection of deposits, funds, rights and interests of depo-sitors, clients, &amp; their information</li> </ul> | Enhance the efficiency of the payment systems infrastructure in Saudi Arabia                                                                        | Enhance the market's liquidity and accessibility                                                                                          |
| Implications on Derayah | Derayah will be adhering to additional regulatory requirements as a listed company and fostering a more robust investment environment                                                                      | Derayah will be indirectly affected by the increased trust in the financial system and the promotion of a safer investment environment                                                                                                                                                                                                                          | Derayah's operational practices in payment transactions will be indirectly influenced by the more stable financial environment                      | Derayah will witness improved liquidity and market accessibility as more shares can be floated, expanding investor engagement and trading |

### 3.2.9 Global regulatory trends

The adoption of global regulatory trends within Saudi Arabia has significant implications for Derayah's operational landscape. One such trend is Open Finance, which focuses on creating a more interconnected financial ecosystem. This trend necessitates a shift towards Open Finance frameworks, offering Derayah substantial opportunities for enhanced collaboration and integration across the financial value chain, provided it acquires the necessary capabilities.

<sup>22</sup> Norton Rose Fulbright 2023, Norton Rose Fulbright website  
<sup>23</sup> Saudi Press Agency 2023

Another key trend is the increasing focus on Data Privacy and Cybersecurity. With the rapid expansion of digital technologies, regulators are increasingly prioritizing the protection of data and strengthening cybersecurity measures. For Derayah, this trend might not have a direct high impact, but it underscores the need for reinforcing data privacy and cybersecurity frameworks within its technology infrastructure.

Lastly, the trend towards Sustainable Finance is gaining prominence. Regulators are placing greater emphasis on integrating environmental, social, and governance (ESG) considerations into investment decisions. This shift is likely to moderately impact Derayah, necessitating a thorough evaluation and possible adjustment of its investment approaches and strategies. Adapting to these regulatory changes will enable Derayah to align with evolving global standards and sustainability practices, which is essential in today's increasingly regulated and environmentally conscious financial landscape.

### 3.3 Market Overview and Assessment

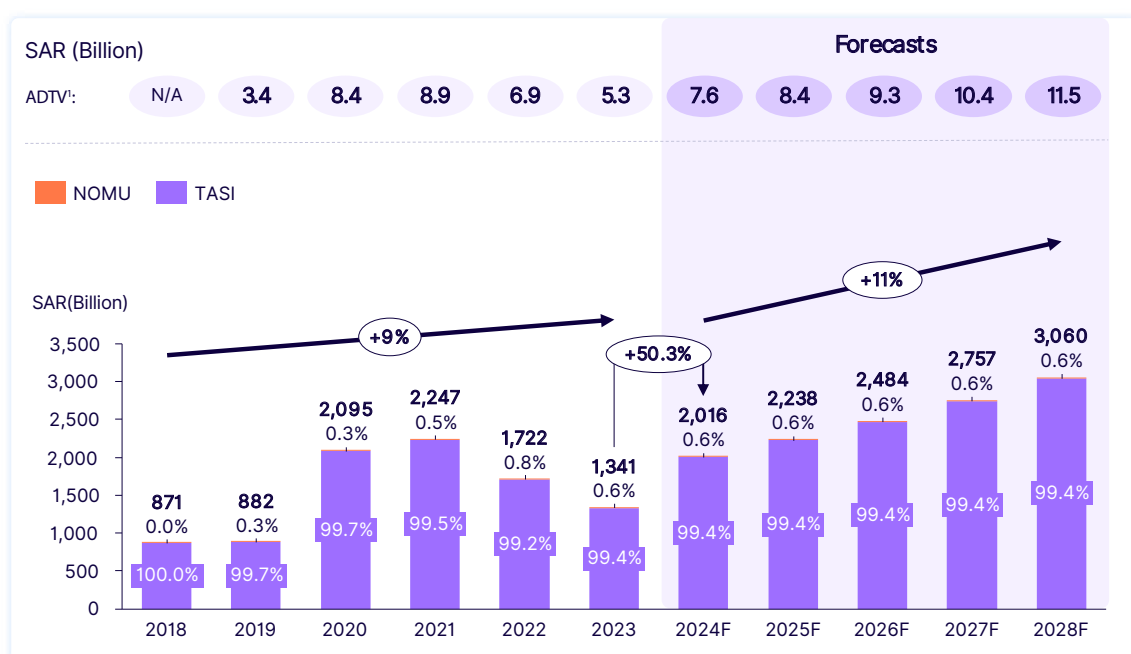
#### 3.3.1 Brokerage Market

##### 3.3.1.1 Evolution of the KSA brokerage market and projected growth

The trading values on the two Saudi exchanges (Tadawul and NOMU) have returned to above pre-COVID levels post-pandemic. This resilience is reflected in the +60% per annum growth in total value traded between 2019 and 2021, a period characterized by intensified market activity due to the pandemic. However, a market correction occurred from 2021 to 2023, with a decline of approximately -23% per annum, suggesting a period of adjustment. Despite this downturn, trading volumes and values have remained above pre-pandemic figures, achieving an overall compound annual growth rate (CAGR) of 9% from 2018 to 2023. The first 7 months of 2024, indicated the prospect of a growth above 50% in this year compared to 2023.<sup>24</sup>

From 2024 to 2028, the trade value on Tadawul and NOMU are forecasted to grow by 11% per annum, potentially surpassing the 2021 peak by 2026. This positive outlook is supported by various factors, including the robust KSA economy, regulatory reforms designed to attract foreign investment, increased listings, and product diversification.

**Figure (3.2): Projections of total value traded Tadawul and NOMU (SAR, Billion)**



Source: Argaamplus website, Saudi Tadawul Group data, Saudi Exchange report July 2024

Note: 2024 figures are annualized based on the first 7 months of the year.

We expect the internet trading values growth rate to outpace the total market with the increasing share of the trades taking place on the internet. The internet trading volume grew to 80% in 2021 in the height of the pandemic. The growth was partly reversed post-pandemic as the internet trading share reverted back to 67% in 2022 and 2023, however we project this share to grow to 71% by 2028. This is in line with the share exhibited in 2020.

**Table (3.9): Internet trading share and volume (bn SAR)**

|                                            | 2018 | 2019 | 2020  | 2021  | 2022  | 2023  | 2024F | 2025F | 2026F | 2027F | 2028F |
|--------------------------------------------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total market trading value                 | 871  | 882  | 2,095 | 2,247 | 1,722 | 1,341 | 2,016 | 2,238 | 2,484 | 2,757 | 3,060 |
| Internet trading penetration <sup>25</sup> | 66%  | 55%  | 71%   | 80%   | 67%   | 67%   | 68%   | 69%   | 70%   | 70%   | 71%   |
| Internet trading value                     | 575  | 485  | 1,487 | 1,798 | 1,153 | 899   | 1,371 | 1,544 | 1,739 | 1,930 | 2,173 |

Source: Argaamplus website, Saudi Tadawul Group data, Members trading report July 2024

Note: 2024 figures are annualized based on the first 7 months of the year.

In terms of revenue, the total brokerage revenue on Tadawul and NOMU are projected to reach 3.2 billion by 2028 (exc. Margin lending revenue), based on a constant discounted rate of 0.053 (applying 50% discount to the maximum permitted commission rate for illustration) and considering both sides of each trade.

**Table (3.10): TAM for trading revenues exc. Margin lending revenue (Tadawul & NOMU, SAR, Billion)**

| Year                                                 | CAGR<br>18-23 | CAGR<br>24-<br>28F | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024F | 2025F | 2026F | 2027F | 2028F |
|------------------------------------------------------|---------------|--------------------|------|------|------|------|------|------|-------|-------|-------|-------|-------|
| TAM for trading revenues exc. margin lending revenue | 9%            | 11%                | 0.91 | 0.92 | 2.2  | 2.4  | 1.8  | 1.4  | 2.1   | 2.3   | 2.6   | 2.9   | 3.2   |

Source: CMA Bulletin, Argaamplus website, Saudi Tadawul Group data, Saudi Exchange report July 2024

### 3.3.1.2 Evolution of KSA international brokerage market and projected growth

The growth of international brokerage, particularly in KSA, is driven by several factors. Increased internet and smartphone usage, a young population interested in finance, and regulatory reforms are key drivers. Digital and technological advancements like artificial intelligence and robo advisory could enhance user experiences, potentially boosting adoption rates. However, growth in KSA may face challenges from limited financial literacy, regulatory constraints, and cultural perceptions about investing. The competitive landscape, shaped by both local firms and international neobrokers, requires competitive pricing and user-friendly interfaces to attract customers.

International trading in KSA is very US focused, with US equities constituting 96% of the international trading facilitated by the Saudi CMI's. GCC equities hold the second largest share with 2% in H1 2024. The Saudi CMI's facilitated 395,289 mn SAR equivalent worth of trades in 2022. This value declined to 226,334 mn SAR equivalent in 2023. The annualized value of trades in 2024 based on H1 indicated a reversal in this trend as we project the 2024 value of trades to reach 250,000 mn SAR <sup>26</sup>.

We estimate the trading revenue from international markets in KSA to be worth ~627mn SAR in 2024 based on an average 0.25% commission on the international trades, growing to by 4% per annum to over 730mn SAR in 2028.

<sup>25</sup> The proportion of total trading activity conducted through online trading platforms compared to traditional methods like phone-based or in-person trading

<sup>26</sup> CMA Institutes under supervision report Q2 2024



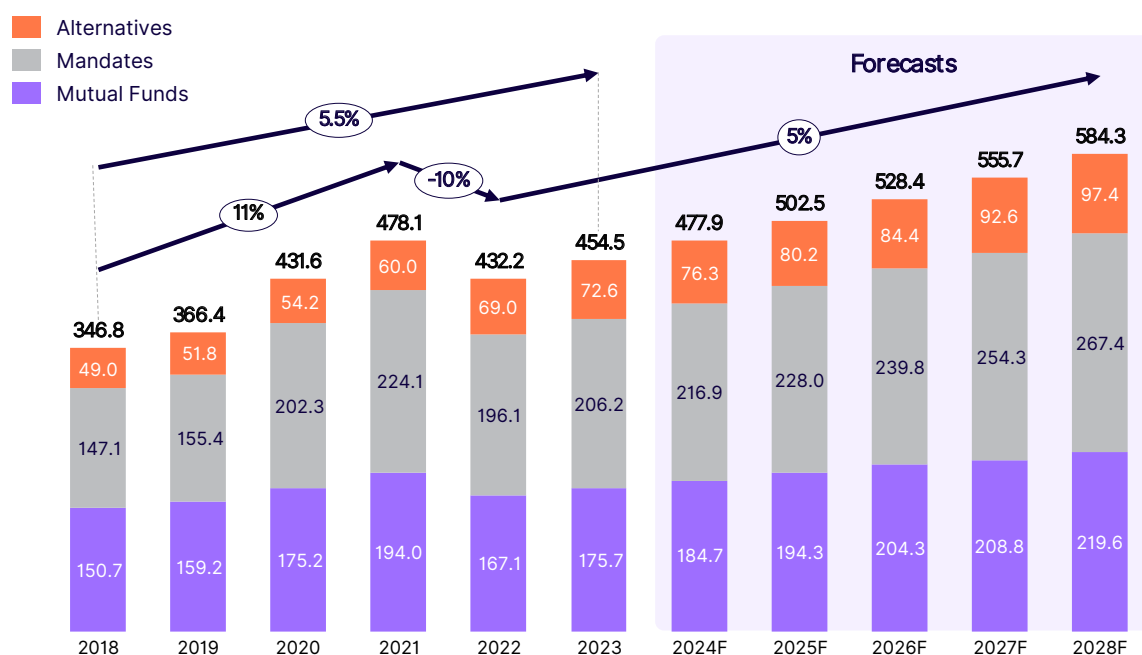
### 3.3.2 Asset Under Management Market

#### 3.3.2.1 Global Assets Under Management Size And Growth

The asset management industry is adapting to the evolving economic landscape and changing investor preferences, such as increased demand for personalization and customization, a shift towards more responsible investments, and an increased appetite for alternative investments. Global Assets under Management (AuM) grew at a compound annual growth rate (CAGR) of 5.5% from 2018 to 2023. Notably, the industry saw an 11% increase in AuM in 2021, largely driven by the economic rebound post-COVID-19 and increased liquidity from stimulus measures. Conversely, 2022 witnessed a 10% decline in AuM, primarily due to market disruptions from the Ukraine conflict and macroeconomic factors such as shifting interest rates and higher inflation globally.

Despite these fluctuations, the industry's growth trajectory is expected to stabilize, with a forecasted CAGR of 5% annually from 2022 through to 2028.<sup>27</sup> This optimism is supported by the anticipation of sustained economic growth, continued expansion of global financial markets, and demographic trends, including the increasing wealth. The integration of advancements in financial technology and a growing emphasis on sustainable investments are also projected to attract new capital flows and bolster the industry.

**Figure (3.3): Total AuM value (SAR, trillion)**



Source: Refinitiv Lipper, Preqin

On the revenue side, global AuM revenues are projected to continue to rise through to 2028, with expectations of generating up to SAR 2.02 trillion in revenue for asset managers. This growth is anticipated to be largely driven by an increase in revenue generated from the private markets, which are forecasted to constitute approximately half of global asset management revenues by 2028, a significant rise from 38% in 2020. This trend underscores the evolving dynamics within the asset management sector, marked by the growing importance of private markets, technological advancements, demographic trends, and a shift towards sustainable market investments.<sup>28</sup>

<sup>27</sup> Refinitiv Lipper, Preqin

<sup>28</sup> Refinitiv Lipper, Preqin

### 3.3.2.2 KSA Asset Under Management Market Size And Growth

The asset management industry in Saudi Arabia has exhibited robust growth over the past few years, surpassing the global average growth rate. From 2018 to 2023, KSA's Assets under Management (AuM) grew at a compound annual growth rate (CAGR) of 14%, notably higher than the global rate of 5.5%.<sup>29</sup> Continuing a similar trend, the industry is forecasted to grow at a CAGR of 15% up to 2028.

This positive projection for the asset management industry is supported by Saudi Arabia's ambitious national initiatives, particularly the Financial Sector Development Program (FSDP). The FSDP aims to transform the financial sector into a more diversified and effective financial services sector that can support the development of the national economy, diversify its income sources, and stimulate higher levels of savings, finance, and investment. Specific goals under the FSDP include increasing the ownership of foreign investors in the total market value of free shares to 17.5% by 2025, thereby substantially raising the free float percentage to 44%. These comprehensive reforms, part of the broader Vision 2030 strategy, also involve the creation of Special Economic Zones (SEZs) to enhance the investment environment and attract more foreign direct investment. Together, these initiatives are set to bolster investor confidence and propel the continued growth of the asset management industry in Saudi Arabia<sup>30</sup>

**Table (3.11): Foreign investor of the equity market cap (2020 -2025, SAR billion)**

|                                                        | Base-line | 2020 | 2021 | 2022 | 2023  | 2024F | 2025F | 2026F | 2027F | 2028F |
|--------------------------------------------------------|-----------|------|------|------|-------|-------|-------|-------|-------|-------|
| Foreign investor of the equity market cap (Free Float) | 36%       | 37%  | 38%  | 40%  | 40%   | 42%   | 44%   | 46%   | 47%   | 49%   |
| Foreign investor of the equity market cap              | 13.3%     | 14%  | 15%  | 16%  | 16.5% | 17%   | 17.5% | 18%   | 19%   | 20%   |

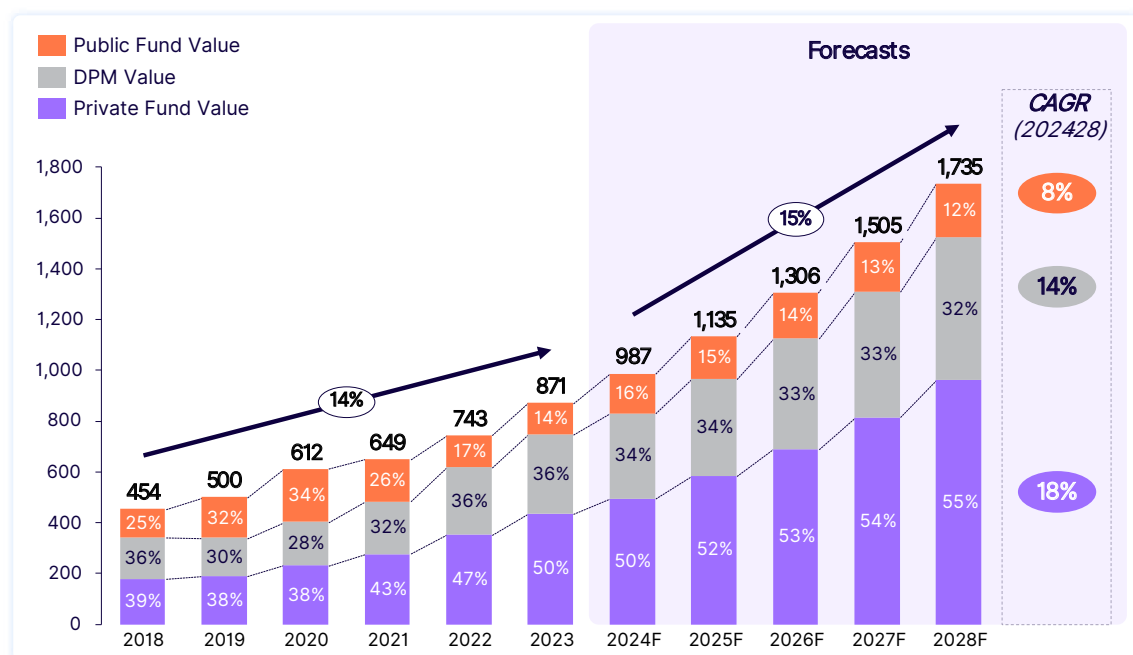
Source: Vision 2030 document, FSDP Program Charter 2022, FSDP website

A key driver of this growth is the diversification of the asset base. Public funds have experienced a slow growth rate of 2% over the past five years due to the rise in interest rates, but are expected to recover their growth pace to 8% over the next five years. Private funds, diversifying into areas like development, infrastructure, venture capital, and private equity, have seen a surge of a CAGR of 20% over the past five years and are expected to maintain high growth of 18% over the next five years. This indicates robust potential and investor interest in the sector.

<sup>29</sup> CMA Bulletin

<sup>30</sup> IMF publication website, Financial Development Program FSDP website

Figure (3.4): KSA AuM Total Funds Value (SAR, billion)

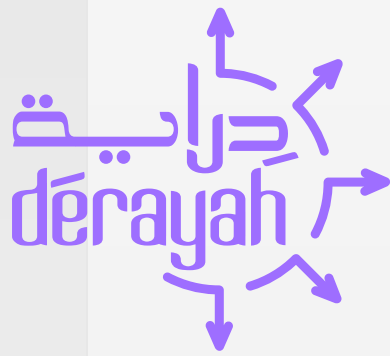


Source: CMA, Arthur D. Little forecast

In terms of revenues, we expect the total addressable market for asset management to reach SAR ~8bn by 2028 from SAR 4.2bn in 2023, despite a possible pressure on the management fee resulting from increased competition. More specifically, Public Funds are expected to grow at a CAGR of 5% from 2024 to 2028, while Discretionary Portfolio Management (DPM) Funds are forecasted to grow at an 11% CAGR. The revenue from the Private Funds is projected to experience the highest growth rate, with a CAGR of 15% from 2024 to 2028. These trends suggest a diverse and thriving asset management sector in KSA.

**Table (3.12): Estimated/Forecast TAM Asset Management Revenue (Public Funds, DPM and Private Funds, SAR, Billion)**

| Year                     | CAGR 18-23E | CAGR 24-28F | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E | 2024F | 2025F | 2026F | 2027F | 2028F |
|--------------------------|-------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| TAM for Public funds     | 5.2%        | 5.2%        | 0.6   | 0.8   | 1.0   | 0.8   | 0.6   | 0.6   | 0.8   | 0.8   | 0.8   | 0.9   | 1.0   |
| TAM for DPM              | 10.8%       | 10.8%       | 0.8   | 0.7   | 0.8   | 1.0   | 1.3   | 1.6   | 1.7   | 1.7   | 1.9   | 2.2   | 2.5   |
| TAM for Private Funds    | 14.9%       | 14.9%       | 0.9   | 0.9   | 1.2   | 1.4   | 1.8   | 2.2   | 2.5   | 2.6   | 3.1   | 3.6   | 4.3   |
| TAM for Asset Management | 13.9%       | 12.2%       | 2.2   | 2.5   | 3.0   | 3.2   | 3.7   | 4.3   | 4.9   | 5.1   | 5.9   | 6.7   | 7.8   |



## 4. Company Section

## 4. Company Section

### 4.1 Overview of the Company, its Subsidiaries and its Business Activities

Derayah Financial Company is a Saudi unlisted joint stock company incorporated in the Kingdom of Saudi Arabia under commercial registration number 1010266977 dated 04/05/1430H (corresponding to 29/04/2009G), operating under the license issued by the CMA No. 27-08109 dated 19/06/1429H (corresponding to 23/06/2008G). The Company's registered address is at Third Floor Prestige Center, Al Takhassousi Street, Al Olaya, P.O Box 286546, Riyadh 12331 Kingdom of Saudi Arabia. The Company has two subsidiaries, Bank D360 in KSA, and Derayah for Technology Services Egypt, a limited liability company in Egypt under commercial registration number 204410. The Company also has a branch in Dammam operating under commercial registration number 2050101980 and a branch in Jeddah operating under commercial registration number 4030286122.

The Company's share capital is four hundred and ninety-nine million, four hundred and seventy thousand, three hundred and ninety Saudi Riyals (SAR 499,470,390), divided into two hundred and forty-nine million, seven hundred and thirty-five thousand, one hundred and ninety-five (249,735,195) ordinary shares with a fully paid-up nominal value of two Saudi Riyals (SAR 2) per share.

The Company is licensed by the CMA as a Capital Market Institution and is subject to all laws and regulations issued by the CMA that regulate the work and all activities of Capital Market Institutions, such as the Capital Market Law, the Capital Market Institutions Regulations, the Investment Funds Regulations, and other laws and regulations that regulate and govern the work and activities of licensed Capital Market Institutions. For further details on the regulations applicable to Capital Market Institutions please refer to Section 12.7 ("**Government Approvals, Licenses and Certifications**") of this Prospectus.

The principal activities of the Company are providing brokerage, advisory, and custody services, dealing as a principal and an agent, as well as managing and arranging activities. The Company is organized into the following major business segments:

#### 1- Brokerage and Trading

The brokerage division provides brokerage services and facilities for trading local, international and regional equities, derivatives and fixed income instruments, as well as providing financing for trading, such as margin financing, Murabaha financing and free financing.

#### 2- Asset Management

The asset management division receives fees from the discretionary management of portfolios and asset management of discretionary portfolios and funds, real estate management and alternative investments.

#### 3- Investment and Murabaha

The investment division is engaged in managing the proprietary investments of the Company, mainly representing investment in funds managed by the Company. The Company's investments include listed companies and private companies. The Murabaha section covers the special commission income generated from the clients' money accounts managed by the Company and the special commission generated from the Company's own investments.

#### 4- Advisory

Advisory relates to advising clients on integrated investment solutions that regulate the investment process for institutional and individual investor clients, such as investment strategy, manager selection program and strategy.

The following table sets out the Company's total operating income for each business segment for the financial years ended 31 December 2021G, 2022G and 2023G and the six-month periods ended 30 June 2023G and 30 June 2024G:

**Table (4.1): The Company's Operating Income by Business Segment (SAR)**

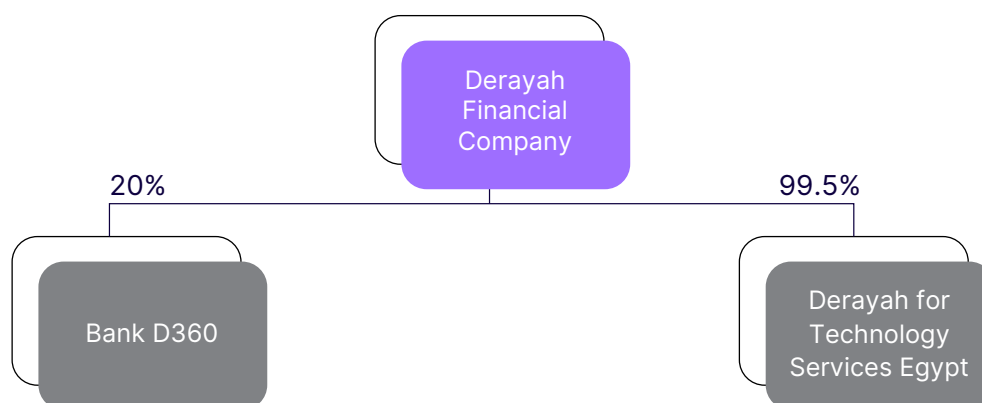
|                    | For the year ended 31 December |                    |                    | For the six-month period ended 30 June |                    |
|--------------------|--------------------------------|--------------------|--------------------|----------------------------------------|--------------------|
|                    | 2021G                          | 2022G              | 2023G              | H1 2023G                               | H1 2024G           |
| Brokerage          | 510,313,933                    | 379,740,773        | 388,565,878        | 170,366,292                            | 241,870,535        |
| Asset management   | 64,754,822                     | 70,189,671         | 81,467,613         | 29,542,945                             | 69,964,711         |
| Special Commission | 8,394,180                      | 35,220,555         | 135,614,978        | 57,377,401                             | 108,705,807        |
| Investment         | 5,415,198                      | 3,497,353          | 17,880,015         | 8,448,277                              | 13,655,977         |
| Advisory*          | -                              | 163,806,472        | -                  | -                                      | -                  |
| <b>Total</b>       | <b>588,878,133</b>             | <b>645,460,118</b> | <b>623,528,484</b> | <b>265,735,015</b>                     | <b>434,197,030</b> |

Source: The Company

\* Represents advisory services by the Company's business for the establishment of D360 Bank.

The Company reported total operating income of SAR 623,528,484 (equivalent to USD 166,274,262) for the year ended 31 December 2023G as compared to SAR 645,460,118 (equivalent to USD 172,122,698) for the year ended 31 December 2022G and SAR 588,878,133 (equivalent to USD 157,034,169) for the year ended 31 December 2021G. The Company reported total operating income of SAR 265,735,015 (equivalent to USD 70,862,667) for the six-month period ended 30 June 2023G as compared to SAR 434,197,030 (equivalent to USD 115,785,867) for the six-month period ended 30 June 2024G.

## 4.2 Group Structure



### 4.2.1 Group structure

The Company has two subsidiaries, Bank D360 in the Kingdom and Derayah for Technology Services Egypt in Egypt. Additionally, the Company has a branch in Dammam and a branch in Jeddah. For further details on the Subsidiaries, please refer to Section 4.7 ("Subsidiaries") of this Prospectus.

Bank D360 is considered a subsidiary of the Company for the purposes of this Prospectus, given that the Company has the right to appoint over 30% of its board of directors. Thus, this bank is considered a subsidiary pursuant to the list of terms used in the CMA regulations. For further details on how Bank D360 is treated in the Company's financials from an accounting perspective, please refer to Section 6 ("**Management Discussion and Analysis of Financial Position and Results of Operations**") of this Prospectus. Additionally, Bank D360 is considered a material subsidiary of the Company given the Company's control over the bank because it has the right to appoint 30% or more of the members of its management. The Company has invested SAR 136,811,148 for a 20% ownership stake in Bank D360. Note that this share includes the shares the Company obtained in D360 Bank from other investors, which equals 11.71% of the Bank's capital, in return for the efforts exerted by the Company in establishing and obtaining the necessary licenses and approvals).<sup>31</sup> D360 Bank is in the experimental launch phase, and as of 30 June 2024G, the Bank has approximately 120,000 clients. It has not realized any operating revenues as of the date of this Prospectus. Please refer to Section 12.8.4 ("**Other Material Agreements**") of this Prospectus for further details on Bank D360 and the Company's investment arrangement therein. For further details on Bank D360 and the Company's investment arrangement therein, please refer to Section 12.8.4 ("**Other Material Agreements**") and Section 4.7.2 ("**Bank D360**") of this Prospectus.

#### 4.2.2 History, incorporation and evolution of share capital

The Company was established as an unlisted joint stock company on 04/05/1430H (corresponding to 29/04/2009G) under Ministerial Resolution No. 127/Q dated 19/04/1430H (corresponding to 15/04/2009G) and Ministry of Investment License No. 172/1 dated 07/02/1430H (corresponding to 02/02/2009G), and obtained the CMA's license No. 27-08109 dated 19/06/1429H (corresponding to 23/06/2008G) to carry out the activities of dealing as an agent, management, advice and custody in securities business. The 32 founding shareholders subscribed to the Company's entire share capital amounting to fifteen million, two hundred thousand (15,200,000) ordinary shares of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per share and a total value of one hundred and fifty-two million Saudi Riyals (SAR 152,000,000) upon incorporation.

**Table (4.2): Evolution of Share Capital as of 04/05/1430H (corresponding to 29/04/2009G)**

| No. | Shareholder                   | Number of Shares | Nominal Value (SAR) | Total Value of Paid-up Shares | Direct Ownership Percentage (%) |
|-----|-------------------------------|------------------|---------------------|-------------------------------|---------------------------------|
| 1.  | Integrated Holding Company    | 5,500,000        | 10                  | 55,500,000                    | 36.51%                          |
| 2.  | Rukn Al Derayah Company       | 1,982,544        | 10                  | 19,825,440                    | 13.04%                          |
| 3.  | Prince Fahd Saad Al Saud      | 1,050,000        | 10                  | 10,500,000                    | 6.91%                           |
| 4.  | Mubarak Abdullah Baarmah      | 500,000          | 10                  | 5,000,000                     | 3.29%                           |
| 5.  | Saif Ibrahim AlTouq           | 500,000          | 10                  | 5,000,000                     | 3.29%                           |
| 6.  | Abdulaziz Ibrahim Al-Jammaz   | 500,000          | 10                  | 5,000,000                     | 3.29%                           |
| 7.  | Mohammed Mohammed Al-Rashid   | 500,000          | 10                  | 5,000,000                     | 3.29%                           |
| 8.  | Muawiya Hamad Al-Hanati       | 500,000          | 10                  | 5,000,000                     | 3.29%                           |
| 9.  | Abdulwahab Saeed Al-Sayed     | 500,000          | 10                  | 5,000,000                     | 3.29%                           |
| 10. | Abdul Aziz Mohammed Al-Mashal | 500,000          | 10                  | 5,000,000                     | 3.29%                           |
| 11. | Abdulaziz Ali Al-Showaier     | 434,783          | 10                  | 4,347,830                     | 2.86%                           |
| 12. | Mohammed Saad Al-Suhaili      | 434,783          | 10                  | 4,347,830                     | 2.86%                           |
| 13. | Yousef Issa Ward              | 434,783          | 10                  | 4,347,830                     | 2.86%                           |
| 14. | Taha Abdullah Al-Kuwaiz       | 405,877          | 10                  | 4,058,770                     | 2.67%                           |

<sup>31</sup> The Company's ownership share in D360 Bank may be reduced due to the Employee Share Program for the Bank's founding employees, which provides for allocation of up to 3.5% of D360 Bank shares currently owned by the Company to Bank D360's Employee Share Program.

| No.          | Shareholder                        | Number of Shares  | Nominal Value (SAR) | Total Value of Paid-up Shares | Direct Ownership Percentage (%) |
|--------------|------------------------------------|-------------------|---------------------|-------------------------------|---------------------------------|
| 15.          | Khalid Abdulaziz Al-Hamdan         | 250,000           | 10                  | 2,500,000                     | 1.64%                           |
| 16.          | Kamal Abdullah Bahamdan            | 175,000           | 10                  | 1,750,000                     | 1.15%                           |
| 17.          | Fab Infrastructure Projects (LLC)  | 174,000           | 10                  | 1,740,000                     | 1.14%                           |
| 18.          | Maha Mohamed Suleiman Al-Jasser    | 173,913           | 10                  | 1,739,130                     | 1.14%                           |
| 19.          | Maha Mohamed Abdulkarim Al-Lahidan | 150,000           | 10                  | 1,500,000                     | 0.99%                           |
| 20.          | Ahmed Mustafa Ben Halim            | 60,000            | 10                  | 600,000                       | 0.39%                           |
| 21.          | Ali Ajja                           | 60,000            | 10                  | 600,000                       | 0.39%                           |
| 22.          | Fahd Ali Al-Suhaili                | 50,000            | 10                  | 500,000                       | 0.33%                           |
| 23.          | Talal Mohammed Al-Nasiri           | 50,000            | 10                  | 500,000                       | 0.33%                           |
| 24.          | Mansour Abdulaziz Kaaki            | 50,000            | 10                  | 500,000                       | 0.33%                           |
| 25.          | Ibrahim Mohammed Al-Harabi         | 45,000            | 10                  | 450,000                       | 0.3%                            |
| 26.          | Abdulhadi Ali Shayif               | 43,479            | 10                  | 434,790                       | 0.29%                           |
| 27.          | Mohammed Abdullah Al-Kuwaiz        | 43,478            | 10                  | 434,780                       | 0.29%                           |
| 28.          | Thamer Saleh Al-Shuaibi            | 28,698            | 10                  | 286,980                       | 0.19%                           |
| 29.          | Ahmed Abdul Razzaq Al-Hamoud       | 21,740            | 10                  | 217,400                       | 0.14%                           |
| 30.          | Fawzi Faris Al-Hamed               | 13,044            | 10                  | 130,440                       | 0.09%                           |
| 31.          | Abdul Mohsen Ibrahim Al-Hekail     | 10,000            | 10                  | 100,000                       | 0.07%                           |
| 32.          | Abdul Aziz Rashid Al-Ashban        | 8,877             | 10                  | 88,770                        | 0.06%                           |
| <b>Total</b> |                                    | <b>15,200,000</b> | <b>10</b>           | <b>152,000,000</b>            | <b>100%</b>                     |

On 18/09/1438H (corresponding to 13/06/2017G), the Company's Extraordinary General Assembly approved increasing the Company's capital from one hundred and fifty-two million Saudi Riyals (SAR 152,000,000) divided into fifteen million, two hundred thousand (15,200,000) ordinary shares to one hundred and sixty-one million, ninety thousand, one hundred and thirty Saudi Riyals (SAR 161,090,130) divided into sixteen million, one hundred and nine thousand and thirteen (16,109,013) ordinary shares. The Company obtained the CMA's approval on 15/08/1438H (corresponding to 11/05/2017G), in fulfilment of Article 9(c) of Chapter Two of the Capital Market Institutions Regulations which state that a Capital Market Institution must obtain CMA approval before changing its share capital, to increase the Company's capital from one hundred and fifty two million Saudi Riyals (SAR 152,000,000) divided into fifteen million, two hundred thousand (15,200,000) ordinary shares, to one hundred and sixty-one million, ninety thousand, one hundred and thirty Saudi Riyals (SAR 161,090,130) divided into sixteen million, one hundred and nine thousand and thirteen (16,109,013) ordinary shares through the issuance of nine hundred and nine thousand and thirteen (909,013) shares and granting them to the Company's employees according to the Previous Employee Share Program through the transfer of nine million, ninety thousand, one hundred and thirty Saudi Riyals (SAR 9,090,130) from the Company's Employee Share Program contribution reserve account to the capital account. For further details on the Company's former Employee Share Program, please refer to Section 5.9 ("Employee Share Programs") of this Prospectus.



**Table (4.3): Evolution of Share Capital as of 18/09/1438H (corresponding to 13/06/2017G)**

| No.          | Shareholder                                   | Number of Shares  | Nominal Value (SAR) | Total Value of Paid-up Shares | Direct Ownership Percentage (%) |
|--------------|-----------------------------------------------|-------------------|---------------------|-------------------------------|---------------------------------|
| 1.           | Rukn Al-Derayah Company LLC                   | 4,192,437         | 10                  | 41,924,370                    | 26.03%                          |
| 2.           | Abdulaziz Ibrahim AlJammaz & Brothers Company | 1,500,000         | 10                  | 15,000,000                    | 9.31%                           |
| 3.           | Prince Fahd Saad Faisal Al Saud               | 1,050,000         | 10                  | 10,500,000                    | 6.52%                           |
| 4.           | Sanad Investment Company                      | 1,000,000         | 10                  | 10,000,000                    | 6.21%                           |
| 5.           | Wasl Investment Trading Company               | 1,000,000         | 10                  | 10,000,000                    | 6.21%                           |
| 6.           | AlTouq Holding Company                        | 1,000,000         | 10                  | 10,000,000                    | 6.21%                           |
| 7.           | Derayat Alinma Trading Company                | 909,013           | 10                  | 9,090,130                     | 5.64%                           |
| 8.           | Mubarak Abdullah Awad Baarmah                 | 500,000           | 10                  | 5,000,000                     | 3.10%                           |
| 9.           | Mohammed Mohammed Abdullah Al-Rashid          | 500,000           | 10                  | 5,000,000                     | 3.10%                           |
| 10.          | Muawiya Hamad Abdulrahman Al-Hanati           | 500,000           | 10                  | 5,000,000                     | 3.10%                           |
| 11.          | Abdulwahab Saeed Abdullah Al-Sayed            | 500,000           | 10                  | 5,000,000                     | 3.10%                           |
| 12.          | Abdul Aziz Mohammed Abdul Aziz Al-Mashal      | 500,000           | 10                  | 5,000,000                     | 3.10%                           |
| 13.          | Abdulaziz Ali Omar Al-Showaier                | 434,783           | 10                  | 4,347,830                     | 2.70%                           |
| 14.          | Mohamed Saad Abdullah Al-Suhaili              | 434,783           | 10                  | 4,347,830                     | 2.70%                           |
| 15.          | Taha Abdullah Ibrahim Al-Kuwaiz               | 405,877           | 10                  | 4,058,770                     | 2.52%                           |
| 16.          | Manar Talal Mohammed Bakhsh                   | 391,304           | 10                  | 3,913,040                     | 2.43%                           |
| 17.          | Khalid Abdulaziz Mohammed Al-Hamdan           | 250,000           | 10                  | 2,500,000                     | 1.55%                           |
| 18.          | Kamal Abdullah Salem Bahamdan                 | 175,000           | 10                  | 1,750,000                     | 1.09%                           |
| 19.          | Fab Infrastructure Projects (LLC)             | 174,000           | 10                  | 1,740,000                     | 1.08%                           |
| 20.          | Maha Mohamed Abdulkarim Al-Lahidan            | 150,000           | 10                  | 1,500,000                     | 0.93%                           |
| 21.          | Mohammed Saeed Mansour Al-Shammasi            | 117,500           | 10                  | 1,175,000                     | 0.73%                           |
| 22.          | Ahmed Mustafa Ahmed Ben Halim                 | 60,000            | 10                  | 600,000                       | 0.37%                           |
| 23.          | Talal Mohammed Abdullah Al-Nasiri             | 50,000            | 10                  | 500,000                       | 0.31%                           |
| 24.          | Mansour Abdulaziz Mohammed Kaaki              | 50,000            | 10                  | 500,000                       | 0.31%                           |
| 25.          | Fahd Ali Abdullah Al-Suhaili                  | 50,000            | 10                  | 500,000                       | 0.31%                           |
| 26.          | Ibrahim Mohammed Al-Hassan Al-Harabi          | 45,000            | 10                  | 450,000                       | 0.28%                           |
| 27.          | Abdulhadi Ali Saif Shayif                     | 43,479            | 10                  | 434,790                       | 0.27%                           |
| 28.          | Abdullah Ibrahim Abdullah Al-Kuwaiz           | 43,478            | 10                  | 434,780                       | 0.27%                           |
| 29.          | Thamer Saleh Mansour Al-Shuaibi               | 28,698            | 10                  | 286,980                       | 0.18%                           |
| 30.          | Ahmed Abdul Razzaq Ahmed Al-Hamoud            | 21,740            | 10                  | 217,400                       | 0.13%                           |
| 31.          | Fawzi Faris Abdulaziz Al-Hamed                | 13,044            | 10                  | 130,440                       | 0.08%                           |
| 32.          | Abdul Mohsen Ibrahim Abdullah Al-Hekail       | 10,000            | 10                  | 100,000                       | 0.06%                           |
| 33.          | Abdul Aziz Rashid Ali Al-Ashban               | 8,877             | 10                  | 88,770                        | 0.06%                           |
| <b>Total</b> |                                               | <b>16,109,013</b> | <b>10</b>           | <b>161,090,130</b>            | <b>100%</b>                     |

On 16/05/1443H (corresponding to 20/12/2021G), the General Assembly of the Company approved the increase of the Company's capital from one hundred and sixty-one million, ninety thousand, one hundred and thirty Saudi Riyals (SAR 161,090,130) divided into sixteen million, hundred nine thousand and thirteen (16,109,013) ordinary shares to one hundred and sixty-two million, two hundred and ninety thousand, one hundred and thirty Saudi Riyals (SAR 162,290,130) divided into sixteen million, two hundred and twenty-nine thousand and thirteen (16,229,013) ordinary shares through the issuance of one hundred and twenty thousand (120,000) shares and granting them to the Company's employees in accordance with the Previous Employee Share Program by transferring one million, two hundred thousand Saudi Riyals (SAR 1,200,000) from the Company's retained earnings account. The Company obtained CMA approval for this increase and to amend its Bylaws on 16/06/1443H (corresponding to 19/01/2022G).

**Table (4.4): Evolution of Share Capital as of 16/05/1443H (corresponding to 20/12/2021G)**

| No. | Shareholder                                   | Number of Shares | Nominal Value (SAR) | Total Value of Paid-up Shares | Direct Ownership Percentage (%) |
|-----|-----------------------------------------------|------------------|---------------------|-------------------------------|---------------------------------|
| 1.  | Taha Abdullah Ibrahim Al-Kuwaiz               | 4,216,599        | 10                  | 42,165,990                    | 25.9819%                        |
| 2.  | Abdulaziz Ibrahim AlJammaz & Brothers Company | 1,500,000        | 10                  | 15,000,000                    | 9.2427%                         |
| 3.  | Sanad Investment Company                      | 1,453,166        | 10                  | 14,531,660                    | 8.9541%                         |
| 4.  | Wasl Investment Trading Company               | 1,086,166        | 10                  | 10,861,660                    | 6.6927%                         |
| 5.  | AlTouq Company Ltd.                           | 1,000,000        | 10                  | 10,000,000                    | 6.1618%                         |
| 6.  | Hashem Othman Ibrahim Al-Hekail               | 800,237          | 10                  | 8,002,370                     | 4.9309%                         |
| 7.  | Prince Fahd Saad Faisal Al Saud               | 770,000          | 10                  | 7,700,000                     | 4.7446%                         |
| 8.  | Abdulwahab Saeed Abdullah Al-Sayed            | 542,668          | 10                  | 5,426,680                     | 3.3438%                         |
| 9.  | Mubarak Abdullah Awad Baarmah                 | 500,000          | 10                  | 5,000,000                     | 3.0809%                         |
| 10. | Mohammed Mohammed Abdullah Al-Rashid          | 500,000          | 10                  | 5,000,000                     | 3.0809%                         |
| 11. | Muawiya Hamad Abdulrahman Al-Hanati           | 500,000          | 10                  | 5,000,000                     | 3.0809%                         |
| 12. | Abdul Aziz Mohammed Abdul Aziz Al-Mashal      | 500,000          | 10                  | 5,000,000                     | 3.0809%                         |
| 13. | Abdulaziz Ali Omar Al-Showaier                | 434,783          | 10                  | 4,347,830                     | 2.6790%                         |
| 14. | Mohammed Saeed Mansour Al-Shammasi            | 336,304          | 10                  | 3,363,040                     | 2.0722%                         |
| 15. | Faisal Khalid Abdulaziz Al-Hamdan             | 250,000          | 10                  | 2,500,000                     | 1.5405%                         |
| 16. | Derayat Alinma Trading Company                | 344,513          | 10                  | 3,445,130                     | 2.1228%                         |
| 17. | Kamal Abdullah Salem Bahamdan                 | 175,000          | 10                  | 1,750,000                     | 1.0783%                         |
| 18. | Maha Mohamed Abdulkarim Al-Lahidan            | 150,000          | 10                  | 1,500,000                     | 0.9243%                         |
| 19. | Manar Talal Mohammed Bakhsh                   | 132,000          | 10                  | 1,320,000                     | 0.8134%                         |
| 20. | Saad Mohammed Saad Al-Suhaili                 | 108,696          | 10                  | 1,086,960                     | 0.6698%                         |
| 21. | Faisal Mohammed Saad Al-Suhaili               | 108,696          | 10                  | 1,086,960                     | 0.6698%                         |
| 22. | Fahd Mohammed Saad Al-Suhaili                 | 108,695          | 10                  | 1,086,950                     | 0.6698%                         |
| 23. | Mishaal Khalid Shabib Al-Haqbani              | 107,500          | 10                  | 1,075,000                     | 0.6624%                         |
| 24. | Thamer Saleh Mansour Al-Shuaibi               | 73,698           | 10                  | 736,980                       | 0.4541%                         |
| 25. | Ahmed Mustafa Ahmed Ben Halim                 | 60,000           | 10                  | 600,000                       | 0.3697%                         |
| 26. | Haifa Mohammed Saad Al-Suhaili                | 54,348           | 10                  | 543,480                       | 0.3349%                         |
| 27. | Hind Mohammed Saad Al-Suhaili                 | 54,348           | 10                  | 543,480                       | 0.3349%                         |
| 28. | Talal Mohammed Abdullah Al-Nasiri             | 50,000           | 10                  | 500,000                       | 0.3081%                         |

| No.          | Shareholder                             | Number of Shares  | Nominal Value (SAR) | Total Value of Paid-up Shares | Direct Ownership Percentage (%) |
|--------------|-----------------------------------------|-------------------|---------------------|-------------------------------|---------------------------------|
| 29.          | Mansour Abdulaziz Mohammed Kaaki        | 50,000            | 10                  | 500,000                       | 0.3081%                         |
| 30.          | Fahd Ali Abdullah Al-Suhaili            | 50,000            | 10                  | 500,000                       | 0.3081%                         |
| 31.          | Mohamed Ahmed Saud Al-Yami              | 47,500            | 10                  | 475,000                       | 0.2927%                         |
| 32.          | Ibrahim Mohammed Al-Hassan Al-Harabi    | 45,000            | 10                  | 450,000                       | 0.2773%                         |
| 33.          | Abdulhadi Ali Saif Shayif               | 43,479            | 10                  | 434,790                       | 0.2679%                         |
| 34.          | Ahmed Abdul Razzaq Ahmed Al-Hamoud      | 21,740            | 10                  | 217,400                       | 0.1340%                         |
| 35.          | Thamer Rashid Salem Al-Dosari           | 20,000            | 10                  | 200,000                       | 0.1232%                         |
| 36.          | Ahmed Abdulrahman Ahmed Al-Omar         | 15,000            | 10                  | 150,000                       | 0.0924%                         |
| 37.          | Abdul Mohsen Ibrahim Abdullah Al-Hekail | 10,000            | 10                  | 100,000                       | 0.0616%                         |
| 38.          | Abdul Aziz Rashid Ali Al-Ashban         | 8,877             | 10                  | 88,770                        | 0.0547%                         |
| <b>Total</b> |                                         | <b>16,290,130</b> | <b>10</b>           | <b>162,290,130</b>            | <b>100.00%</b>                  |

On 01/01/1446H (corresponding to 07/07/2024G), the Company obtained the approval of the General Assembly to increase its capital from one hundred and sixty-two million, two hundred and ninety thousand, one hundred and thirty Saudi Riyals (SAR 162,290,130), divided into sixteen million, two hundred and twenty-nine thousand and thirteen (16,229,013) ordinary shares, to four hundred and ninety-nine million, four hundred and seventy thousand, three hundred and ninety Saudi Riyals (SAR 499,470,390), divided into two hundred and forty-nine million, seven hundred and thirty-five thousand, one hundred and ninety-five (249,735,195) ordinary shares, by issuing thirty-three million, seven hundred and eighteen thousand and twenty-six (33,718,026) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, by capitalizing three hundred and thirty-seven million, one hundred and eighty thousand, two hundred and sixty Saudi Riyals (SAR 337,180,260) from the retained earnings account and distributing thirty-two million, four hundred and fifty-eight thousand and twenty-six (32,458,026) ordinary shares among the current shareholders registered on the date of the General Assembly's decision, each according to their percentage of ownership in the Company, along with allocating one million, two hundred and sixty thousand (1,260,000) ordinary shares from the new shares to the Company's employees according to the Employee Share Program, to be retained as treasury shares until their ownership is transferred to the employees in accordance with the provisions of the program plan approved in this regard, and then dividing each share in the Company's capital into five (5) shares, so that the number of the Company's issued and fully paid shares becomes two hundred and forty-nine million, seven hundred and thirty-five thousand, one hundred and ninety-five (249,735,195) shares with a fully paid nominal value of two Saudi Riyals per share (for more information on the Company's incorporation date and the development of its capital, please refer to the Section 4.2 ("Group Structure") of this Prospectus. The Company obtained the CMA's approval for this increase and the amendment of its Bylaws on 18/01/1446H (corresponding to 24/07/2024G).

**Table (4.5): Evolution of Share Capital as of 01/01/1446H (corresponding to 07/07/2024G)**

| No. | Shareholder                                       | Number of Shares | Nominal Value (SAR) | Total Value of Paid-up Shares | Direct Ownership Percentage (%) |
|-----|---------------------------------------------------|------------------|---------------------|-------------------------------|---------------------------------|
| 1.  | Taha Abdullah Al-Kuwaiz                           | 60,535,050       | 2                   | 121,070,100                   | 24.2%                           |
| 2.  | Abdulaziz Bin Ibrahim AlJammaz & Brothers Company | 23,823,525       | 2                   | 47,647,050                    | 9.5%                            |
| 3.  | Sanad Investment Company                          | 23,121,015       | 2                   | 46,242,030                    | 9.3%                            |
| 4.  | AlTouq Company Ltd.                               | 17,100,000       | 2                   | 34,200,000                    | 6.8%                            |
| 5.  | Hashem Othman Al-Hekail                           | 12,003,555       | 2                   | 24,007,110                    | 4.8%                            |
| 6.  | Abdulwahab Saeed Al-Sayed                         | 11,991,480       | 2                   | 23,982,960                    | 4.8%                            |
| 7.  | Derayat Alinma Trading Company                    | 4,402,695        | 2                   | 8,805,390                     | 1.8%                            |

| No.          | Shareholder                                           | Number of Shares   | Nominal Value (SAR) | Total Value of Paid-up Shares | Direct Ownership Percentage (%) |
|--------------|-------------------------------------------------------|--------------------|---------------------|-------------------------------|---------------------------------|
| 8.           | Mohammed Saeed Al-Shammasi                            | 5,479,110          | 2                   | 10,958,220                    | 2.2%                            |
| 9.           | Mishaal Khalid Al-Haqbani                             | 2,347,200          | 2                   | 4,694,400                     | 0.9%                            |
| 10.          | Mohammed Ahmed Al-Yami                                | 802,500            | 2                   | 1,605,000                     | 0.3%                            |
| 11.          | Prince Fahd Saad Al Saud                              | 11,550,000         | 2                   | 23,100,000                    | 4.6%                            |
| 12.          | Mubarak Abdullah Baarmah                              | 8,911,725          | 2                   | 17,823,450                    | 3.6%                            |
| 13.          | Abdulaziz Ali Al-Showaier                             | 11,257,845         | 2                   | 22,515,690                    | 4.5%                            |
| 14.          | Mohammed Mohammed Al-Rashid                           | 7,500,000          | 2                   | 15,000,000                    | 3.0%                            |
| 15.          | Muawiya Hamad Al-Hanati                               | 7,500,000          | 2                   | 15,000,000                    | 3.0%                            |
| 16.          | Abdul Aziz Mohammed Al-Mashal                         | 7,500,000          | 2                   | 15,000,000                    | 3.0%                            |
| 17.          | Faisal Khalid Al-Hamdan                               | 3,750,000          | 2                   | 7,500,000                     | 1.5%                            |
| 18.          | Kamal Abdullah Bahamdan                               | 2,625,000          | 2                   | 5,250,000                     | 1.1%                            |
| 19.          | Fawzia Suleiman Al-Saeed                              | 2,608,710          | 2                   | 5,217,420                     | 1.0%                            |
| 20.          | Dar Investment Company for Management and Development | 2,250,000          | 2                   | 4,500,000                     | 0.9%                            |
| 21.          | Manar Talal Bakhsh                                    | 1,980,000          | 2                   | 3,960,000                     | 0.8%                            |
| 22.          | Ahmed Mustafa Ben Halim                               | 1,500,000          | 2                   | 3,000,000                     | 0.6%                            |
| 23.          | Faisal Mohammed Al-Suhaili                            | 1,630,440          | 2                   | 3,260,880                     | 0.7%                            |
| 24.          | Saad Mohammed Al-Suhaili                              | 1,630,440          | 2                   | 3,260,880                     | 0.7%                            |
| 25.          | Fahd Mohammed Al-Suhaili                              | 1,630,425          | 2                   | 3,260,850                     | 0.7%                            |
| 26.          | Thamer Saleh Al-Shuaibi                               | 1,193,700          | 2                   | 2,387,400                     | 0.5%                            |
| 27.          | Hind Mohammed Al-Suhaili                              | 815,220            | 2                   | 1,630,440                     | 0.3%                            |
| 28.          | Haifa Mohammed Al-Suhaili                             | 815,220            | 2                   | 1,630,440                     | 0.3%                            |
| 29.          | Talal Mohammed Al-Nasiri                              | 750,000            | 2                   | 1,500,000                     | 0.3%                            |
| 30.          | Mansour Abdulaziz Kaaki                               | 750,000            | 2                   | 1,500,000                     | 0.3%                            |
| 31.          | Fahd Ali Al-Suhaili                                   | 750,000            | 2                   | 1,500,000                     | 0.3%                            |
| 32.          | Ibrahim Mohammed Al-Harabi                            | 675,000            | 2                   | 1,350,000                     | 0.3%                            |
| 33.          | Abdulhadi Ali Shayif                                  | 652,185            | 2                   | 1,304,370                     | 0.3%                            |
| 34.          | Thamer Rashid Al-Dosari                               | 330,000            | 2                   | 660,000                       | 0.1%                            |
| 35.          | Ahmed Abdulrahman Al-Omar                             | 225,000            | 2                   | 450,000                       | 0.1%                            |
| 36.          | Abdul Mohsen Ibrahim Al-Hekail                        | 150,000            | 2                   | 300,000                       | 0.1%                            |
| 37.          | Abdul Aziz Rashid Al-Ashban                           | 133,155            | 2                   | 266,310                       | 0.1%                            |
| 38.          | Treasury Shares                                       | 7,065,000          | 2                   | 14,130,000                    | 2.8%                            |
| <b>Total</b> |                                                       | <b>249,735,195</b> | <b>2</b>            | <b>499,470,390</b>            | <b>100%</b>                     |

Source: The Company

The following table sets out the Company's most significant developments since its establishment.

**Table (4.6): Significant Developments Since the Company's Establishment**

| Date  | Event                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2008G | Issuance of the CMA Board resolution approving the licensing of the Company to practice the activity of dealing as an agent and management, advising, and custody in securities.                                                                                                                                                                                                                                                                                                         |
| 2009G | Issuance of Minister of Commerce Resolution No. 127/Q establishing the Company as an unlisted joint stock company.                                                                                                                                                                                                                                                                                                                                                                       |
| 2010G | The Company launched the Derayah Platform for local and regional markets.                                                                                                                                                                                                                                                                                                                                                                                                                |
| 2013G | Issuance of CMA approval of the Company's request to amend the list of its licensed businesses by adding the activity of dealing as a principal so the activities the Company is licensed to practice became dealing as a principal, dealing as an agent, managing investment funds, managing clients' portfolios, and providing advice and custody.                                                                                                                                     |
| 2013G | The Company established its Real Estate division.                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 2016G | The Company launched the Derayah Global Platform for global markets.                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 2017G | Establishment of the First Private Equity Investment Fund.                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 2018G | Issuance of CMA approval of the Company's request to amend the list of its licensed businesses by adding underwriting and arrangement activities. Therefore, the activities the Company is licensed to practice became dealing as a principal, dealing as an agent, underwriting, managing investment funds, managing clients' portfolios, arranging, advising, and custody in the securities business. Additionally, the Company launched brokerage services for institutional clients. |
| 2019G | Establishment of the Company's VC funds and trading in the Sukuk and bond market.                                                                                                                                                                                                                                                                                                                                                                                                        |
| 2021G | Launch of the Derayah Smart Advisor automated service.                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 2022G | Investment in and establishment of Bank D360.                                                                                                                                                                                                                                                                                                                                                                                                                                            |

Source: The Company

### 4.2.3 Key financial and operational figures

The table below sets out the breakdown of the Company's key financial indicators for the financial years ended 31 December 2021G, 2022G and 2023G and the six-month periods ended 30 June 2023G and 30 June 2024G.

**Table (4.7): The Company's Key Financial Indicators**

| Key Financial Indicators (SAR '000)   | For the year ended 31 December |       |       | For the six-month period ended 30 June |          |
|---------------------------------------|--------------------------------|-------|-------|----------------------------------------|----------|
|                                       | 2021G                          | 2022G | 2023G | H1 2023G                               | H1 2024G |
| Return on equity for the year/period* | 83.1%                          | 46.5% | 43.1% | 35.3%                                  | 51.4%    |
| EBITDA margin**                       | 66.3%                          | 52.3% | 58.4% | 57.3%                                  | 56.9%    |

Source: The Company

\* Equals net income divided by average total equity (adjusted on an annual basis for the six-month period).

\*\* EBITDA margin is calculated by dividing EBITDA by total operating profit.

The table below sets out the breakdown of the Company's key performance indicators for the financial years ended 31 December 2021G, 2022G and 2023G and the six-month periods ended 30 June 2023G and 30 June 2024G.

**Table (4.8): The Company's Key Performance Indicators**

| Key Performance Indicators                                                  | For the year ended 31 December |                |                | For the six-month period ended 30 June |                |
|-----------------------------------------------------------------------------|--------------------------------|----------------|----------------|----------------------------------------|----------------|
|                                                                             | 2021G                          | 2022G          | 2023G          | H1 2023G                               | H1 2024G       |
| Number of client accounts <sup>1</sup>                                      | 231,000                        | 310,000        | 434,000        | 345,000                                | 464,000        |
| Cash conversion cycle <sup>2</sup>                                          | 59%                            | 65%            | 77%            | 86%                                    | 133%           |
| <b>Value of trades (excluding margin trading) (SAR billion)<sup>3</sup></b> | <b>394,310</b>                 | <b>344,067</b> | <b>306,728</b> | <b>133,825</b>                         | <b>176,063</b> |
| <b>Assets under management by fund classification</b>                       |                                |                |                |                                        |                |
| Public market funds <sup>4</sup>                                            | 2,157                          | 2,195          | 5,947          | 4,646                                  | 9,796          |
| Private market funds <sup>5</sup>                                           | 5,442                          | 4,750          | 4,394          | 3,757                                  | 5,282          |
| <b>Total value of assets under management (SAR million)<sup>6</sup></b>     | <b>7,599</b>                   | <b>6,945</b>   | <b>10,341</b>  | <b>8,403</b>                           | <b>15,078</b>  |
| <b>Assets under management by asset classification</b>                      |                                |                |                |                                        |                |
| Private portfolios under management <sup>7</sup>                            | 2,702                          | 2,051          | 4,825          | 3,361                                  | 4,476          |
| Private markets <sup>8</sup>                                                | 5,442                          | 4,750          | 4,394          | 4,646                                  | 5,282          |
| Shares <sup>9</sup>                                                         | 87                             | 144            | 1,023          | 396                                    | 2,126          |
| Debt instruments and money market instruments <sup>9</sup>                  | -                              | -              | 99             | -                                      | 194            |
| <b>Total volume of assets under management (SAR million)<sup>10</sup></b>   | <b>7,599</b>                   | <b>6,945</b>   | <b>10,341</b>  | <b>8,403</b>                           | <b>15,078</b>  |
| Client assets <sup>11</sup>                                                 | 28                             | 19.4           | 25.4           | 22.9                                   | 28.6           |
| <b>Cost-to-income ratio<sup>12</sup></b>                                    | <b>37%</b>                     | <b>44%</b>     | <b>41%</b>     | <b>43%</b>                             | <b>41%</b>     |

\*Source: The Company

- 1 Represents the number of client accounts active for the period (represents all Company clients including brokerage clients).
- 2 Cash generated from operating activities divided by net profit for the same period. The cash conversion cycle index (CCI) increased to 79% as of 30 September 2023G and to 133% as of 30 September 2024G.
- 3 Refers to the total value of transactions (buying and selling) carried out on financial assets (such as shares or bonds) during a specific period, excluding margin trading transactions. The value of trading increased to SAR 263 billion for the nine-month period ended 30 September 2024G.
- 4 Represents investment funds that invest their assets in financial instruments listed on public markets such as stocks and bonds.
- 5 Refers to investment funds that invest their funds in assets not listed on public markets, such as private companies or real estate.
- 6 Represents the total value of assets managed by the Company on behalf of its clients. This amount includes all types of investments, such as shares, bonds, cash funds and properties, which are under the Company's management based on client authorization. This figure is updated regularly to reflect the value of assets according to current market valuations. Total assets under management increased to SAR 16.8 billion as of 30 September 2024G.
- 7 Represents an investment service whereby Derayah is authorized to provide portfolio asset investment operations management services, implement investment decisions, prepare portfolio performance reports, act as an investment custodian, provide portfolio-related services, participate in subscriptions and priority rights shares on behalf of the client, invest in investment fund units, communicate with secondary custodians, asset managers, banks and any other services deemed necessary to implement investments.
- 8 Includes direct investments in unlisted companies, and is often mainly represented by real estate investments, small and medium-sized enterprise investments, purchasing shares in private companies, or venture capital.
- 9 Refers to assets that represent a share in the capital of a company listed on public markets.
- 10 Includes investments in debt instruments such as bonds and sukuk, in addition to short-term cash instruments such as treasury bonds and certificates of deposit.
- 11 Refers to the total cash balance available in all combined investment accounts in addition to the total assets under custody activity. Client assets have increased to SAR 29.1 billion for the nine-month period ended 30 September 2024G.
- 12 Cost-to-income ratio is calculated by dividing operating expenses by total operating profit. This decreased to 40% as of 30 September 2024G (43% as of 30 September 2023G).

## 4.3 Vision and Mission of the Company

### 4.3.1 Vision

To be the most enriching financial institution, with the most innovative products and superior service.

### 4.3.2 Mission

To be the first and most inclusive investment option, by providing accessible investment opportunities that will help achieve our clients' future goals.

## 4.4 The Company's Competitive Advantages, Strengths and Strategy

### 4.4.1 Strengths and Competitive Advantages of the Company

**Favorable macroeconomic conditions and structural reforms underpin sustainable growth outlook for Brokerage & Asset Management, while also creating a supportive environment for business expansion in KSA**

Derayah's future growth is poised to significantly benefit from a favorable macroeconomic and regulatory environment<sup>32</sup>, as well as advantageous demographic and social trends. KSA's economic growth is projected to outpace global average, with KSA's real GDP expected to grow at 3.0% p.a. compared to the World's 2.8% p.a., the United States' 1.9% and the European Union's 1.6% (CAGR 23-28E). Similarly, the Kingdom's population is set to record high growth rate (2.0% p.a. vs. 0.9% p.a. for the World, CAGR 23-29E) characterized by a higher percentage of working age population (58% vs. 49% for the World, 52% for the United States and 54% for the European Union population aged 25-64 as % of total) and a rising per capita wealth which grew at 6% p.a. (CAGR 18-22G).

This is further complemented by the multiple strategic initiatives and regulatory reforms launched to realize Vision 2030. In this context, the KSA Financial Sector Development Program ("FSDP") is a key driver, aiming to create a diversified, effective, and inclusive financial services sector thus providing a supportive backdrop for growth and business expansion. The KSA FSDP targets a Direct GDP contribution of SAR 13.3bn from FinTechs by 2030.

Finally, Derayah will also benefit from a fast-growing brokerage and asset & wealth management market. Total internet value traded in the KSA market increased by 9% p.a. (CAGR 18-23G). Following a strong expected growth in 2024G, based on market consultant assumptions, of around 50%, in line with overall market, internet value traded is expected to continue growing at 12% p.a. (CAGR 24-28E) reaching SAR2.2trn by 2028G, on increased online trading adoption and expanding market offering. KSA asset management sector has also demonstrated high growth in recent years with AuM value increasing by 12% (CAGR 20-23G) and is projected to continue growing, based on market consultant assumptions, at 15% p.a. (CAGR 23-28E), supported by tailwinds in the Saudi Capital Market.

Please refer to Section 3 ("**Overview of the Market and Sector**") for a detailed assessment of the KSA macroeconomic and market overview.

### **Differentiated Brokerage Offering in both local and international markets**

Derayah is the leading independent digital investment platform in KSA, offering clients a unique brokerage offering in local, regional and international markets. As of June 2024G, the Company held a 14% internet trading brokerage market share<sup>33</sup> in KSA, making it the third-largest digital brokerage in the Kingdom and a significant increase from 5% market share in 2018G. The Company's international trading operations further diversify and boost its total brokerage revenue, positioning it as the second largest by brokerage revenue in KSA based on FY2023G numbers results.

<sup>32</sup> Source: All macroeconomic, regulatory and industry statistics as per Market Study conducted by ADL.

<sup>33</sup> Source: Saudi Exchange reports and statistics.

Pioneering the market with full digital client registration process and continuously enhancing its offerings, the Company's account base has grown 12-fold<sup>34</sup> since 2016G, reaching 434,000 accounts in 2023G. Nearly 100% of clients were acquired online since late 2018G, as compared to other countries, including 100% in the United Arab Emirates, 97% in Australia, 92% in the United States, 85% in France and 76% in China, and as compared to a global rate of 63%. It is worth noting that the Company's client base consists of the following age groups: 45% of clients are aged 30 to 40 years, 27% of clients are aged 30 years and below, 20% are aged 40 to 50 years and 8% are aged 50 years and above. These achievements are a testament to the Company's successful strategy in scaling and growing its brokerage business.

The Company offers trading services in the local and regional markets through its Derayah Platform which supports trading equities, fixed income, and derivatives, among others, providing clients with access to all regional markets from a single platform and buying power. The Company further enhances its role as the leading independent investment platform by offering margin lending in the form of Sharia compliant financing solutions which allow clients to purchase stocks in the Saudi equities market. This is further complemented by distinct features where users can open a local brokerage account without needing a current account, sign up via a mobile app thus simplifying registration process, have a comprehensive 360-degree investment overview and transfer funds from and to multiple IBANs and the use of modern payment methods such as Apple Pay.

For trading in international markets, the Company offers the Derayah Global platform, which allows trading across 33 global markets, notably across 3 US markets and in a variety of financial instruments, including shares, traded funds, penny stocks, options, futures, contracts for difference, bonds and commodities. The Derayah Global platform also features fast registration process and instant cash transfers offering the capability of investing in different markets using the same purchasing power. This differentiated offering allows clients to diversify their portfolios and take advantage of global investment opportunities.

Derayah's comprehensive brokerage offering, providing access to global markets through multiple customer channels and proprietary technology, positions it strongly among the global digital brokerage players. Derayah has witnessed high growth in retail and institutional clients (client accounts CAGR 20-23G of >40%) which drove brokerage revenue growth (CAGR 20-23A: 21%) and strong financial profitability (RoAE 23A: 43%). This differentiates Derayah's unique value proposition as being aligned with global digital brokerage players while outperforming on growth and profitability. With nearly 100% of its trading conducted online and with a strong focus on innovative product development, the Company's platforms are designed to proactively meet the evolving needs of its clients and solidify its leadership position in the Saudi market. The Company believes its proprietary technology and continuous innovation are key market differentiators, providing a unique edge over competitors. Additionally, the Company has pioneered API connectivity and integration with third-party applications such as TickerChart, Dawul, and Trading View, to enhance the client experience. These strategic advancements have positioned Derayah as a leader and an enabler within the ecosystem.

### **Strong asset management expertise allowing Derayah to increasingly capture market share and expand its offering in high-margin asset classes**

In recent years, the Company has been keen to actively grown its asset management business by expanding its product offerings with a focus on both Saudi public and private markets. The diverse range of products, combined with seamless registration process and competitive investment returns, has gained significant traction among clients. This led to a near doubling in assets under management (AUM) to approximately SAR 10.3 billion in 2023G from SAR 5.6 billion in 2020G, representing a CAGR of 23% over the period. This growth significantly outpaced the total asset management market in KSA, which increased at a CAGR of 12%<sup>35</sup> over the same period. Consequently, the Company's market share in the asset management market rose from approximately 0.85% in 2020G to approximately 1.19% in 2023G. The total volume of public market funds amounted to SAR 144 million in 2022G, SAR 1,121 million in 2023G and SAR 2,320 million as of the end of the first half of 2024G.

34 Source: Company Management.

35 Source: Market Study conducted by ADL.



The Company has strategically expanded its product offerings into high-margin investment products and asset classes providing clients with a complete suite of in-house products or in collaboration with external parties building on its strengths in asset management. This expansion has driven significant growth in the Company's public market funds<sup>36</sup>, including equities (DPMs, public equities), fixed income, and money market funds, which expanded at a CAGR of close to 70%<sup>37</sup> between 2020G and 2023G, fueled by strong growth in DPMs and public equity funds, notably the flagship Derayah Saudi Freestyle Equity Fund. At the same time, the Company enhanced its private funds<sup>38</sup>. Furthermore, the Company's asset management expertise is reflected in the high margins generated from AUMs (2023G blended margin was 94 bps - on average AUMs - compared to a median of 59 bps for other CMIs<sup>39</sup>), as well as in the success of its fund strategies focused on generating additional returns for investors. For example, the Derayah Saudi Freestyle Equity Fund ranked first among local sharia-compliant public funds, generating an annual return of 51.5% versus the benchmark's 20.2% in 2023G. The fund's performance since inception reached 347% compared to 174% for the benchmark. Most of the subscriptions to Derayah Freestyle Fund come from clients with relatively low subscription volumes, as follows:

- Less than SAR 10 thousand constitutes 75% of the total fund size.
- SAR 10 thousand to SAR 20 thousand constitutes 8% of the total fund size.
- Over SAR 20 thousand constitutes 17% of the total fund size.

Note that investors in this fund mainly use digital channels, as subscriptions to the fund from digital channels constitute 99% of the total fund subscriptions.

The Company is one of the few asset managers in KSA that is fully compliant with the Global Investment Performance Standards (GIPS®) and with an MQ2 Investment Manager Quality rating by Moody's, underscoring its dedication to maintaining high standards in investment management.

**Proprietary technology enables superior digital user experience and creates a competitive advantage with swifter market response time, agile scaling, and efficient operations**

The Company leverages its proprietary technology and continuous innovation to create competitive advantage enabling it to stand out in the market while enhancing user experience and satisfaction. Currently, the Company boasts a robust technology stack complemented with additional software and API connectivity to enhance its technological capabilities. This allows the Company to quickly adapt and tailor solutions to the specific needs of the Saudi market allowing swift response to market demands, as well as to drive scalability and boost efficiency.

Derayah's digitalization journey is indeed proved by continuous tangible enhancements (including daily net traffic increasing from 13mbps before 2018G to 100Mbps after 2018G), underpinned by an increasing investment in IT which grew by almost threefold between 2018G and 2023G to close to SAR 15 million.

In addition, noteworthy milestones of Derayah's digitalization journey include simplified onboarding, allowing account opening without a current account and via a mobile application, offering a comprehensive overview of investments, and facilitating efficient investment management. These features underscore the Company's commitment to using advanced technology to deliver superior services to its clients.

efficient investment management. These features underscore the Company's commitment to using advanced technology to deliver superior services to its clients.

To maintain the strength of the technology platform, the Company employs a variety of systems and software in both operational and implementation stages, ensuring comprehensive support and security for its operations. The technology stack includes several layers, each serving a specific function. The first layer includes digital channels such as the mobile apps and web-based platforms that are integral to the Company's digital strategy. The second layer includes the necessary core system and human resource management. The third layer includes security systems crucial for maintaining the integrity and security of the Company's data and the fourth layer includes support systems that enhance client interaction and service delivery.

36 Public markets defined as funds with underlying public asset.

37 Source: Company Management.

38 Private funds: those linked to private assets.

39 Median AuM margin of top 19 KSA CMIs by AuM as per CMA Report Q4 2023G.

For the Company, offering a superb customer experience is paramount. With a very good understanding of retail investor preferences and behavior, especially of KSA retail investors, it has prioritized user-friendly digital solutions and responsive customer service to ensure that clients enjoy a superior and dependable investment experience. The Company has effectively utilized digital channels to scale its outreach to clients, with nearly 100% of customer acquisitions occurring online. Additionally, it offers clients omni-channel capability for ultimate flexibility and accessibility, which includes a web portal, mobile app, and telephone lines supported by knowledgeable and experienced client support teams.

The Company has significantly enhanced and streamlined its customer registration process, over the years, which minimized friction and enhanced user satisfaction. Other customer-centric improvements include fast margin loan approval, providing quick access to funds, and live prices platform, which eliminates the need for additional software and ensures real-time data access. The platform also allows customers to input buy and sell orders outside of market hours in the US market, offering greater flexibility and convenience. The Company's continuous focus on providing a seamless and efficient customer experience, driven by the close collaboration of business and technology in an agile working approach, not only differentiates it from competitors but also drives customer satisfaction and long-term engagement. Derayah's trusted brand has further been recognized industry wide with multiple awards echoing its superior and innovative digital platform.

### **Solid financial track record of high growth with robust returns**

Derayah has demonstrated a solid financial track record with a consistent growth trajectory, strong profitability ratios and robust returns.<sup>40</sup>

Operating income has grown at a CAGR of 31% over the period from 2020G to 2023G with a 25% CAGR in Brokerage revenue and a 20% CAGR in Asset Management revenue over the same period. Overall growth was further strengthened in 2023G by an increase in Special Commissions, on the back of rising interest rates. Noteworthy, the contribution from Asset Management revenues (excluding performance fees), which are considered recurring in nature, increased from 7% in 2021G to 9% in 2023G. Over the period from 2020G to 2023G, the Company's operating expenses have increased at a slower pace, with a CAGR of 16%, compared to the operating income CAGR of 31%. This has resulted in enhanced efficiency, as evidenced by the cost-to-income ratio, which has decreased from 59% in 2020G to 41% in 2023G. Consequently, the Company's bottom line expanded by more than three-fold to SAR 330 million in 2023G, translating to a net profit margin of 53%, up from 38% in 2020G.

The growth momentum has continued in 2024G with operating income increasing 63% y-o-y for the first half of 2024G. This, alongside contained operating costs with cost-to-income ratio at 41%, translated to a net profit of SAR 228 million (a net profit margin of 53%) for first half of 2024G, an increase of 70% compared to the first half of 2023G.

The Company boasts a debt-free balance sheet and strong cash flow generation, with a cash conversion rate of 77% in 2023G. This robust financial health is further evidenced by a high return on equity of 43% in 2023G and 51% for the first half of 2024G, annualized. The Company's capex-light business model allows it to achieve significant growth with minimal capital expenditure requirements, ensuring sustainable profitability and shareholder returns.

The Company's commitment to delivering value to its shareholders is reflected in its progressive dividend payout. Over the past two years, the Company has increased its dividend payout ratio to 69% (2023G) and 61% (2022G), up from 15% in 2020G. This increase in dividends underscores the Company's strong financial performance and its ability to generate consistent substantial returns for its investors.

### **Highly experienced management executing growth strategy**

The Board of Directors of the Company is composed of highly experienced professionals with diverse backgrounds in various sectors.

The Company's management consists of a team of managers and administrators who have a unique combination of global expertise and exceptional skills with a combined experience of more than 150 years.

Furthermore, the management team is supported by highly efficient IT, marketing and other support teams, which are continuously strengthened via focused hiring to attract new talent.

<sup>40</sup> All financial metrics and statistics as disclosed by the Company's Management.

#### 4.4.2 The Company's Strategy

Derayah has an established track record of growth and a customer proposition renowned for innovation and superior user experience. This foundation has enabled the Company to capitalize on the emerging trends in the Saudi capital markets, most notably the increased consumerization and digitalization which is reshaping how capital markets operate.

Paving a clear path for future growth, the Company has identified strategic vectors rooted in a culture of continuous innovation by enhancing product and technological offerings, building operational capabilities and expanding market presence through strategic investments, with a strong emphasis on client acquisition and retention.

##### **Leveraging the Momentum Growth and Increased Consumerization of Capital Markets by Continuously Enhancing Specialized Offerings**

The momentum growth in the Saudi Capital market is expected to continue, underscored by the Saudi Exchange initiatives and the increased demand from investors and issuers. This will also be accompanied by secular changes which will drive the need for new products as we see increased participation of Saudi retail in the overall capital markets.

Derayah is focused on maintaining and further building on its prominence in brokerage and aims to continue refining and diversifying its brokerage offering to cater to different client behaviors and needs. The Company will continue to pioneer first-to-market products and to benefit from several market initiatives, including:

- Institutional trading: the Company has commenced institutional trading services through a specialized team. Institutional trading represents a potential driver of future revenues due to the increase in trading volume by institutional investors in the Kingdom.
- Lending securities: the Post-Trade Infrastructure Development Program (PTTP) was implemented in April 2022G, which led to the growth of the local securities lending and borrowing market. The growth rate of loanable assets in the Kingdom has increased significantly over the past year, which makes local securities lending and borrowing an area with high potential for growth. The securities lending field also facilitates the development of new products including market making, short selling and derivatives.
- Algorithmic trading: the Company also has plans to enter the field of algorithmic trading that will allow it to execute trades based on predefined instructions, which will help the Company execute high-speed transactions, often aiming to take advantage of small price differences across large volumes.
- Expansion of market-making activities.
- Introduction of new derivatives and single-option offerings.

The Company recognizes the importance of staying agile in an evolving market landscape and will maintain competitive pricing strategies by continually adjusting based on market conditions and client behavior, for eg., the launch of Derayah Global Lite which offers zero commission trading on the US market, as well as achieve additional differentiation through a variety of value-added services.

The Company has also successfully expanded its business model into asset management, with AUMs growing at a significant rate through an expanded range of product offerings and a strong performance track record. Looking ahead, the Company is keen on further strengthening and growing its asset management business to boost its recurring revenues with an ongoing focus on product innovation and developing new fund strategies, particularly in high-margin asset classes like real estate and private equity, tapping into the growing demand for alternative investments.

##### **Cross-Selling in an Innovative Approach will Drive High Growth in the Wealth Management Segment**

Saudi Arabia is a leading story in the growing consumerization of capital markets. Wealth per adult has been on a consistent upward trajectory after a significant decline during the 2007G-2008G financial crisis, reaching \$95,000 (~SAR 356,250) in 2023G. Financial wealth is expected to continue strong growth, driven by an expanding population, rising incomes, increasing female labor participation, and greater mobility of wealth.

By leveraging the existing and rapidly expanding client base, the Company aims to expand into the digital wealth management thus driving the revenue per client upwards. The Company plans to revive its robo-advisory initiative Derayah Smart that caters to millennials and young professionals who prefer automated investment advice by offering them easy registration process, low-cost investment options, low-fee and seamless digital experiences. Other initiatives also include expanding the distribution business under Derayah's Fund Supermarket, as well as introducing new services like assisted digital advisory to provide personalized investment advice at scale.

D360 also resembles a key opportunity for cross-selling potential.

### **Scaling the Business While Creating Long-Standing Client Relationships**

The Company's strategy centers on expanding its client base, increasing retention and maximizing returns. Since 2016G, the Company has grown its account base twelvefold, from 36,000 in 2016G to 434,000 in 2023G. Moving forward, the Company plans to implement a series of well-defined initiatives, including enhancing operational and digital capabilities, boosting client-centric digital marketing, and developing superior multichannel client support. Personalized and tailored client support services are being introduced to further strengthen client relationships. Additionally, the Company is leveraging data analytics and artificial intelligence to harness the vast amounts of data generated on its platform, further enhancing the customer proposition.

## **4.5 The Company's Principal Activities and Business**

### **4.5.1 General Nature of the Company's Business and D360 Bank**

The Company's principal activities are providing brokerage, advisory, and custody services, dealing as a principal and as an agent, as well as dealing, managing and arranging activities. The Company works in providing brokerage and trading services in the local, regional and international stock markets, fixed income instruments such as sukuk and bonds issued locally and abroad, financial derivatives in the local market and global financial markets, as well as investment management in public equity funds, private funds, venture capital funds, private credit, feeder funds, real estate funds, fixed income funds, and alternative investment funds. Additionally, the Company provides portfolio management services to its clients dedicated to investing in equities, fixed income investments, multi-asset investments and advisory services.

The main activities of D360 Bank are digital banking services that include opening current accounts for certain specific clients, providing basic banking services and the ability to benefit from the SADAD system for local and international payments and transfers. The Bank also undertakes treasury management activities and owns investment portfolios to manage cash, liquidity and general budget, including managing daily cash flows and maintaining sufficient reserves. D360 Bank's investment portfolio includes Sharia-compliant securities and other financial instruments.

Other than as described in Section 4.7 ("**Subsidiaries**") and Section 12.6 ("**Company Investments**") of this Prospectus, the Company does not have any business activity outside the Kingdom of Saudi Arabia and does not own any assets outside the Kingdom of Saudi Arabia as of the date this Prospectus.

### **4.5.2 Products and Services Provided**

#### **4.5.2.1 Brokerage & trading services**

The Company operates as a trading broker in the markets of equities, bonds, sukuk, ETFs and local, regional and global financial derivatives, and provides its clients with the necessary services and tools to trade using the latest technological systems. It does this through the online trading platform or trading room, allowing investors to smoothly and directly access and control their investments, enter buy and sell orders, follow up on spot prices, and create watch lists.

The Company provides brokerage services in return for commissions obtained by the Company when executing buy and sell orders. The following table shows the revenues collected by the Company through providing this service.

**Table (4.9): The Company's Revenues from Brokerage and Trading Services**

|                                                                       | For the year ended 31 December |             |             | For the six-month period ended 30 June |             |
|-----------------------------------------------------------------------|--------------------------------|-------------|-------------|----------------------------------------|-------------|
|                                                                       | 2021G                          | 2022G       | 2023G       | H1 2023G                               | H1 2024G    |
| Revenue from the provision of brokerage and trading services (in SAR) | 510,313,933                    | 379,740,773 | 388,565,878 | 170,366,392                            | 241,871,535 |
| Percentage of total revenue of the Company*                           | 86.65%                         | 58.83%      | 62.32%      | 64.11%                                 | 55.71%      |

Source: The Company

\*Total revenue is calculated as total operating revenue plus other revenue.

The Company launched the Derayah Platform for local and regional markets in 2010G and launched the Derayah Global Platform for global markets in 2016G, as a second and advanced phase for the Company to provide trading services in international markets, which was previously limited to the US markets only. This progress in business development is a key factor in achieving growth and increasing the client base. In 2018G, the Company also launched brokerage services for institutional clients. In 2019G, the Company launched trading in the Sukuk and bond market to cover various client segments and connect them to the largest and most important leading investment channels. Recently, the Company launched the Derayah Global Lite service in 2024G which targets traders on the American market and the service provides the opportunity to trade without commissions.

## 1- Derayah Platform

Derayah Platform provides local and regional clients with the ability to trade in 10 different markets across seven countries in the region (2 local and 8 in the region), so that its clients can trade and directly access various local and regional markets through one trading platform and through one investment account. The Derayah Platform allows for orders to be sent through the website, via the smartphone application, or via phone call to one of the Derayah brokers. Derayah Platform enables its clients to invest in a group of investment funds licensed by the CMA and managed by different entities that include multiple investment categories, through the “**Funds Supermarket**” service.

At the institutional level, the Company has launched institutional brokerage services that enable corporate clients to benefit from the Company's products and services through their own systems.

Markets where the Company offers trading include:

- Kingdom of Saudi Arabia – including the main market (Tadawul), the parallel market (Nomu), Sukuk, bonds, and futures.
- United Arab Emirates - Abu Dhabi Securities Exchange, Dubai Financial Market and Nasdaq Dubai.
- Kingdom of Bahrain – Bahrain Bourse.
- Sultanate of Oman – Muscat Securities Market.
- State of Kuwait – Boursa Kuwait.
- State of Qatar – Qatar Stock Exchange.
- Arab Republic of Egypt – Egyptian Exchange.

Derayah operates a platform considered among the most advanced and seamless online platforms, as it enables its clients to benefit and subscribe to all its services electronically without the need to visit the Company's headquarters or sign paper documents.

## 2- Derayah Global Platform

The Derayah Global Platform allows its clients to trade on the markets of 18 countries around the world that include more than 33 international exchanges, in addition to options contracts for the US markets. The Derayah Global Platform allows for orders to be sent through the website, via the smartphone application, or via phone call to one of the Derayah brokers. Additionally, it provides the ability to follow up on real-time prices and create watchlists for stocks, ETFs and options contracts.

Derayah Global includes the option to trade in stocks, options and ETFs in several global markets of the following countries: United States of America, United Kingdom, Mexico, Canada, Spain, Australia, Austria, Belgium, Norway, Switzerland, France, Italy, Portugal, Netherlands, Germany, Hong Kong, Japan and Singapore.

To cover a wider range of investment channels, the Company has enabled clients of Derayah Global Platform to upgrade their accounts to “Derayah Global Plus” to access the following advanced investment channels:

- leverage up to 3:1: borrowing funds in order to make an investment allowing an investor to have a trading position that is worth more than the amount of money invested in it;
- short selling: borrowing a security and selling it on the open market, with the intention of repurchasing the same security later for less money;
- warranty contracts;
- futures: derivatives, which are financial contracts whose value comes from changes in the price of the underlying asset;
- debt instruments contracts;
- contracts for difference (CFD) on indices and stocks: agreement between an investor and a CFD broker to exchange the difference in the value of a financial product between the time the contract opens and closes; and
- metals (gold and silver): at the bullion market in London.

### 4.5.2.2 Asset management services

Asset management services comprise managing investment funds, providing smart (automated) advisor services, operating a mutual fund's supermarket, and providing discretionary portfolio management services.

The following table shows the revenues obtained by the Company from the provision of asset management services.

**Table (4.10): The Company's Revenues From Asset Management Services**

|                                                                  | For the year ended 31 December |            |            | For the six-month period ended 30 June |            |
|------------------------------------------------------------------|--------------------------------|------------|------------|----------------------------------------|------------|
|                                                                  | 2021G                          | 2022G      | 2023G      | H1 2023G                               | H1 2024G   |
| Revenue from the provision of asset management services (in SAR) | 64,754,822                     | 70,189,671 | 81,467,613 | 29,543,945                             | 69,965,711 |
| Percentage of total revenue of the Company*                      | 10.87%                         | 10.88%     | 12.87%     | 11.11%                                 | 16.11%     |

Source: The Company

\*Total revenue is calculated as total operating revenue plus other revenue.

## 1- Investment fund management

The Company manages a number of public and private closed and open investment funds. Such funds invest in a variety of sectors, including real estate and public and private equity, through which the Company seeks to find investment opportunities and solutions for different investor segments. For further details regarding the investment funds managed by the Company, please refer to Section 12.8.2 (“**Material Agreements Related to Investment Funds**”) of this Prospectus. The Company is currently working to conclude management agreements for the sub-management of the private investment funds. As of 30 June 2024G, the Company manages 28 investment funds and it owns units in a total of 10 of these funds, as shown in the following table:

**Table (4.11): The Company's Mutual Funds**

| #                                                     | Mutual Funds                                      |
|-------------------------------------------------------|---------------------------------------------------|
| <b>Privately Placed Funds (with a closed capital)</b> |                                                   |
| 1.                                                    | Derayah Real Estate Income Fund III.              |
| 2.                                                    | Derayah Venture Capital Fund.                     |
| 3.                                                    | Derayah Private Equity Fund.                      |
| 4.                                                    | Derayah Global Venture Capital Fund.              |
| 5.                                                    | Derayah Retail Fund.                              |
| 6.                                                    | Derayah Private Fund 30.                          |
| 7.                                                    | Wadi Masharee Real Estate Fund.                   |
| 8.                                                    | Al Waha Real Estate Fund.                         |
| 9.                                                    | Tawafuq Real Estate Fund.                         |
| 10.                                                   | Derayah Gulf Real Estate Fund.                    |
| 11.                                                   | Derayah Private Fund 40.                          |
| 12.                                                   | Derayahh Alremal Real Estate Fund.                |
| <b>Privately Placed Funds (with an open capital)</b>  |                                                   |
| 1.                                                    | Derayah SAR Trade Finance Fund.                   |
| 2.                                                    | Derayah USD Trade Finance Fund.                   |
| 3.                                                    | Derayah Private Fund 10.                          |
| 4.                                                    | Derayah Private Fund 20.                          |
| 5.                                                    | Derayah Asia Venture Capital Ventures Asian Fund. |
| 6.                                                    | Derayah Private Fund 15.                          |
| 7.                                                    | Derayah Private Fund 25.                          |
| 8.                                                    | Derayah Sukuk Fund.                               |
| 9.                                                    | Derayah Private Fund 35.                          |
| 10.                                                   | Derayah Private Fund 45.                          |
| <b>Publicly Offered Funds (traded)</b>                |                                                   |
| 1.                                                    | Derayah REIT.                                     |
| <b>Publicly Offered Funds (with an open capital)</b>  |                                                   |
| 1.                                                    | Derayah Saudi Equity Fund.                        |
| 2.                                                    | Derayah GCC Growth and Income Equity Fund.        |
| 3.                                                    | Derayah Freestyle Saudi Equity Fund.              |
| 4.                                                    | Derayah Money Market Fund.                        |

Source: The Company

## 2- Derayah Smart Robo Advisor

On 10 October 2021G, the Company launched the Derayah Smart Advisor service. Derayah Smart Advisor service is an electronic platform providing users advisory services that suit their financial needs by using computer-generated responses and analysis.

The user fills out the evaluation form, which aims to identify the user level, their financial experience and future goals. Based on the analysis of the entered data, the platform automatically assesses the degree of risk appetite of the user. A range of different strategies are offered in terms of return and risk. The user chooses the appropriate investment strategy. Then, the procedures for signing the smart advisor agreement and opening the account take place. After opening the account, the investment strategy is applied to the amounts in the account. In case the client chooses to deviate from the suggested investment strategy, the client signs a waiver stating that they do so at their own risk. The Derayah Investment Advisory team periodically reviews investments.

## 3- Mutual Funds Supermarket

The Mutual Funds Supermarket was launched in 2009G. Through this service, the Company allows the client to invest in a wide range of investment funds (nearly 52 investment funds), which are managed by eight different managers including Derayah Financial Company, and to invest in most investment categories such as stocks, sukuk, Murabaha, real estate investment, and commodities. This is done through a single electronic platform accessible on the Company's website or smartphone app, and all investment products are available at the same cost when investing directly.

**Table (4.12): Funds Included in the Mutual Funds Supermarket**

| #                                                    | Funds Included in the Mutual Funds Supermarket           |
|------------------------------------------------------|----------------------------------------------------------|
| <b>Alawwal Investment Company</b>                    |                                                          |
| 1.                                                   | Al Yusr Saudi Equity Fund.                               |
| 2.                                                   | Al Yusr Murabaha and Sukuk Fund.                         |
| 3.                                                   | Al Yusr Saudi Riyal Murabaha Fund.                       |
| 4.                                                   | Alawwal Investment Global Equity Index Fund.             |
| 5.                                                   | Alawwal Emerging Equity Investment Fund.                 |
| 6.                                                   | Alawwal Balanced Diversified Asset Fund.                 |
| 7.                                                   | Alawwal Diversified Asset Growing Investment Fund.       |
| <b>Al Rajhi Capital Company</b>                      |                                                          |
| 1.                                                   | Al Rajhi Basic Materials Equity Fund.                    |
| 2.                                                   | Al Rajhi Fund for speculation in commodities in dollars. |
| 3.                                                   | Al Rajhi Balanced Multi-Asset Fund.                      |
| 4.                                                   | Al Rajhi Saudi Equity Fund.                              |
| 5.                                                   | Al Rajhi Multi-Asset Growth Fund.                        |
| 6.                                                   | Al Rajhi GCC Equity Fund.                                |
| 7.                                                   | Al Rajhi Fund for speculation in goods in riyals.        |
| 8.                                                   | Al Rajhi Global Equity Fund.                             |
| <b>Investment Securities &amp; Brokerage Company</b> |                                                          |
| 1.                                                   | Saeb Fund for Saudi Companies.                           |
| 2.                                                   | Saeb Commodity Trading Fund.                             |
| <b>The Company</b>                                   |                                                          |
| 1.                                                   | Derayah Saudi Equity Freestyle Fund.                     |
| 2.                                                   | Derayah Gulf Growth and Income Equity Fund.              |



| #                                             | Funds Included in the Mutual Funds Supermarket                  |
|-----------------------------------------------|-----------------------------------------------------------------|
| 3.                                            | Derayah Money Market Fund.                                      |
| 4.                                            | Derayah Saudi Equity Fund.                                      |
| <b>Jadwa Investment</b>                       |                                                                 |
| 1.                                            | Jadwa Arab Stock Markets Fund - Class B.                        |
| 2.                                            | Jadwa Saudi Equity Fund – Class B.                              |
| 3.                                            | Jadwa GCC Equity Fund - Class B.                                |
| 4.                                            | Feasibility for the GCC index.                                  |
| 5.                                            | Jadwa Saudi Riyal Murabaha Fund - Class B.                      |
| 6.                                            | Jadwa Global Sukuk Fund - Class B.                              |
| <b>Osool &amp; Bakheet Investment Company</b> |                                                                 |
| 1.                                            | Osool and Bakheet Saudi Stock Trading Fund.                     |
| <b>SNB Capital Company</b>                    |                                                                 |
| 1.                                            | AIAhli Diversified Fund in US Dollars.                          |
| 2.                                            | AIAhli GCC Equity Trading Fund.                                 |
| 3.                                            | AIAhli Europe Equity Index Fund.                                |
| 4.                                            | AIAhli Emerging Markets Equity Index Fund.                      |
| 5.                                            | AIAhli Saudi Riyal Trading Fund.                                |
| 6.                                            | AIAhli SME Equity Fund.                                         |
| 7.                                            | AIAhli Saudi Equity Trading Fund.                               |
| 8.                                            | AIAhli North American Equity Index Fund.                        |
| 9.                                            | AIAhli Global Real Estate Income Fund.                          |
| 10.                                           | AIAhli Global Trading Fund.                                     |
| 11.                                           | AIAhli Asia Pacific Equity Index Fund.                          |
| 12.                                           | AIAhli Healthcare Trading Fund.                                 |
| 13.                                           | AIAhli Diversified Saudi Riyal Fund.                            |
| 14.                                           | AIAhli USD Sukuk Fund.                                          |
| 15.                                           | AIAhli Multi-Asset Conservative Fund.                           |
| 16.                                           | AIAhli Multi-Asset Balanced Fund.                               |
| 17.                                           | AIAhli Multi-Asset Growth Fund.                                 |
| 18.                                           | Al Raed Al Khaliiji Fund.                                       |
| 19.                                           | International Trade Finance Fund in Dollars (Sunbullah Dollar). |
| 20.                                           | Al-Raed Saudi Equity Fund.                                      |
| 21.                                           | Al-Ataa Saudi Equity Fund.                                      |
| 22.                                           | International Trade Finance Fund in Riyals (Sunbullah Riyal).   |
| <b>Arab National Capital Company</b>          |                                                                 |
| 1.                                            | Al-Mubarak Pure Saudi Equity Fund.                              |
| 2.                                            | Al-Mubarak SAR Trade Fund.                                      |
| 3.                                            | Al-Mubarak USD Trade Fund.                                      |

Source: The Company

#### 4- Discretionary portfolio management services

A discretionary portfolio is a portfolio owned by the client, based on which the Company develops a special investment strategy according to the client's investment goals and requirements. The Company manages the portfolio separately within the client's account.

#### 5- Alternative investments

The Company's alternative investments include its investment in the real estate investment sector and the offering of real estate funds, so its clients can invest in construction projects and acquire rental properties with suitable income. As of the date of this Prospectus, the Company manages seven (7) real estate investment funds with total assets equal to SAR 235,180,619.

#### 6- Financing services for trading

The Company provides financing to its clients through direct trading loans guaranteed by the value of the clients' assets managed by or deposited with the Company, and the Company offers three types of Shariah-compliant financing, as described below.

#### 7- Murabaha financing

Financing is carried out through Murabaha agreements whereby the Company buys shares listed on the stock market and sells them to the client, plus a profit margin. This type of financing is intended for long-term owners of assets and the financing period usually does not exceed one year (this type of financing is referred to as "Murabaha financing").

#### 8- Margin financing

A free margin trading agreement through which the Company grants the client the ability to buy and trade in securities without trading commissions (this type is referred to as "free margin trading"). This type of financing is typically provided for monthly products.

#### 9- Free financing

Margin financing agreement through which the Company grants the active client an interest-free loan (this type is referred to as "free financing").

##### 4.5.2.3 Investment and Murabaha

The investment division is engaged in managing the proprietary investments of the Company, mainly representing investment in funds managed by the Company. The Company's investments include listed companies and private companies. The Murabaha division covers the special commission income generated from the clients' money accounts managed by the Company, along with the special commission generated from the Company's own investments.

##### 4.5.2.4 Advisory

The Company's advisory team provides integrated investment solutions that regulate the investment process for institutional and individual investor clients. The services offered range from employee savings solutions to diversified portfolio management. Advisory services include detailing an investment plan that achieves the investor's investment objectives, building a strategic asset allocation, and selecting, appointing and following up with asset managers.

### 4.5.3 Significant New Products or Activities

#### Derayah Global Lite

The Derayah Global Lite service allows traders to buy and sell US shares and exchange-traded funds without commission or any kickbacks. In addition, all segments of Derayah Global clients can now benefit from free live share prices without additional fees.

## 4.6 Company Procedures to Control and Reduce Operational Errors

In the course of its normal business, the Company is exposed to various types of operational errors, which include, but are not limited to, errors in trading operations, such as when the responsible employee enters a purchase order or sells a security at a price or quantity that differs from what was agreed upon with the client, or errors in entering the type of order so that orders are entered to sell securities while the client wishes to buy securities or enter a security purchase order while the client wishes to sell them. Additionally, errors may occur in the calculation of commissions and administrative fees for the performance reports agreed upon with the client, or operational and organizational errors that may occur from other parties with whom the Company deals. For further details on such risks, please refer to Section 2.1.10 ("**Risks related to compensating clients for operational errors, delays or non-execution of client orders**") of this Prospectus.

To ensure that the needs of the clients are met and the best services are provided to them, the Company has developed procedures to control and reduce these operational errors that include (among other things) the following:

- Receive, record, save and classify client complaints according to the way they are managed and addressed.
- Refer to the recording of phone calls with the client and make an analysis on the data of operational losses and notify the head of the brokerage department of the details of these errors, and the way to address them.
- Establish precise policies and procedures for the selection of third parties that provide services to the Company (such as brokers).
- Continuous evaluation of the efficiency of the performance of third parties using performance appraisal forms.
- Reporting to the Governance, Risk and Compliance Committee regarding potential risks as a result of the assessment.

## 4.7 Subsidiaries

For an overview of the structure of the Group, please refer to Section of 4.2.1 ("**Group Structure**") and Section 12.5 ("**Subsidiaries**") of this Prospectus which details all the material and non-material Subsidiaries.

### 4.7.1 Derayah for Technology Services Egypt

In 2023G, the Company established Derayah for Technology Services Egypt, a limited liability company incorporated in Nasr City public free zone (Egypt) under commercial registration number 204410. The company's capital is USD 1,000,000 divided into 100,000 shares. According to its Articles of Association, Derayah for Technology Services Egypt's activities include the production, analysis, and design of computer systems, software, databases, and other types of systems, as well as providing technology and technical support services. As of the date of this Prospectus, Derayah for Technology Services Egypt's sole activity is providing information technology services to the Company as its subsidiary, of which it owns 99.5%, with Director Taha Al-Kuwaiz owning the remaining share, equivalent to 0.5% of the capital of Derayah Technology Services Egypt, solely for the purpose of meeting the requirements of the laws in force in Egypt.

### 4.7.2 Bank D360

Bank D360 is the only Material Subsidiary of the Company. Material Subsidiaries are those that contributed to 5% or more of the Company's total assets, revenue, equity or profits as of 31 December 2023G.

The Company established Bank D360, an unlisted joint stock company in the Kingdom with a number of investors including PIF, and an agreement to establish a joint project regarding the Bank has been concluded between the Company and the other investors to organize their ownership of the Bank (for further information, please refer to Section 12.8.4 ("**Other Material Agreements**") of this Prospectus). Bank D360 has a capital of one billion, six hundred and fifty million Saudi Riyals (SAR 1,650,000,000) to conduct the business of digital banks. On 14/07/1443H (corresponding to 15/02/2022G), the Minister of Finance issued the necessary decision approving the licensing of Bank D360. On 22/07/1443H (corresponding to 23/02/2022G), the Saudi Central Bank issued a letter of notification of the license to undertake banking activities. The Ministry of Investment also issued an investment license on 15/09/1443H (corresponding to 16/04/2022G) due to the foreign ownership of D360 Bank. On 26/12/1443H (corresponding to 25/07/2022G), Ministry of Commerce resolution no. 1119 was issued to announce the establishment of the Bank 360, and on 03/02/1444H (corresponding to 30/08/2022G) the commercial register of Bank D360 was issued under no. 1010822737. on 16/06/1446H (corresponding to 17 December, 2024G). Bank D360 has obtained Saudi Central Bank's non-objection to practicing banking activity

The Company owns 20% of the shares in the capital of Bank D360 through:

- a cash contribution of one hundred thirty-six million, eight hundred and eleven thousand, one hundred and eighty-three Saudi Riyals and eighty-four Halalas (SAR 136,811,183.84) representing 8.29% of Bank D360's capital; and
- obtaining 11.71% of Bank D360's share capital from the other investors for the Company's efforts in establishing and obtaining the necessary licenses and approvals.
- the Company's ownership in Bank D360 may be diluted due to the Employee Share Program for the employees who participated in the establishment of D360 Bank, which provides that up to 3.5% of the shares of Bank D360 currently owned by the Company be assigned to Bank D360's Employee Share Program.

During the procedures for establishing Bank D360, the Company concluded a joint venture agreement with investors in Bank D360 that govern the contractual relationship between shareholders. On 15/01/2022G, the Company concluded a commitment agreement with PIF, which includes a number of terms and conditions, declarations, guarantees and undertakings related to the establishment of Bank D360 and its work after incorporation, including the achievement of a number of operational objectives in specific years (for further details in relation to the Company's investment in Bank D360 and the risks associated with it, please see Section 12.8.4 ("**Other Material Agreements**") and Section 2.1.1 ("**Risks related to the Company's investment in Bank D360**") of this Prospectus).

During the previous years, the Company has borne the costs of establishing Bank D360, including signing contracts related to Bank D360's business, the costs of recruiting, hiring and paying the salaries of Bank D360's initial team (where 74 employees were employed during the establishment phase), in addition to paying the expenses associated with the purchase of digital bank systems and all that is related to the establishment of Bank D360 and contracting with service providers related to the establishment of Bank D360. Bank D360 reimbursed the Company for all these costs after the issuance of Bank D360's commercial register.

The activities of D360 Bank according to its Bylaws are represented in undertaking all types of banking and investment activities (except for securities) for its own benefit and for the benefit of others inside and outside the Kingdom, in accordance with the laws and regulations in force in the Kingdom and the conditions specified by the Saudi Central Bank.

It is worth noting that the Saudi Central Bank issued a non-objection, dated 16/06/1446H (Corresponding to 17 December 2024G), in order to practicing banking activity including banking business. D360 Bank is opening current accounts for some specific clients and providing basic banking services, as well as the possibility of benefiting from the SADAD system for local and international payments and transfers. The Bank also undertakes treasury management activities and owns investment portfolios to manage cash, liquidity and the general budget, including managing daily cash flows and maintaining sufficient reserves. D360 Bank's investment portfolio includes Sharia-compliant securities and other financial instruments. The Company's ownership share in D360 Bank may be diluted by approximately 3.5%, under an employee share program for employees who contributed to the establishment of the Bank, who number 18 employees as of the date of this Prospectus. The program gives each of these employees, on the due date, the right to obtain the shares allocated to them or obtain the fair value of those shares as of their due date, in accordance with the terms and conditions of the program, including that the employee continues to work at the Bank for a certain period.

In the event that employees decide to obtain shares in D360 Bank, the transfer of ownership of those shares to the concerned employee is conditional upon the end of a five-year lock-up period commencing 30/08/2022G, in addition to obtaining all regulatory approvals, including the approval of the Saudi Central Bank. We also note that in the event that the regulatory approvals required to transfer ownership of the shares are not obtained after the end of the three-year lock-up period, the Bank is obligated to pay the fair value of those shares to the employees.

As of the date of this Prospectus, 5,750,000 shares have been allocated to Bank's Employee Share Program, of which 5,670,000 shares have been granted to the Bank's employees. As of the date of this prospectus, 5,470,000 of the granted shares have vested, with an additional 100,000 shares set to vest by the end of the first quarter of 2025. Regarding the remaining 100,000 shares of the granted shares, it is worth noting that these have been returned to the program due to the employees' failure to meet the relevant vesting periods under the applicable terms and conditions. Accordingly, the number of unallocated shares after the end of the first quarter of 2025G will be 180,000 shares which will be granted in the future accordance with the terms and conditions of the Employee Share Program.

Employees participating in the program do not have any rights related to the vested shares, including the right to vote in the general assemblies of D360 Bank or the right to receive a share of the Bank's profits, until ownership of the shares is transferred to them.

## 4.8 Major Clients and Suppliers

While performing its activities, the Company deals with different types of clients including, for example, the public and private investment funds it manages and institutions and individuals that it provides brokerage, management and advisory services to.

The following table shows the revenues from the Company's top ten clients for the financial year ended 31 December 2021G, 2022G and 2023G and the six-month period ended 30 June 2024G.

**Table (4.13): The Company's Top Ten Clients for the Financial Year Ended 31 December 2021G, 2022G and 2023G and the Six-Month Period Ended 30 June 2024G**

| Client                                        | Description                                | Revenue volume (SAR) | Percentage from total revenues | Relationship with the counter-party |
|-----------------------------------------------|--------------------------------------------|----------------------|--------------------------------|-------------------------------------|
| <b>Financial year ended 31 December 2021G</b> |                                            |                      |                                |                                     |
| Client 1                                      | Management and subscription fees           | 7,775,890.00         | 1.35%                          | Fund Managed by the Company         |
| Client 2                                      | Management and subscription fees           | 5,818,769.00         | 1.01%                          | Fund Managed by the Company         |
| Client 3                                      | Management and subscription fees           | 3,877,957.00         | 0.67%                          | Fund Managed by the Company         |
| Client 4                                      | Management and subscription fees           | 3,202,351.00         | 0.56%                          | Fund Managed by the Company         |
| Client 5                                      | Management and subscription fees           | 2,774,747.00         | 0.48%                          | Fund Managed by the Company         |
| Client 6                                      | Brokerage commission and subscription fees | 2,076,274.00         | 0.36%                          | Independent Client                  |
| Client 7                                      | Brokerage commission and subscription fees | 2,076,028.00         | 0.36%                          | Independent Client                  |
| Client 8                                      | Brokerage commission and subscription fees | 1,920,779.00         | 0.33%                          | Independent Client                  |
| Client 9                                      | Management and subscription fees           | 1,613,437.00         | 0.28%                          | Fund Managed by the Company         |
| Client 10                                     | Brokerage commission and subscription fees | 1,522,249.00         | 0.26%                          | Independent Client                  |
| <b>Total top 10 Clients</b>                   | <b>-</b>                                   | <b>32,658,481.00</b> | <b>5.66%</b>                   | <b>-</b>                            |
| <b>Financial year ended 31 December 2022G</b> |                                            |                      |                                |                                     |
| Client 1                                      | Management and subscription fees           | 7,629,098.04         | 2%                             | Fund Managed by the Company         |
| Client 2                                      | Management and subscription fees           | 5,721,346.04         | 1%                             | Fund Managed by the Company         |
| Client 11                                     | Management and subscription fees           | 4,942,087.97         | 1%                             | Fund Managed by the Company         |
| Client 6                                      | Brokerage commission and subscription fees | 4,921,822.03         | 1%                             | Independent Client                  |
| Client 12                                     | Management and subscription fees           | 4,158,287.47         | 1%                             | Fund Managed by the Company         |
| Client 3                                      | Management and subscription fees           | 3,895,500.00         | 1%                             | Fund Managed by the Company         |
| Client 4                                      | Management and subscription fees           | 3,527,907.48         | 1%                             | Fund Managed by the Company         |
| Client 13                                     | Management and subscription fees           | 3,167,017.63         | 1%                             | Fund Managed by the Company         |
| Client 14                                     | Advisory                                   | 2,989,253.31         | 1%                             | Independent Client                  |

| Client                                        | Description                                | Revenue volume (SAR) | Percentage from total revenues | Relationship with the counter-party |
|-----------------------------------------------|--------------------------------------------|----------------------|--------------------------------|-------------------------------------|
| Client 15                                     | Management and subscription fees           | 2,800,988.87         | 1%                             | Fund Managed by the Company         |
| Total top 10 Clients                          | -                                          | 43,753,308.84        | 11%                            | -                                   |
| <b>Financial year ended 31 December 2023G</b> |                                            |                      |                                |                                     |
| Client 16                                     | Management and subscription fees           | 13,613,722.55        | 2.18%                          | Fund Managed by the Company         |
| Client 1                                      | Management and subscription fees           | 9,357,961.71         | 1.50%                          | Fund Managed by the Company         |
| Client 2                                      | Management and subscription fees           | 5,743,323.35         | 0.92%                          | Fund Managed by the Company         |
| Client 17                                     | Management and subscription fees           | 4,850,000.00         | 0.78%                          | Fund Managed by the Company         |
| Client 18                                     | Brokerage commission and subscription fees | 4,375,363.56         | 0.70%                          | Independent Client                  |
| Client 3                                      | Management and subscription fees           | 4,265,375.10         | 0.68%                          | Fund Managed by the Company         |
| Client 19                                     | Brokerage commission and subscription fees | 3,371,413.10         | 0.54%                          | Independent Client                  |
| Client 11                                     | Management and subscription fees           | 3,150,458.00         | 0.51%                          | Fund Managed by the Company         |
| Client 15                                     | Management and subscription fees           | 2,894,322.13         | 0.46%                          | Fund Managed by the Company         |
| Client 20                                     | Management and subscription fees           | 2,743,416.05         | 0.44%                          | Independent Client                  |
| Total top 10 Clients                          | -                                          | 54,365,355.55        | 8.72%                          | -                                   |
| <b>Six-month period ended 30 June 2024G</b>   |                                            |                      |                                |                                     |
| Client 16                                     | Management and subscription fees           | 8,577,885            | 2.75%                          | Fund Managed by the Company         |
| Client 21                                     | Brokerage commission and subscription fees | 6,889,021            | 2.21%                          | Independent Client                  |
| Client 1                                      | Management and subscription fees           | 3,640,921            | 1.17%                          | Fund Managed by the Company         |
| Client 2                                      | Management and subscription fees           | 3,090,147            | 0.99%                          | Fund Managed by the Company         |
| Client 22                                     | Brokerage commission and subscription fees | 2,878,248            | 0.92%                          | Independent Client                  |
| Client 23                                     | Brokerage commission and subscription fees | 2,672,489            | 0.86%                          | Independent Client                  |
| Client 24                                     | Management and subscription fees           | 2,170,056            | 0.70%                          | Fund Managed by the Company         |
| Client 25                                     | Brokerage commission and subscription fees | 2,015,379            | 0.65%                          | Independent Client                  |
| Client 11                                     | Management and subscription fees           | 1,833,147            | 0.59%                          | Fund Managed by the Company         |
| Client 26                                     | Brokerage commission and subscription fees | 1,593,530            | 0.51%                          | Independent Client                  |
| Total top 10 clients                          | -                                          | 35,360,827           | 11.35%                         | -                                   |

Source: The Company

\*The Company has entered into agreements/contracts with all clients mentioned above.

In the ordinary course of its activities, the Company enters into agreements with a number of suppliers for the provision of the services and products it requires for its daily operations, including consulting, insurance and technical services.

Below are details of the Company's top five suppliers for the financial years ended 31 December 2021G, 2022G and 2023G and the six-month period ended 30 June 2024G:

| Supplier                                      | Description<br>(Leasing/Provision of<br>Manpower/Technological<br>Services, etc.) | Procurement<br>Volume<br>(SAR) | Percentage of<br>Total Purchases | Country      | Type of Transaction<br>(Contractual/Non-<br>Contractual) |
|-----------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------|--------------|----------------------------------------------------------|
| <b>Financial year ended 31 December 2021G</b> |                                                                                   |                                |                                  |              |                                                          |
| Supplier 1                                    | Technical services                                                                | 10,317,599                     | 13.21%                           | Saudi Arabia | Contractual                                              |
| Supplier 2                                    | Providing information<br>about the Exchange                                       | 6,223,416                      | 7.97%                            | Saudi Arabia | Contractual                                              |
| Supplier 3                                    | Technical services                                                                | 5,000,000                      | 6.40%                            | Saudi Arabia | Contractual                                              |
| Supplier 4                                    | Technical services                                                                | 4,756,735                      | 6.09%                            | Saudi Arabia | Contractual                                              |
| Supplier 5                                    | Insurance services                                                                | 4,215,813                      | 5.40%                            | Saudi Arabia | Contractual                                              |
| Total top 5 suppliers                         | -                                                                                 | 30,513,564                     | 39.06%                           | -            | -                                                        |
| <b>Financial year ended 31 December 2022G</b> |                                                                                   |                                |                                  |              |                                                          |
| Supplier 4                                    | Technical services                                                                | 12,927,431                     | 11.74%                           | Saudi Arabia | Contractual                                              |
| Supplier 2                                    | Providing information<br>about the Exchange                                       | 7,494,415                      | 6.80%                            | Saudi Arabia | Contractual                                              |
| Supplier 6                                    | Contracting and<br>implementation services                                        | 6,720,322                      | 6.10%                            | Saudi Arabia | Contractual                                              |
| Supplier 7                                    | Technical services                                                                | 5,933,109                      | 5.39%                            | Saudi Arabia | Contractual                                              |
| Supplier 5                                    | Insurance services                                                                | 5,488,511                      | 4.98%                            | Saudi Arabia | Contractual                                              |
| Total top 5 suppliers                         | -                                                                                 | 38,563,789                     | 35.01%                           | -            | -                                                        |
| <b>Financial year ended 31 December 2023G</b> |                                                                                   |                                |                                  |              |                                                          |
| Supplier 4                                    | Technical services                                                                | 12,381,395                     | 11.21%                           | Saudi Arabia | Contractual                                              |
| Supplier 2                                    | Providing information<br>about the Exchange                                       | 7,725,627                      | 6.94%                            | Saudi Arabia | Contractual                                              |
| Supplier 8                                    | Technical services                                                                | 5,169,931                      | 4.64%                            | Saudi Arabia | Contractual                                              |
| Supplier 5                                    | Insurance services                                                                | 4,759,636                      | 4.28%                            | Saudi Arabia | Contractual                                              |
| Supplier 9                                    | Consulting services                                                               | 3,992,063                      | 3.59%                            | Saudi Arabia | Contractual                                              |
| Total top 5 suppliers                         | -                                                                                 | 34,028,652                     | 30.57%                           | -            | -                                                        |
| <b>Six-month period ended 30 June 2024G</b>   |                                                                                   |                                |                                  |              |                                                          |
| Supplier 5                                    | Insurance services                                                                | 5,614,536                      | 8.14%                            | Saudi Arabia | Contractual                                              |
| Supplier 4                                    | Technical services                                                                | 4,797,974                      | 6.95%                            | Saudi Arabia | Contractual                                              |
| Supplier 2                                    | Providing information<br>about the Exchange                                       | 3,747,335                      | 5.43%                            | Saudi Arabia | Contractual                                              |
| Supplier 10                                   | Real estate auction<br>services                                                   | 3,500,000                      | 5.07%                            | Saudi Arabia | Contractual                                              |
| Supplier 1                                    | Technical services                                                                | 3,475,525                      | 5.04%                            | Saudi Arabia | Contractual                                              |
| Total top 5 suppliers                         | -                                                                                 | 21,135,370                     | 30.63%                           | -            | -                                                        |

## 4.9 Overview of the Company's IT Infrastructure

The Company's operations are highly reliant on information technology. Cybersecurity and a reliable IT infrastructure are key factors for the Company's continued operations and commercial success, due to the importance of the Company's trading platforms. Please refer to Section 2.1.18 ("**Risks related to any material disruption in the Company's operations and systems and unauthorized access to its systems**") of this Prospectus for further details on the associated risks and Section 12.8 ("**Material Agreements**") for a summary of the Company's material IT infrastructure agreements.

As a result, the Company's IT strategy is closely linked with its corporate strategy.

## 4.10 Intellectual Property

The Company has protected its intellectual property by registering its trademark with the Saudi Authority for Intellectual Property. For more information on the Company's intellectual property rights, please refer to Section 12.14 ("**Intellectual Property and Intangible Assets Owned by the Company**") of this Prospectus.

## 4.11 Regulatory Environment

The financial services industry is a regulated industry, and the Company is licensed by the CMA as a Capital Market Institution. For more information on the Company's regulatory environment and licenses, please refer to Section 12.7 ("**Government Approvals, Licenses and Certifications**") of this Prospectus.

## 4.12 Awards and Achievements

The Company has received a number of awards, the most recent of which are summarized as follows:

**Table (4.14): Awards and Achievements**

| Award                                                                    | Year  | Award Granting Entity           |
|--------------------------------------------------------------------------|-------|---------------------------------|
| Fastest Growing Equity Fund Management Company – Kingdom of Saudi Arabia | 2023G | Gazette International           |
| Most Reliable Brokerage Services Company – Kingdom of Saudi Arabia       | 2023G | Gazette International           |
| Brokerage                                                                | 2022G | Next 100 Global Awards          |
| Best Trading Platform                                                    | 2022G | Argaam                          |
| Best Brokerage Company – Customer Service                                | 2022G | Argaam                          |
| Best IPO Manager by Subscription Size – Parallel Market – Nomu           | 2022G | Argaam                          |
| Most Innovative Brokerage Platform – Kingdom of Saudi Arabia             | 2022G | World Economic Magazine         |
| Most Advanced Brokerage Platform – Middle East                           | 2022G | International Business Magazine |
| Most Innovative Online Platform – Kingdom of Saudi Arabia                | 2022G | International Finance           |
| Best Online Trading Platform – Kingdom of Saudi Arabia                   | 2022G | World Economic Magazine         |
| Most Advanced Brokerage Platform – Middle East                           | 2021G | International Business Magazine |
| Best Trading Platform of 2021                                            | 2021G | Argaam                          |
| Best Brokerage Company of 2021 – Customer Service                        | 2021G | Argaam                          |
| Top Performing Funds Over 5 Years – Shariah-Compliant                    | 2021G | Argaam                          |

Source: The Company



## 4.13 Employees, Employee Development and Other Programs

### 4.13.1 Employees

As of 30 June 2024G, Derayah Financial Company had 183 employees (of which 147 are Saudis) and the Company and its Subsidiaries (namely, Derayah for Technology Services and Bank D360) collectively employed a total of 384 employees (of which 279 are Saudis).

Approximately 90% of the Group's employees are located in the Kingdom as of 30 June 2024G, with the remainder located in Egypt (approximately 10%).

The Group has entered into employment contracts with all of the Company's Executives and other members of management. The contracts determine their salaries and allowances according to their qualifications and experience and include a number of benefits such as medical insurance for employees and their families. These contracts are renewable and subject to the labor regulations in force in the relevant jurisdictions (for more details on the contracts concluded with Senior Executives, please refer to Section 5.6.2 ("**Contracts entered into with Senior Executives**") of this Prospectus).

The Group has not experienced any material labor disputes and believes that it has good relations with its employees. As of the date of this Prospectus, the Group has not entered into any collective bargaining agreements with its employees or any trade unions.

The table below sets out the number of employees that are employed by the Company across its main divisions as of 31 December 2021G, 2022G and 2023G and the six-month period ending 30 June 2024G.

**Table (4.15): Number of Saudi and Non-Saudi Employees at the Company**

| Division/ Function                                      | 31/12/2021G |       |       |                 | 31/12/2022G |       |       |                 | 31/12/2023G |       |       |                 | 31/03/2024G |       |       |                 |
|---------------------------------------------------------|-------------|-------|-------|-----------------|-------------|-------|-------|-----------------|-------------|-------|-------|-----------------|-------------|-------|-------|-----------------|
|                                                         | Non-Saudi   | Saudi | Total | Saudization (%) | Non-Saudi   | Saudi | Total | Saudization (%) | Non-Saudi   | Saudi | Total | Saudization (%) | Non-Saudi   | Saudi | Total | Saudization (%) |
| Office of the Chief Executive Officer                   | -           | 2     | 2     | 100%            | -           | 2     | 2     | 100%            | 1           | 1     | 2     | 50%             | 2           | 3     | 5     | 60%             |
| Internal Audit                                          | -           | 1     | 1     | 100%            | -           | 2     | 2     | 100%            | 0           | 1     | 1     | 100%            | 0           | 1     | 1     | 100%            |
| Compliance and Anti-Money Laundering Department         | -           | 4     | 4     | 100%            | -           | 7     | 7     | 100%            | 0           | 8     | 8     | 100%            | 0           | 6     | 6     | 100%            |
| Investment Department - Financial Markets & Advisory    | 2           | 8     | 10    | 80%             | 3           | 8     | 11    | 72.72%          | 3           | 9     | 12    | 75%             | 4           | 9     | 13    | 69.23%          |
| Sales Department                                        | 2           | 34    | 36    | 94.44%          | 2           | 36    | 38    | 94.73%          | 2           | 34    | 36    | 94.44%          | 1           | 34    | 35    | 97.14%          |
| Telephone Sales Department                              | 1           | 8     | 9     | 88.88%          | 1           | 10    | 11    | 90.9%           | 1           | 11    | 12    | 91.66%          | 1           | 14    | 15    | 93.33%          |
| Call Center Section                                     | -           | 16    | 16    | 100%            | 0           | 16    | 16    | 100%            | 0           | 12    | 12    | 100%            | 0           | 10    | 10    | 100%            |
| Commercial Affairs Section                              | 1           | 3     | 4     | 75%             | 1           | 3     | 4     | 75%             | 1           | 4     | 5     | 80%             | 1           | 5     | 6     | 83.33%          |
| Marketing Department                                    | 1           | 2     | 3     | 66.66%          | 1           | 2     | 3     | 66.66%          | 1           | 2     | 3     | 66.66%          | 2           | 1     | 3     | 33.33%          |
| Department of Information Technology for Infrastructure | 4           | 7     | 11    | 63.63%          | 4           | 10    | 14    | 71.42%          | 3           | 10    | 13    | 76.92%          | 9           | 6     | 15    | 40%             |
| Information Technology Development Department           | 6           | 2     | 8     | 25%             | 6           | 2     | 8     | 25%             | 5           | 2     | 7     | 28.57%          | 5           | 2     | 7     | 28.57%          |
| Operations Department                                   | 4           | 8     | 12    | 66.66%          | 3           | 12    | 15    | 80%             | 5           | 10    | 15    | 66.66%          | 3           | 10    | 13    | 76.92%          |
| Department of Management                                | 2           | 2     | 4     | 50%             | 2           | 2     | 4     | 50%             | 2           | 2     | 4     | 50%             | 2           | 1     | 3     | 33.33%          |
| Human Resources Department                              | -           | 4     | 4     | 100%            | 0           | 5     | 5     | 100%            | 0           | 5     | 5     | 100%            | 0           | 4     | 4     | 100%            |

| Division/ Function                         | 31/12/2021G |            |            |                  | 31/12/2022G |            |            |                  | 31/12/2023G |            |            |                  | 31/03/2024G |            |            |                  |
|--------------------------------------------|-------------|------------|------------|------------------|-------------|------------|------------|------------------|-------------|------------|------------|------------------|-------------|------------|------------|------------------|
|                                            | Non-Saudi   | Saudi      | Total      | Saudiza-tion (%) | Non-Saudi   | Saudi      | Total      | Saudiza-tion (%) | Non-Saudi   | Saudi      | Total      | Saudiza-tion (%) | Non-Saudi   | Saudi      | Total      | Saudiza-tion (%) |
| Risk Management Section                    | 1           | 3          | 4          | 75%              | 1           | 3          | 4          | 75%              | 1           | 3          | 4          | 75%              | 1           | 4          | 5          | 80%              |
| Financial Management                       | 2           | 2          | 4          | 50%              | 2           | 3          | 5          | 60%              | 2           | 4          | 6          | 66.66%           | 2           | 4          | 6          | 66.66%           |
| Mediation Section                          | -           | 21         | 21         | 100%             | 0           | 20         | 20         | 100%             | 0           | 18         | 18         | 100%             | 1           | 19         | 20         | 95%              |
| Alternative Investments Section            | 1           | 6          | 7          | 85.71%           | 1           | 7          | 8          | 87.5%            | 0           | 10         | 10         | 100%             | 1           | 9          | 10         | 90%              |
| Private Equity Section                     | 1           | 2          | 3          | 66.66%           | 1           | 5          | 6          | 83.33%           | 1           | 3          | 4          | 75%              | 1           | 2          | 3          | 66.66%           |
| Strategy & Business Development Department | 1           | 52         | 53         | 98.11%           | 1           | 64         | 65         | 98.46%           | 0           | 0          | 0          | 0                | 0           | 0          | 0          | 0                |
| Cyber Security                             |             |            |            |                  |             |            |            |                  | 0           | 0          | 0          | 0                | 0           | 1          | 1          | 100%             |
| Quality Management                         |             |            |            |                  |             |            |            |                  | 0           | 2          | 2          | 100%             | 0           | 2          | 2          | 100%             |
| <b>Total</b>                               | <b>29</b>   | <b>187</b> | <b>216</b> | <b>86.57%</b>    | <b>29</b>   | <b>219</b> | <b>248</b> | <b>88.30%</b>    | <b>28</b>   | <b>151</b> | <b>179</b> | <b>84.35%</b>    | <b>36</b>   | <b>147</b> | <b>183</b> | <b>80.32%</b>    |

Source: The Company

### 4.13.2 Employees of Bank D360

The table below sets out the number of employees that are employed by Bank D360 by main activity category.

**Table (4.16): Number of Saudi and Non-Saudi Employees at Bank D360**

| Division/Function                       | 31/12/2023G |           |            |                  | 31/03/2024G |           |            |                  |
|-----------------------------------------|-------------|-----------|------------|------------------|-------------|-----------|------------|------------------|
|                                         | Total       | Non-Saudi | Saudi      | Saudiza-tion (%) | Total       | Non-Saudi | Saudi      | Saudiza-tion (%) |
| Business Department                     | 28          | 1         | 27         | 96.4%            | 24          | 3         | 21         | 87.5%            |
| Compliance Department                   | 14          | 0         | 14         | 100%             | 18          | 0         | 18         | 100%             |
| Joint Commercial Business Department    | 22          | 20        | 2          | 9.09%            | 19          | 2         | 17         | 85.71%           |
| Customer Care and Complaints Department | 4           | 0         | 4          | 100%             | 5           | 0         | 5          | 100%             |
| Executive Office                        | 2           | 0         | 2          | 100%             | 1           | 1         | 0          | 100%             |
| Finance Department                      | 9           | 4         | 5          | 55.55%           | 9           | 3         | 6          | 66.7%            |
| Internal Audit Department               | 2           | 1         | 1          | 50%              | 2           | 1         | 1          | 50%              |
| Legal and Governance Department         | 3           | 0         | 3          | 100%             | 3           | 0         | 3          | 100%             |
| Operations Department                   | 9           | 0         | 9          | 100%             | 15          | 0         | 15         | 100%             |
| Risk Department                         | 21          | 3         | 18         | 85.71%           | 26          | 4         | 22         | 84.6%            |
| IT Department                           | 41          | 5         | 36         | 87.80%           | 47          | 8         | 39         | 83%              |
| Treasury Department                     | 3           | 0         | 3          | 100%             | 1           | 0         | 1          | 100%             |
| <b>Total</b>                            | <b>158</b>  | <b>16</b> | <b>142</b> | <b>89.87%</b>    | <b>149</b>  | <b>21</b> | <b>128</b> | <b>87.1%</b>     |

Source: The Company

### 4.13.3 Saudization

As of 31 December 2023G, the Company had a Saudization ratio of 82.5% and was categorized as being within the Platinum category of the Nitaqat Saudization program approved by MHRSD. Bank D360 has a Saudization ratio of 88% and was categorized as being within the Platinum category of the Nitaqat Saudization program.

**Table (4.17): Saudization Ratio and Category of the Company**

|             | Total Employees | Saudi Employees | Non-Saudi Employees | Percentage of Saudi Employees % | Category (if any) |
|-------------|-----------------|-----------------|---------------------|---------------------------------|-------------------|
| The Company | 179             | 158             | 26                  | 82.5%                           | Platinum          |

Source: The Company

**Table (4.18): Saudization Ratio and Category of Bank D360**

|           | Total Employees | Saudi Employees | Non-Saudi Employees | Percentage of Saudi Employees % | Category of Nitaqat (if any) |
|-----------|-----------------|-----------------|---------------------|---------------------------------|------------------------------|
| Bank D360 | 149             | 128             | 21                  | 86%                             | Platinum                     |

Source: The Company

### 4.13.4 Employee development

The Company values the importance of investing in development of employees and has in place a learning and development plan for its employees. The Company's training program includes technical, behavioral and mandatory regulatory training. Trainings are offered in-house and outside the Company, in the Kingdom and through distance learning.

Additionally, the Company has launched the Derayah Business School initiative, which aims to develop the Company's employee talents and focuses on promoting a culture of knowledge exchange throughout employee development. The program aims to provide employees with diversified learning opportunities with access to innovative learning methods to help them develop professionally. The program includes educational sessions by the Company's experts and external experts in different business areas. The graduate development program allows young talents to join Derayah and learn skills in line with the Kingdom's Vision 2030 program.

On 7 July 2024G, the Company's Extraordinary General Assembly approved the establishment of the Company's Employee Share Program by issuing 6,384,000 shares and allocating them to the Company's employees. This Program was established to honor, reward and motivate the Company's employees by enhancing the sense of ownership and achieving long-term success with the Company. The Program also aims to enhance employee retention by creating long-term financial benefits that encourage employees to remain with the Company and continue to contribute to its success.

The plan will grant shares to current and independent employees and the shares will be granted in multiple cycles to eligible employees according to specific criteria. The shares will be granted to eligible employees during specific periods depending on the employee's level of service within the Company. The Nomination and Remuneration Committee will supervise the share program plan in cooperation with some of the Company's employees and will have the authority to grant shares to all eligible employees, including its current and future employees, in accordance with the policy governing the Employee Share Program and as approved by the Board of Directors and the Nomination and Remuneration Committee.

#### 4.14 Material Business Interruptions

On 27 February 2024G, the Company was affected by a service outage for approximately four share trading hours which continued for approximately 20 minutes of the share trading hours on the local market on 28 February 2024G. This was due to several technical issues. An investigation of the incident was conducted by a competent third party, which concluded that the outage occurred due to a combination of different factors. The Company suffered no material financial impact as a result of this incident, although it paid compensation and provided discounts to certain clients as of the date of this Prospectus. In order to mitigate the risks of outages occurring, the Company has taken several actions, such as troubleshooting the issues and increasing the system capacity, stabilizing the applications and systems as well as freezing any production rules temporarily to ensure system stability. For more information on this outage and the risks related to potential similar outages in the future, please see Section 2.1.18 ("**Risks related to any material disruption in the Company's operations and systems and unauthorized access to its systems**") of this Prospectus.

Other than as disclosed above, there have been no material interruptions to the Group's business during the past twelve months.

#### 4.15 Overview of Any Material Changes in the Nature of the Group's Business

As of the date of this Prospectus, no material change in the nature of the business of the Group is contemplated that may, singularly or in the aggregate, have a material impact on the Group's business, financial condition, results of operations or future prospects.

#### 4.16 Research and Development Activities

As of the date of this Prospectus, neither the Company nor any of its Subsidiaries undertake material research and development activities.

#### 4.17 Material Change in the Nature of Business

As of the date of this Prospectus, there has been no material change in the nature of the Company's business that would have, individually or in the aggregate, a material impact on the Company's business, financial position, results of operations or prospects. Except as disclosed in this Prospectus, the Company does not intend, as of the date this Prospectus, to make any material changes.

#### 4.18 Latest Developments

As of the date of this Prospectus, there are no material developments that may affect the nature of the Group's business which would, individually or collectively, affect the Group's business, financial condition or operations.

#### 4.19 Ownership Structure of the Company and Shareholders

##### 4.19.1 Company ownership structure before and after the Offering

The table below shows the shareholding structure of the Company as of the date of this Prospectus.

**Table (4.19): Current Ownership Structure of the Company**

| #   | Shareholder                                   | Pre-Offering     |                     |                                 |                                   | Post-Offering    |                     |                          |                                   |
|-----|-----------------------------------------------|------------------|---------------------|---------------------------------|-----------------------------------|------------------|---------------------|--------------------------|-----------------------------------|
|     |                                               | Number of Shares | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%) | Number of Shares | Nominal Value (SAR) | Ownership Percentage (%) | Indirect Ownership Percentage (%) |
| 1.  | Taha Abdullah Al-Kuwaiz                       | 60,535,050       | 121,070,100         | 24.2%                           | N/A                               | 48,075,562       | 96,151,124          | 19.3%                    | N/A                               |
| 2.  | Abdulaziz Ibrahim AlJammaz & Brothers Company | 23,823,525       | 47,647,050          | 9.5%                            | N/A                               | 18,920,102       | 37,840,204          | 7.6%                     | N/A                               |
| 3.  | Sanad Investment Company                      | 23,121,015       | 46,242,030          | 9.3%                            | N/A                               | 18,362,185       | 36,724,370          | 7.4%                     | N/A                               |
| 4.  | AlTouq Company Ltd.                           | 17,100,000       | 34,200,000          | 6.8%                            | N/A                               | 13,580,432       | 27,160,864          | 5.4%                     | N/A                               |
| 5.  | Hashem Othman Al-Hekail                       | 12,003,555       | 24,007,110          | 4.8%                            | N/A                               | 9,532,951        | 19,065,902          | 3.8%                     | N/A                               |
| 6.  | Abdulwahab Saeed Al-Sayed                     | 11,991,480       | 23,982,960          | 4.8%                            | N/A                               | 9,523,361        | 19,046,722          | 3.8%                     | N/A                               |
| 7.  | Derayat Alinma Trading Company*               | 4,402,695        | 8,805,390           | 1.8%                            | N/A                               | 3,496,520        | 6,993,040           | 1.4%                     | N/A                               |
| 8.  | Mohammed Saeed Al-Shammasi                    | 5,479,110        | 10,958,220          | 2.2%                            | N/A                               | 4,399,036        | 8,798,072           | 1.7%                     | N/A                               |
| 9.  | Mishaal Khalid Al-Haqbani                     | 2,347,200        | 4,694,400           | 0.9%                            | N/A                               | 1,864,093        | 3,728,186           | 0.7%                     | N/A                               |
| 10. | Mohammed Ahmed Al-Yami                        | 802,500          | 1,605,000           | 0.3%                            | N/A                               | 637,327**        | 1,274,654           | 0.3%                     | N/A                               |
| 11. | Prince Fahd Saad Al Saud                      | 11,550,000       | 23,100,000          | 4.6%                            | N/A                               | 9,172,748        | 18,345,496          | 3.7%                     | N/A                               |
| 12. | Mubarak Abdullah Baarmah                      | 8,911,725        | 17,823,450          | 3.6%                            | N/A                               | 7,077,490        | 14,154,980          | 2.8%                     | N/A                               |
| 13. | Abdulaziz Ali Al-Showaier                     | 11,257,845       | 22,515,690          | 4.5%                            | N/A                               | 8,940,725        | 17,881,450          | 3.6%                     | N/A                               |
| 14. | Mohammed Mohammed Al-Rashid                   | 7,500,000        | 15,000,000          | 3.0%                            | N/A                               | 5,956,330        | 11,912,660          | 2.4%                     | N/A                               |
| 15. | Muawiya Hamad Al-Hanati                       | 7,500,000        | 15,000,000          | 3.0%                            | N/A                               | 5,956,330        | 11,912,660          | 2.4%                     | N/A                               |
| 16. | Abdul Aziz Mohammed Al-Mashal                 | 7,500,000        | 15,000,000          | 3.0%                            | N/A                               | 5,956,330        | 11,912,660          | 2.4%                     | N/A                               |
| 17. | Faisal Khalid Al-Hamdan                       | 3,750,000        | 7,500,000           | 1.5%                            | N/A                               | 2,978,165        | 5,956,330           | 1.2%                     | N/A                               |
| 18. | Kamal Abdullah Bahamdan                       | 2,625,000        | 5,250,000           | 1.1%                            | N/A                               | 2,084,715        | 4,169,430           | 0.8%                     | N/A                               |
| 19. | Fawzia Suleiman Al-Saeed                      | 2,608,710        | 5,217,420           | 1.0%                            | N/A                               | 2,071,778        | 4,143,556           | 0.8%                     | N/A                               |

| #   | Shareholder                                           | Pre-Offering     |                     |                                 |                                   | Post-Offering    |                     |                          |                                   |
|-----|-------------------------------------------------------|------------------|---------------------|---------------------------------|-----------------------------------|------------------|---------------------|--------------------------|-----------------------------------|
|     |                                                       | Number of Shares | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%) | Number of Shares | Nominal Value (SAR) | Ownership Percentage (%) | Indirect Ownership Percentage (%) |
| 20. | Dar Investment Company for Management and Development | 2,250,000        | 4,500,000           | 0.9%                            | N/A                               | 1,786,899        | 3,573,798           | 0.7%                     | N/A                               |
| 21. | Manar Talal Bakhsh                                    | 1,980,000        | 3,960,000           | 0.8%                            | N/A                               | 1,572,471        | 3,144,942           | 0.6%                     | N/A                               |
| 22. | Ahmed Mustafa Ben Halim                               | 1,500,000        | 3,000,000           | 0.6%                            | N/A                               | 1,191,266        | 2,382,532           | 0.5%                     | N/A                               |
| 23. | Faisal Mohammed Al-Suhaili                            | 1,630,440        | 3,260,880           | 0.7%                            | N/A                               | 1,294,858        | 2,589,716           | 0.5%                     | N/A                               |
| 24. | Saad Mohammed Al-Suhaili                              | 1,630,440        | 3,260,880           | 0.7%                            | N/A                               | 1,294,858        | 2,589,716           | 0.5%                     | N/A                               |
| 25. | Fahd Mohammed Al-Suhaili                              | 1,630,425        | 3,260,850           | 0.7%                            | N/A                               | 1,294,846        | 2,589,692           | 0.5%                     | N/A                               |
| 26. | Thamer Saleh Al-Shuaibi                               | 1,193,700        | 2,387,400           | 0.5%                            | N/A                               | 948,009          | 1,896,018           | 0.4%                     | N/A                               |
| 27. | Hind Mohammed Al-Suhaili                              | 815,220          | 1,630,440           | 0.3%                            | N/A                               | 647,429          | 1,294,858           | 0.3%                     | N/A                               |
| 28. | Haifa Mohammed Al-Suhaili                             | 815,220          | 1,630,440           | 0.3%                            | N/A                               | 647,429          | 1,294,858           | 0.3%                     | N/A                               |
| 29. | Talal Mohammed Al-Nasiri                              | 750,000          | 1,500,000           | 0.3%                            | N/A                               | 595,633          | 1,191,266           | 0.2%                     | N/A                               |
| 30. | Mansour Abdulaziz Kaaki                               | 750,000          | 1,500,000           | 0.3%                            | N/A                               | 595,633          | 1,191,266           | 0.2%                     | N/A                               |
| 31. | Fahd Ali Al-Suhaili                                   | 750,000          | 1,500,000           | 0.3%                            | N/A                               | 595,633          | 1,191,266           | 0.2%                     | N/A                               |
| 32. | Ibrahim Mohammed Al-Harabi                            | 675,000          | 1,350,000           | 0.3%                            | N/A                               | 536,070          | 1,072,140           | 0.2%                     | N/A                               |
| 33. | Abdulhadi Ali Shayif                                  | 652,185          | 1,304,370           | 0.3%                            | N/A                               | 517,951          | 1,035,902           | 0.2%                     | N/A                               |
| 34. | Thamer Rashid Al-Dosari                               | 330,000          | 660,000             | 0.1%                            | N/A                               | 262,079          | 524,158             | 0.1%                     | N/A                               |
| 35. | Ahmed Abdulrahman Al-Omar                             | 225,000          | 450,000             | 0.1%                            | N/A                               | 178,690          | 357,380             | 0.1%                     | N/A                               |
| 36. | Abdul Mohsen Ibrahim Al-Hekail                        | 150,000          | 300,000             | 0.1%                            | N/A                               | 119,127          | 238,254             | 0.0%                     | N/A                               |
| 37. | Abdul Aziz Rashid Al-Ashban                           | 133,155          | 266,310             | 0.1%                            | N/A                               | 105,746          | 211,492             | 0.0%                     | N/A                               |

| #     | Shareholder                                    | Pre-Offering     |                     |                                 |                                   | Post-Offering    |                     |                          |                                   |
|-------|------------------------------------------------|------------------|---------------------|---------------------------------|-----------------------------------|------------------|---------------------|--------------------------|-----------------------------------|
|       |                                                | Number of Shares | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%) | Number of Shares | Nominal Value (SAR) | Ownership Percentage (%) | Indirect Ownership Percentage (%) |
| 38.   | Derayah Financial Company (treasury shares)*** | 7,065,000        | 14,130,000          | 2.8%                            | N/A                               | 7,065,000        | 14,130,000          | 2.8%                     | N/A                               |
| 39.   | Public****                                     | N/A              | N/A                 | N/A                             | N/A                               | 49,947,039       | 99,894,078          | 20%                      | N/A                               |
| Total |                                                | 249,735,195      | 499,470,390         | 100%                            | -                                 | 249,735,195      | 499,470,390         | 100%                     | -                                 |

Source: The Company

\* An agreement was concluded between the Company and Alinma Investment to establish Derayat Alinma Trading Company, for the purpose of holding the shares granted to Company employees through the Previous Employee Share Program. Ownership of the shares granted to the Company's employees that vested under the Previous Employee Share Program, amounting to 4,402,695 shares as of the date of this Prospectus, will be transferred from Derayat Alinma Trading Company to the shareholders entitled thereto, upon completion of the procedures for Listing the Company's shares.

\*\* Before the Offering, Derayat Alinma Trading Company holds 114,000 shares in the Company on behalf of Mohammed Ahmed Saud Al-Yami. The 90,537 shares remaining after Listing will be transferred to Mohammed Ahmed Saud Al-Yami to be held directly. He was also granted 14,400 treasury shares through the Previous Employee Share Program, which will vest in 2026G after fulfilling the relevant conditions. These shares are part of the Treasury Shares referred to in the table above. It should be noted that all shares owned by Mohammed Ahmed Saud Al-Yami upon Listing will be subject to the Lock-up Period.

\*\*\*On 01/01/1446H (corresponding to 07/07/2024G), the Extraordinary General Assembly approved: (1) issuing 1,260,000 new shares with a nominal value of SAR 10 per share (which became 6,300,000 shares after the reduction of the nominal value and the division of shares pursuant to the decision of said Assembly) and keeping them as treasury shares for the purpose of using them under the New Employee Share Program; and (2) recovering 51,000 shares (which became 765,000 after the capital increase and the division of shares pursuant to the decision of said Assembly) of the shares that were owned by Derayah Commercial Development Company (and were not granted to any employee) to be held by the Company as Treasury Shares for the purposes of the New Employee Share Program. For further details, see Section 5.9 ("**Employee Share Programs**") of this Prospectus.

\*\*\*\*Includes only the Subscribers to the Offer Shares, noting that a number of current shareholders fall within the CMA's definition of "**Public**" as defined in Section 1 ("**Definitions and Abbreviations**") of this Prospectus. It is worth noting that the public owns 81,064,080 of the Issuer's ordinary shares, representing 32.5% of the Issuer's capital before the Offering.

After the completion of the Offering and the listing procedures, the shares of Derayat Alinma Trading Company, amounting to 3,496,520 shares, will be transferred to the shareholders entitled thereto and granted to the Company's current and former employees, as they were entitled thereto under the previous Employee Share Program, provided that the shares are transferred to the shareholders referred to below:

**Table (4.20): Transfer of Derayat Alinma Trading Company Shares Post-Listing**

|     | Shareholder Name                 | Post-Listing     |                         |
|-----|----------------------------------|------------------|-------------------------|
|     |                                  | Number of Shares | Shareholding Percentage |
| 1.  | Mohammed Ahmed Al-Yami           | 90,537           | 0.0%                    |
| 2.  | Khalid Kamal Ahmed Faqiha        | 148,908          | 0.0%                    |
| 3.  | Saud Nasser Abdulrahman Al-Rayes | 47,651           | 0.0%                    |
| 4.  | Bilal Khalid Mahmoud Bushnaq     | 968,201          | 0.4%                    |
| 5.  | Hossam El-Din Mohammed Badr      | 83,389           | 0.0%                    |
| 6.  | Fatima Mohamed Al-Kathiri        | 23,825           | 0.0%                    |
| 7.  | Mohamed Hussein Al-Qawsi         | 23,825           | 0.0%                    |
| 8.  | Omar Abdulrahman Al-Othman       | 25,314           | 0.0%                    |
| 9.  | Yasser Abdulrahman Al-Hawas      | 23,825           | 0.0%                    |
| 10. | Reema Saud Al-Harbi              | 11,913           | 0.0%                    |

|              | Shareholder Name       | Post-Listing     |                         |
|--------------|------------------------|------------------|-------------------------|
|              |                        | Number of Shares | Shareholding Percentage |
| 11.          | Mohammed Lardi         | 59,563           | 0.0%                    |
| 12.          | Mohamed Yasser Maqbool | 59,563           | 0.0%                    |
| 13.          | Emad Naqrash           | 1,870,443        | 0.7%                    |
| 14.          | Abdulrahman Al-Rumaih  | 59,563           | 0.0%                    |
| <b>Total</b> |                        | <b>3,496,520</b> | <b>1.4%</b>             |

The following table sets out the details of Shareholders who directly hold five per cent. or more of the Shares in the Company as of the date of this Prospectus, as well as the Shares post-Offering:

**Table (4.21): Ownership Structure of the Substantial Shareholders in the Company**

| #            | Shareholder                                   | Pre-Offering       |                     |                      |                        | Post-Offering     |                     |                      |                        |
|--------------|-----------------------------------------------|--------------------|---------------------|----------------------|------------------------|-------------------|---------------------|----------------------|------------------------|
|              |                                               | No. of Shares      | Nominal value (SAR) | Direct Ownership (%) | Indirect Ownership (%) | No. of Shares     | Nominal value (SAR) | Direct Ownership (%) | Indirect Ownership (%) |
| 1.           | Taha Abdullah Al-Kuwaiz                       | 60,535,050         | 121,070,100         | 24.2%                | -                      | 48,075,562        | 96,151,124          | 19.3%                | -                      |
| 2.           | Abdulaziz Ibrahim AlJammaz & Brothers Company | 23,823,525         | 47,647,050          | 9.5%                 | -                      | 18,920,102        | 37,840,204          | 7.6%                 | -                      |
| 3.           | Sanad Investment Company                      | 23,121,015         | 46,242,030          | 9.3%                 | -                      | 18,362,185        | 36,724,370          | 7.4%                 | -                      |
| 4.           | AlTouq Company Ltd.                           | 17,100,000         | 34,200,000          | 6.8%                 | -                      | 13,580,432        | 27,160,864          | 5.4%                 | -                      |
| <b>Total</b> |                                               | <b>124,579,590</b> | <b>249,159,180</b>  | <b>49.8%</b>         | <b>-</b>               | <b>98,938,281</b> | <b>197,876,562</b>  | <b>39.7%</b>         | <b>-</b>               |

Source: The Company

## 4.19.2 The Company's Shareholding Structure

### 4.19.2.1 Abdulaziz Bin Ibrahim AlJammaz & Brothers Company

Abdulaziz Bin Ibrahim AlJammaz & Brothers Company is an unlisted joint stock company registered in the Kingdom under commercial registration number 1010307432 dated 19/05/1432H (corresponding to 23/04/2011G), with an issued capital of five hundred thousand Saudi Riyals (SAR 500,000).

The activities of Abdulaziz Bin Ibrahim AlJammaz & Brothers include accommodation and restaurant services, wholesale and retail trade and repair of motor vehicles and motorbikes. The following table shows the ownership structure of Abdulaziz Bin Ibrahim AlJammaz & Brothers as of the date of this Prospectus:

**Table (4.22): Ownership Structure of Abdulaziz Bin Ibrahim AlJammaz & Brothers as of the Date of this Prospectus:**

| #  | Shareholder                      | Shareholding Percentage |
|----|----------------------------------|-------------------------|
| 1. | Farzan Investment Company        | 40%                     |
| 2. | Talat Najd Investment Company    | 20%                     |
| 3. | Ramatan Investment Company       | 20%                     |
| 4. | Rawabi Shahar Investment Company | 20%                     |

Source: The Company



**Table (4.23): Ownership Structure of Farzan Investment Company as of the Date of this Prospectus:**

| #  | Shareholder                 | Shareholding Percentage |
|----|-----------------------------|-------------------------|
| 1. | Mohammed Abdulaziz AlJammaz | 17.10%                  |
| 2. | Salman Abdulaziz AlJammaz   | 17.10%                  |
| 3. | Omar Abdulaziz AlJammaz     | 17.10%                  |
| 4. | Ibrahim Abdulaziz AlJammaz  | 17.10%                  |
| 5. | Salwa Othman Alhogail       | 12.50%                  |
| 6. | Safana Abdulaziz AlJammaz   | 9.05%                   |
| 7. | Sadim Abdulaziz AlJammaz    | 9.05%                   |
| 8. | Dalil Investment Company    | 1%                      |

Source: The Company

**Table (4.24): Ownership Structure of Talat Najd Investment Company as of the Date of this Prospectus:**

| #  | Shareholder                 | Shareholding Percentage |
|----|-----------------------------|-------------------------|
| 1. | Abdullah Ibrahim AlJammaz   | 93%                     |
| 2. | Maha Abdulrahman Albawardi  | 1%                      |
| 3. | Yezid Abdullah AlJammaz     | 1%                      |
| 4. | Al-Unud Abdullah AlJammaz   | 1%                      |
| 5. | Al-Jazi Abdullah AlJammaz   | 1%                      |
| 6. | Saud Abdullah AlJammaz      | 1%                      |
| 7. | Abdulaziz Abdullah AlJammaz | 1%                      |
| 8. | Dalil Investment Company    | 1%                      |

Source: The Company

**Table (4.25): Ownership Structure of Ramatan Investment Company as of the Date of this Prospectus:**

| #  | Shareholder              | Shareholding Percentage |
|----|--------------------------|-------------------------|
| 1. | Saud Ibrahim AlJammaz    | 92%                     |
| 2. | Nauf Abdullah AlOmran    | 1%                      |
| 3. | Isam Saud AlJammaz       | 1%                      |
| 4. | Aram Saud AlJammaz       | 1%                      |
| 5. | Abdullah Saud AlJammaz   | 1%                      |
| 6. | Hatun Saud AlJammaz      | 1%                      |
| 7. | Ibrahim Saud AlJammaz    | 1%                      |
| 8. | Reem Saud AlJammaz       | 1%                      |
| 9. | Dalil Investment Company | 1%                      |

Source: The Company

**Table (4.26): Ownership Structure of Rawabi Shahar Investment Company as of the Date of this Prospectus:**

| #  | Shareholder                   | Shareholding Percentage |
|----|-------------------------------|-------------------------|
| 1. | Mohammed Abdulrahman AlJammaz | 99%                     |
| 2. | Dalil Investment Company      | 1%                      |

Source: The Company

**Table (4.27): Ownership Structure of Dalil Investment Company as of the Date of this Prospectus:**

| #   | Shareholder                   | Shareholding Percentage |
|-----|-------------------------------|-------------------------|
| 1.  | Mohammed Abdulrahman AlJammaz | 20%                     |
| 2.  | Abdullah Ibrahim AlJammaz     | 20%                     |
| 3.  | Saud Ibrahim AlJammaz         | 20%                     |
| 4.  | Mohammed Abdulaziz AlJammaz   | 7%                      |
| 5.  | Salman Abdulaziz AlJammaz     | 7%                      |
| 6.  | Omar Abdulaziz AlJammaz       | 7%                      |
| 7.  | Ibrahim Abdulaziz AlJammaz    | 7%                      |
| 8.  | Salwa Othman Alhogail         | 5%                      |
| 9.  | Safana Abdulaziz AlJammaz     | 3.5%                    |
| 10. | Sadim Abdulaziz AlJammaz      | 3.5%                    |

Source: The Company

#### 4.19.3 Sanad Investment Company

Sanad Investment Company is an unlisted joint stock company registered in the Kingdom under commercial registration number 1010166158 dated 11/02/1422H (corresponding to 05/05/2001G), with an issued capital of fifty million Saudi Riyals (SAR 50,000,000).

The activities of Sanad Investment Company include the management and leasing of owned or rented (residential) properties, the management and leasing of owned (non-residential) properties and real estate activities for a commission. The following table shows the ownership structure of Sanad Investment Company as of the date of this Prospectus:

**Table (4.28): Ownership Structure of Sanad Investment Company as of the Date of this Prospectus**

| #  | Shareholder                 | Shareholding Percentage |
|----|-----------------------------|-------------------------|
| 1. | Mohamad Ali Abalkhail       | 30%                     |
| 2. | Ali Mohamad Abalkhail       | 20%                     |
| 3. | Khaled Mohamad Abalkhail    | 20%                     |
| 4. | Reem Mohamad Abalkhail      | 10%                     |
| 5. | Rand Mohamad Abalkhail      | 10%                     |
| 6. | Fawziyah Abdullah Abalkhail | 10%                     |

Source: The Company

#### 4.19.4 AlTouq Company Ltd.

AlTouq Company Ltd. is a limited liability company registered in the Kingdom under commercial registration number 1010396080 dated 24/01/1435H (corresponding to 27/11/2013G), with an issued capital of one million Saudi Riyals (SAR 1,000,000).

The activities of AlTouq Company Ltd. include the general construction of non-residential buildings (including schools, hospitals, and hotels), general construction of government buildings, construction of prefabricated buildings on site, and the renovation of residential and non-residential buildings. The following table shows the ownership structure of AlTouq Company Ltd. as of the date of this Prospectus:

**Table (4.29): Ownership Structure of AlTouq Company Ltd. as of the Date of this Prospectus**

| #  | Shareholder                | Shareholding Percentage |
|----|----------------------------|-------------------------|
| 1. | Abdulaziz Ibrahim AlTouq   | 17.5%                   |
| 2. | Abdulmohsen Ibrahim AlTouq | 17.5%                   |
| 3. | Saif Ibrahim AlTouq        | 17.5%                   |
| 4. | Rakan Ibrahim AlTouq       | 17.5%                   |
| 5. | Sarah Ali AlRashed         | 12.5%                   |
| 6. | Mounira Ibrahim AlTouq     | 8.75%                   |
| 7. | Modi Ibrahim AlTouq        | 8.75%                   |

Source: The Company

#### 4.19.5 Derayat Alinma Trading Company

Derayat Alinma Trading Company is a limited liability company registered in the Kingdom under commercial registration number 1010497296, with an issued capital of ten thousand Saudi Riyals (SAR 10,000).

The activities of Derayat Alinma Trading Company include financial, insurance, and real-estate activities, and it was established with the aim of holding the shares granted through the Previous Employee Share Program. For more information on the Company's employees share ownership programs, please refer to Section 5.9 ("Employee Share Programs") of this Prospectus. The following table shows the ownership structure of Derayat Alinma Trading Company as of the date of this Prospectus:

**Table (4.30): Ownership Structure of Derayat Alinma Trading Company as of the Date of this Prospectus**

| #  | Shareholder                     | Shareholding Percentage |
|----|---------------------------------|-------------------------|
| 1. | Alinma Investment Company       | 99%                     |
| 2. | Ameen Alinma Investment Company | 1%                      |

Source: The Company

**Table (4.31): Ownership Structure of Alinma Investment Company as of the Date of this Prospectus:**

| #  | Shareholder | Shareholding Percentage |
|----|-------------|-------------------------|
| 1. | Alinma Bank | 100%                    |

Source: The Company

**Table (4.32): Ownership Structure of Alinma Bank as of the Date of this Prospectus:**

| #  | Shareholder | Shareholding Percentage |
|----|-------------|-------------------------|
| 1. | PIF         | 10%                     |
| 2. | Public      | 90%                     |

Source: The Company

**Table (4.33): Ownership Structure of PIF as of the Date of this Prospectus:**

| #  | Shareholder                                   | Shareholding Percentage |
|----|-----------------------------------------------|-------------------------|
| 1. | The Government of the Kingdom of Saudi Arabia | 100%                    |

Source: The Company

**Table (4.34): Ownership Structure of Ameen Alinma Investment Company as of the Date of this Prospectus:**

| #  | Shareholder               | Shareholding Percentage |
|----|---------------------------|-------------------------|
| 1. | Alinma Investment Company | 100%                    |

Source: The Company

#### 4.19.5.1 Dar Investment Company for Management and Development

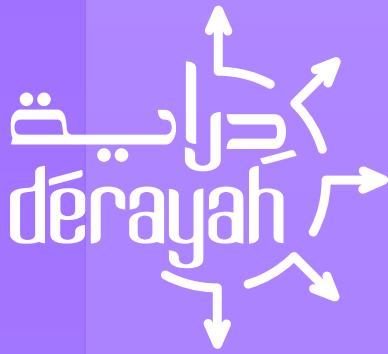
Dar Investment Company for Management and Development is a Single Shareholder Company registered in the Kingdom under Commercial Registration No. 1010217750 with an issued capital of SAR 10 million.

The activities of Dar Investment Company for Management and Development include real estate management and leasing. The following table sets out the ownership structure of Dar Investment Company for Management and Development as of the date of this Prospectus:

**Table (4.35): Ownership Structure of Dar Investment Company for Management and Development as of the Date of This Prospectus:**

| No. | Shareholder         | Shareholding (%) |
|-----|---------------------|------------------|
| 1.  | Mohamed Al-Dhoheyan | 100%             |

Source: The Company



## 5. Ownership and Organizational Structure

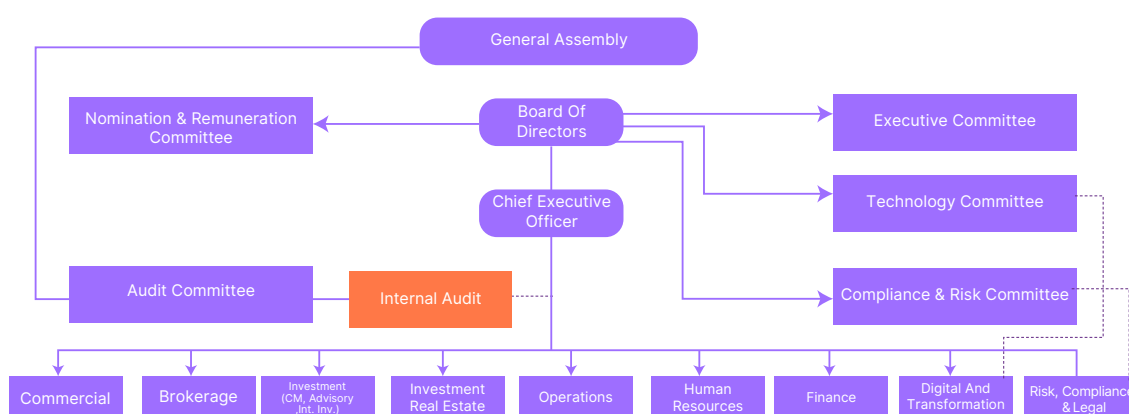
## 5. Ownership and Organizational Structure

### 5.1 The Company's Organizational Structure and Governance

#### 5.1.1 Organizational Structure

The Company's organizational structure consists of the Board of Directors (the "**Board of Directors**" or the "**Board**"), the Executive Management and the Board committees, which are (1) the Audit Committee, (2) the Nomination and Remuneration Committee, (3) the Risk and Compliance Committee, (4) the Executive Committee, and (5) the Technical Committee. These committees assume the powers granted to them by the Board of Directors and the Board of Directors has the ultimate responsibility for the direction, general supervision and general control of the Company. The following diagram shows the organizational structure of the Company:

Figure (5.1): The Company's Organizational Structure



Source: The Company

#### 5.1.2 The Company's Capital and Ownership Structure

The Company's capital is four hundred and ninety-nine million, four hundred and seventy thousand, three hundred and ninety Saudi Riyals (SAR 499,470,390), divided into two hundred and forty-nine million, seven hundred and thirty-five thousand, one hundred and ninety-five (249,735,195) ordinary shares with a fully paid nominal value of two Saudi Riyals (SAR 2) per share.

The following table shows the direct and indirect ownership structure of the Company before and after the Offering:

Table (5.1): The Company's Ownership Structure Before and After the Offering

| #  | Shareholder                                   | Pre-Offering     |                     |                                 |                                   | Post-Offering    |                     |                          |                                   |
|----|-----------------------------------------------|------------------|---------------------|---------------------------------|-----------------------------------|------------------|---------------------|--------------------------|-----------------------------------|
|    |                                               | Number of Shares | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%) | Number of Shares | Nominal Value (SAR) | Ownership Percentage (%) | Indirect Ownership Percentage (%) |
| 1. | Taha Abdullah Al-Kuwaiz                       | 60,535,050       | 121,070,100         | 24.2%                           | N/A                               | 48,075,562       | 96,151,124          | 19.3%                    | N/A                               |
| 2. | Abdulaziz Ibrahim AlJammaz & Brothers Company | 23,823,525       | 47,647,050          | 9.5%                            | N/A                               | 18,920,102       | 37,840,204          | 7.6%                     | N/A                               |
| 3. | Sanad Investment Company                      | 23,121,015       | 46,242,030          | 9.3%                            | N/A                               | 18,362,185       | 36,724,370          | 7.4%                     | N/A                               |

| #   | Shareholder                                           | Pre-Offering     |                     |                                 |                                   | Post-Offering    |                     |                          |                                   |
|-----|-------------------------------------------------------|------------------|---------------------|---------------------------------|-----------------------------------|------------------|---------------------|--------------------------|-----------------------------------|
|     |                                                       | Number of Shares | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%) | Number of Shares | Nominal Value (SAR) | Ownership Percentage (%) | Indirect Ownership Percentage (%) |
| 4.  | AlTouq Company Ltd.                                   | 17,100,000       | 34,200,000          | 6.8%                            | N/A                               | 13,580,432       | 27,160,864          | 5.4%                     | N/A                               |
| 5.  | Hashem Othman Al-Hekail                               | 12,003,555       | 24,007,110          | 4.8%                            | N/A                               | 9,532,951        | 19,065,902          | 3.8%                     | N/A                               |
| 6.  | Abdulwahab Saeed Al-Sayed                             | 11,991,480       | 23,982,960          | 4.8%                            | N/A                               | 9,523,361        | 19,046,722          | 3.8%                     | N/A                               |
| 7.  | Derayat Alinma Trading Company*                       | 4,402,695        | 8,805,390           | 1.8%                            | N/A                               | 3,496,520        | 6,993,040           | 1.4%                     | N/A                               |
| 8.  | Mohammed Saeed Al-Shammasi                            | 5,479,110        | 10,958,220          | 2.2%                            | N/A                               | 4,351,385        | 8,702,770           | 1.7%                     | N/A                               |
| 9.  | Mishaal Khalid Al-Haqbani                             | 2,347,200        | 4,694,400           | 0.9%                            | N/A                               | 1,864,093        | 3,728,186           | 0.7%                     | N/A                               |
| 10. | Mohammed Ahmed Al-Yami                                | 802,500          | 1,605,000           | 0.3%                            | N/A                               | 637,327**        | 1,274,654           | 0.3%                     | N/A                               |
| 11. | Prince Fahd Saad Al Saud                              | 11,550,000       | 23,100,000          | 4.6%                            | N/A                               | 9,172,748        | 18,345,496          | 3.7%                     | N/A                               |
| 12. | Mubarak Abdullah Baarmah                              | 8,911,725        | 17,823,450          | 3.6%                            | N/A                               | 7,077,490        | 14,154,980          | 2.8%                     | N/A                               |
| 13. | Abdulaziz Ali Al-Showaier                             | 11,257,845       | 22,515,690          | 4.5%                            | N/A                               | 8,940,725        | 17,881,450          | 3.6%                     | N/A                               |
| 14. | Mohammed Mohammed Al-Rashid                           | 7,500,000        | 15,000,000          | 3.0%                            | N/A                               | 5,956,330        | 11,912,660          | 2.4%                     | N/A                               |
| 15. | Muawiya Hamad Al-Hanati                               | 7,500,000        | 15,000,000          | 3.0%                            | N/A                               | 5,956,330        | 11,912,660          | 2.4%                     | N/A                               |
| 16. | Abdul Aziz Mohammed Al-Mashal                         | 7,500,000        | 15,000,000          | 3.0%                            | N/A                               | 5,956,330        | 11,912,660          | 2.4%                     | N/A                               |
| 17. | Faisal Khalid AlHamdan                                | 3,750,000        | 7,500,000           | 1.5%                            | N/A                               | 2,978,165        | 5,956,330           | 1.2%                     | N/A                               |
| 18. | Kamal Abdullah Bahamdan                               | 2,625,000        | 5,250,000           | 1.1%                            | N/A                               | 2,084,715        | 4,169,430           | 0.8%                     | N/A                               |
| 19. | Fawzia Suleiman AlSaeed                               | 2,608,710        | 5,217,420           | 1.0%                            | N/A                               | 2,071,778        | 4,143,556           | 0.8%                     | N/A                               |
| 20. | Dar Investment Company for Management and Development | 2,250,000        | 4,500,000           | 0.9%                            | N/A                               | 1,786,899        | 3,573,798           | 0.7%                     | N/A                               |
| 21. | Manar Talal Bakhsh                                    | 1,980,000        | 3,960,000           | 0.8%                            | N/A                               | 1,572,471        | 3,144,942           | 0.6%                     | N/A                               |
| 22. | Ahmed Mustafa Ben Halim                               | 1,500,000        | 3,000,000           | 0.6%                            | N/A                               | 1,191,266        | 2,382,532           | 0.5%                     | N/A                               |
| 23. | Faisal Mohammed Al-Suhaili                            | 1,630,440        | 3,260,880           | 0.7%                            | N/A                               | 1,294,858        | 2,589,716           | 0.5%                     | N/A                               |
| 24. | Saad Mohammed Al-Suhaili                              | 1,630,440        | 3,260,880           | 0.7%                            | N/A                               | 1,294,858        | 2,589,716           | 0.5%                     | N/A                               |
| 25. | Fahd Mohammed Al-Suhaili                              | 1,630,425        | 3,260,850           | 0.7%                            | N/A                               | 1,294,846        | 2,589,692           | 0.5%                     | N/A                               |
| 26. | Thamer Saleh Al-Shuaibi                               | 1,193,700        | 2,387,400           | 0.5%                            | N/A                               | 948,009          | 1,896,018           | 0.4%                     | N/A                               |

| #            | Shareholder                                    | Pre-Offering       |                     |                                 |                                   | Post-Offering      |                     |                          |                                   |
|--------------|------------------------------------------------|--------------------|---------------------|---------------------------------|-----------------------------------|--------------------|---------------------|--------------------------|-----------------------------------|
|              |                                                | Number of Shares   | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%) | Number of Shares   | Nominal Value (SAR) | Ownership Percentage (%) | Indirect Ownership Percentage (%) |
| 27.          | Hind Mohammed Al-Suhaili                       | 815,220            | 1,630,440           | 0.3%                            | N/A                               | 647,429            | 1,294,858           | 0.3%                     | N/A                               |
| 28.          | Haifa Mohammed Al-Suhaili                      | 815,220            | 1,630,440           | 0.3%                            | N/A                               | 647,429            | 1,294,858           | 0.3%                     | N/A                               |
| 29.          | Talal Mohammed Al-Nasiri                       | 750,000            | 1,500,000           | 0.3%                            | N/A                               | 595,633            | 1,191,266           | 0.2%                     | N/A                               |
| 30.          | Mansour Abdulaziz Kaaki                        | 750,000            | 1,500,000           | 0.3%                            | N/A                               | 595,633            | 1,191,266           | 0.2%                     | N/A                               |
| 31.          | Fahd Ali Al-Suhaili                            | 750,000            | 1,500,000           | 0.3%                            | N/A                               | 595,633            | 1,191,266           | 0.2%                     | N/A                               |
| 32.          | Ibrahim Mohammed Al-Harabi                     | 675,000            | 1,350,000           | 0.3%                            | N/A                               | 536,070            | 1,072,140           | 0.2%                     | N/A                               |
| 33.          | Abdulhadi Ali Shayif                           | 652,185            | 1,304,370           | 0.3%                            | N/A                               | 517,951            | 1,035,902           | 0.2%                     | N/A                               |
| 34.          | Thamer Rashid Al-Dosari                        | 330,000            | 660,000             | 0.1%                            | N/A                               | 262,079            | 524,158             | 0.1%                     | N/A                               |
| 35.          | Ahmed Abdulrahman Al-Omar                      | 225,000            | 450,000             | 0.1%                            | N/A                               | 178,690            | 357,380             | 0.1%                     | N/A                               |
| 36.          | Abdul Mohsen Ibrahim Al-Hekail                 | 150,000            | 300,000             | 0.1%                            | N/A                               | 119,127            | 238,254             | 0.0%                     | N/A                               |
| 37.          | Abdul Aziz Rashid Al-Ashban                    | 133,155            | 266,310             | 0.1%                            | N/A                               | 105,746            | 211,492             | 0.0%                     | N/A                               |
| 38.          | Derayah Financial Company (treasury shares)*** | 7,065,000          | 14,130,000          | 2.8%                            | N/A                               | 7,065,000          | 14,130,000          | 2.8%                     | N/A                               |
| 39.          | Public****                                     | N/A                | N/A                 | N/A                             | N/A                               | 49,947,039         | 99,894,078          | 20%                      | N/A                               |
| <b>Total</b> |                                                | <b>249,735,195</b> | <b>499,470,390</b>  | <b>100%</b>                     | <b>-</b>                          | <b>249,735,195</b> | <b>499,470,390</b>  | <b>100%</b>              | <b>-</b>                          |

Source: The Company

\* An agreement was concluded between the Company and Alinma Investment to establish Derayat Alinma Trading Company for the purpose of holding the shares granted to Company employees through the Previous Employee Share Program. Ownership of the shares granted to the Company's employees that vested under the Previous Employee Share Program, amounting to 4,402,695 shares as of the date of this Prospectus, will be transferred from Derayat Alinma Trading Company to the employees entitled thereto upon completion of the procedures for Listing the Company's shares.

\*\* Before the Offering, Derayat Alinma Trading Company holds 114,000 shares in the Company on behalf of Mohammed Ahmed Saud Al-Yami. The 90,537 shares remaining after the Offering will be transferred to Mohammed Ahmed Saud Al-Yami to be held directly after Listing. He was also granted 14,400 treasury shares before the Offering through the Previous Employee Share Program, which will vest in 2026G after fulfilling the relevant conditions. These shares are part of the treasury shares referred to in the table above. It should be noted that all shares owned by Mohammed Ahmed Saud Al-Yami upon Listing will be subject to the Lock-up Period.

\*\*\* On 01/01/1446H (corresponding to 07/07/2024G), the Extraordinary General Assembly approved: (1) issuing 1,260,000 new shares with a nominal value of SAR 10 per share (which became 6,300,000 shares after the reduction of the nominal value and the division of shares pursuant to the decision of said Assembly) and keeping them as treasury shares to be used in the New Employee Share Program, and (2) recovering 51,000 shares (which became 765,000 shares after the capital increase and the division of shares pursuant to the decision of said Assembly) of the shares that were owned by Derayat Alinma Trading Company and that were not granted to any employee, in order for the Company to keep them as treasury shares for the purposes of the New Employee Share Program. For further details, please refer to Section 5.9 ("Employee Share Programs") of this Prospectus.

\*\*\*\* Includes only Subscribers to the Offer Shares, noting that a number of current shareholders meet the definition of "public" according to the CMA regulations, as explained in Section 1 ("Definitions and Abbreviations") of this Prospectus. It is worth noting that the public owns 81,064,080 of the Issuer's ordinary shares, representing 32.5% of the Issuer's capital before the Offering.



After the completion of the Offering and the listing procedures, the shares of Derayat Alinma Trading Company, amounting to 3,496,520 shares, will be transferred to the shareholders entitled thereto and granted to the Company's current and former employees, as they were entitled thereto under the previous Employee Share Program, provided that the shares are transferred to the shareholders referred to below:

**Table (5.2): Transfer of Derayat Alinma Trading Company Shares Post-Listing**

|              | Shareholder Name                 | Post-Listing     |                         |
|--------------|----------------------------------|------------------|-------------------------|
|              |                                  | Number of Shares | Shareholding Percentage |
| 1.           | Mohammed Ahmed Al-Yami           | 90,537           | 0.0%                    |
| 2.           | Khalid Kamal Ahmed Faqiha        | 148,908          | 0.0%                    |
| 3.           | Saud Nasser Abdulrahman Al-Rayes | 47,651           | 0.0%                    |
| 4.           | Bilal Khalid Mahmoud Bushnaq     | 968,201          | 0.4%                    |
| 5.           | Hossam El-Din Mohammed Badr      | 83,389           | 0.0%                    |
| 6.           | Fatima Mohamed Al-Kathiri        | 23,825           | 0.0%                    |
| 7.           | Mohamed Hussein Al-Qawsi         | 23,825           | 0.0%                    |
| 8.           | Omar Abdulrahman Al-Othman       | 25,314           | 0.0%                    |
| 9.           | Yasser Abdulrahman Al-Hawas      | 23,825           | 0.0%                    |
| 10.          | Reema Saud Al-Harbi              | 11,913           | 0.0%                    |
| 11.          | Mohammed Lardi                   | 59,563           | 0.0%                    |
| 12.          | Mohamed Yasser Maqbool           | 59,563           | 0.0%                    |
| 13.          | Emad Naqrash                     | 1,870,443        | 0.7%                    |
| 14.          | Abdulrahman Al-Rumaih            | 59,563           | 0.0%                    |
| <b>Total</b> |                                  | <b>3,496,520</b> | <b>1.4%</b>             |

## 5.2 Directors and Secretary

### 5.2.1 Formation of the Board of Directors

The Company's Board of Directors shall consist of nine (9) experienced, competent and highly reputable members appointed by the Ordinary General Assembly, and shall include six (6) non-executive, non-independent members and three (3) independent members. According to the Company's Bylaws, the term of office of the Directors, including the Chairman of the Board, shall be a maximum of four (4) years for each session. The Board of Directors shall meet periodically as the Board deems appropriate, provided that there are no less than four (4) such meetings per year. The roles and responsibilities of the Board of Directors shall be determined by the Companies Law, the Corporate Governance Regulations, and the Company's Bylaws and Internal Governance Manual. According to the Company's Bylaws and subject to the terms of reference established for the General Assembly, the Board of Directors shall have the broadest powers to manage the Company in order to achieve its purposes (for further details on the responsibilities and powers of the Board, please refer to Section 5.2.3 ("**Responsibilities and Powers of the Board of Directors**") of this Prospectus.

As of the date of this Prospectus, the Company's Board of Directors consists of nine (9) members. The Company's General Assembly appointed the current Board of Directors, whose session started on 15/02/1445H (corresponding to 31/08/2023G) in accordance with the resolution issued by the Extraordinary General Assembly on 15/02/1445H (corresponding to 31/08/2023G), and the current Board session has been extended in accordance with the Bylaws to be four years starting from the start date of the aforementioned session in accordance with the decision issued by the Extraordinary General Assembly on 01/01/1446H (corresponding to 07/07/2024G).

The following table shows the names and details of the Directors and their ownership in the Company as of the date of this Prospectus:

**Table (5.3): Directors of the Company**

| No. | Name                                      | Position                   | Nationality | Age | Date of Appointment*                       | Direct Ownership Percentage |                | Indirect Ownership Percentage |                | Capacity                       |
|-----|-------------------------------------------|----------------------------|-------------|-----|--------------------------------------------|-----------------------------|----------------|-------------------------------|----------------|--------------------------------|
|     |                                           |                            |             |     |                                            | Pre-Of-fering               | Post-Of-fering | Pre-Of-fering                 | Post-Of-fering |                                |
| 1.  | Taha Abdullah Ibrahim Al-Kuwaiz**         | Chairman of the Board      | Saudi       | 62  | 15/02/1445H (corresponding to 31/08/2023G) | 24.2%                       | 19.3%          | N/A                           | N/A            | Non-Executive/ Non-Independent |
| 2.  | Ibrahim Abdulaziz Ibrahim Al-Jammaz***    | Vice Chairman of the Board | Saudi       | 45  | 15/02/1445H (corresponding to 31/08/2023G) | N/A                         | N/A            | 1.06%                         | 0.85%          | Non-Executive/ Non-Independent |
| 3.  | Khaled Mohammed Ali Aba Al-Khail****      | Director                   | Saudi       | 42  | 15/02/1445H (corresponding to 31/08/2023G) | N/A                         | N/A            | 1.85%                         | 1.47%          | Non-Executive/ Non-Independent |
| 4.  | Zaki Abdulaziz Al-Showaier                | Director                   | Saudi       | 58  | 15/02/1445H (corresponding to 31/08/2023G) | N/A                         | N/A            | N/A                           | N/A            | Non-Executive/ Non-Independent |
| 5.  | Hashem Othman Ibrahim Al-Hekail           | Director                   | Saudi       | 63  | 15/02/1445H (corresponding to 31/08/2023G) | 4.8%                        | 3.8%           | N/A                           | N/A            | Non-Executive/ Non-Independent |
| 6.  | Abdulwahab Saeed Abdullah Al-Sayed        | Director                   | Saudi       | 49  | 15/02/1445H (corresponding to 31/08/2023G) | 4.8%                        | 3.8%           | N/A                           | N/A            | Non-Executive/ Non-Independent |
| 7.  | Yasser Abdulaziz Mohammed Al-Qadi         | Director                   | Saudi       | 43  | 15/02/1445H (corresponding to 31/08/2023G) | N/A                         | N/A            | N/A                           | N/A            | Non-Executive/ Independent     |
| 8.  | Faisal Hamad Abdullah Al-Sugair           | Director                   | Saudi       | 64  | 15/02/1445H (corresponding to 31/08/2023G) | N/A                         | N/A            | N/A                           | N/A            | Non-Executive/ Independent     |
| 9.  | Abdullah Abdulrahman Abdulrazzaq Al-Saeed | Director                   | Saudi       | 32  | 15/02/1445H (corresponding to 31/08/2023G) | N/A                         | N/A            | N/A                           | N/A            | Non-Executive/ Independent     |

\* The dates mentioned in this table are the appointment dates of each Director for the current session. The biographies of the Directors outline the start date of each member's appointment at the Company for any previous or current positions (for more information, please refer to Section 5.2.2 ("Summary Biographies of Directors and the Board Secretary") of this Prospectus).

\*\* It is worth noting that Mr. Taha Al-Kuwaiz concluded a credit facilities agreement with a commercial bank in its capacity as the lending bank and security agent, whereby 21,450,000 shares representing 35.43% of the total shares owned by Mr. Taha Al-Kuwaiz were mortgaged in accordance with a mortgage agreement concluded between each of the parties. Note that Mr. Taha Al-Kuwaiz intends to pay all outstanding amounts under the agreement from the Offering Proceeds, and thus the mortgage on the shares will be released upon Listing of the Company on the Exchange.

\*\*\* Ibrahim Abdulaziz Al-Jammaz indirectly owns 1.06% of the Company's shares before the Offering as a result of his ownership of:

1. 17.10% of Farzan Investment Company, which owns 40% of Abdulaziz Ibrahim AlJammaz & Brothers Company, which owns 9.78% of the Company's shares.
2. 7% of Daleel Investment Company, which owns 1% of each of Farzan Investment Company (which owns 40% of Abdulaziz Ibrahim AlJammaz & Brothers Company), Talat Najd Investment Company (which owns 20% of Abdulaziz Ibrahim AlJammaz & Brothers Company), and Ramatan Investment Company (which owns 20% of Abdulaziz Ibrahim AlJammaz & Brothers Company), and Rawabi Shahar Investment Company (which owns 20% of Abdulaziz Ibrahim AlJammaz & Brothers Company).

\*\*\*\* Khaled Mohammed Aba Al-Khail owns 1.85% of the Company's shares indirectly before the Offering, as a result of his ownership of 20% of Sanad Investment Company, which owns 9.49% of the shares of the Company.

Source: The Company

The current Secretary of the Board of Directors is Mohammed Ahmed Saud Al-Yami, who was appointed to this position for the current Board session under the Board's decision dated 13/03/1445H (corresponding to 28/09/2023G). As of the date of this Prospectus, Mohammed Ahmed Saud Al-Yami directly owns eight hundred and two thousand, five hundred (802,500) shares in the Company. He was also granted fourteen thousand, four hundred (14,400) treasury shares under the Previous Employee Share Program, which will vest in 2026G after the relevant conditions are fulfilled. For further information about the Previous Employee Share Program and any other arrangements in this regard, please refer to Section 5.9 ("**Employee Share Programs**") of this Prospectus.

## 5.2.2 Summary Biographies of Directors and the Board Secretary

Below is an overview of the current and past experience, qualifications and positions of each Director and the Secretary.

**Table (5.4): Summary Biography of Taha Abdullah Ibrahim Al-Kuwaiz – Chairman of the Board**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Taha Abdullah Ibrahim Al-Kuwaiz                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Age</b>                     | 62 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Current Position</b>        | Chairman – non-executive and non-independent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Academic Qualifications</b> | Bachelor's degree in Computer Science, King Fahd University of Petroleum and Minerals, Kingdom of Saudi Arabia, 1984G.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Other Current Positions</b> | <ul style="list-style-type: none"> <li>Chairman of the Board of Directors of D360 Bank, a closed joint-stock company operating in the digital banking sector, 2022G to present.</li> <li>Director at Olayan Holding Company, a closed joint-stock company operating in the multiple business sector, 2018G to present.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Vice Chairman of Saudi Telecom Company, a listed joint-stock company operating in the telecommunications sector, 2016G to 2019G.</li> <li>Director at the Real Estate Development Fund, a Government fund operating in the Government sector, 2016G to 2019G.</li> <li>Director at Saudi Kayan Petrochemical Company, a listed joint-stock company operating in the petrochemical sector, 2009G to 2015G.</li> <li>Vice Chairman of Bank AlJazira, a listed joint-stock company operating in the banking sector, 2007G to 2015G.</li> <li>Chairman of Saudi Tadawul Group Holding Company, a listed joint-stock company operating in the financial market sector, 2011G to 2014G.</li> <li>Vice Chairman of Saudi Tadawul Group Holding Company, a listed joint-stock company operating in the financial market sector, 2007G to 2011G.</li> <li>Deputy General Manager and Head of the Support and Central Sectors Sector of National Commercial Bank (currently Saudi National Bank), a listed joint-stock company operating in the banking sector, 2004G to 2006G.</li> <li>Vice Chairman of Arab Financial Services Company, a closed joint-stock company operating in the finance sector in Kingdom of Bahrain, 2000G to 2005G.</li> <li>Head of the Support Sector of National Commercial Bank (currently Saudi National Bank), a listed joint-stock company operating in the banking sector, 2001G to 2004G.</li> <li>Head of the Systems and Operations Department of National Commercial Bank (currently Saudi National Bank), a listed joint-stock company operating in the banking sector, 1999G to 2001G.</li> <li>Director of Bank Technology at the Saudi Arabian Monetary Agency (currently the Saudi Central Bank), a Government agency and the Central Bank of the Kingdom, 1990G to 1999G.</li> <li>Director of the Banking Technology Department of the Saudi Arabian Monetary Agency (currently the Saudi Central Bank), a Government agency and the Central Bank of the Kingdom, 1987G to 1990G.</li> </ul> |

Source: The Company

**Table (5.5): Summary Biography of Ibrahim Abdulaziz Ibrahim Al-Jammaz – Vice Chairman of the Board of Directors**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Ibrahim Abdulaziz Ibrahim Al-Jammaz                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Age</b>                     | 45 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Current Position</b>        | Vice Chairman – non-executive and non-independent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Academic Qualifications</b> | Bachelor's degree in Industrial Engineering, King Saud University, Kingdom of Saudi Arabia, 1999G.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Other Current Positions</b> | <ul style="list-style-type: none"> <li>• Manager at Daleel Investment Company, a limited liability company operating in the investment sector, 2024G to present.</li> <li>• Director at Dr.Sulaiman Al Habib Medical Services Group, a listed joint-stock company operation in the health care section, 2024G to present.</li> <li>• Chairman of Tuwaiq Agricultural Company, a limited liability company operating in the agricultural sector, 2023G to present.</li> <li>• Chairman of AlJammaz Agriculture Company, a limited liability company operating in the agriculture sector, 2023G to present.</li> <li>• Director and Member of the Executive Committee of D360 Bank, a closed joint-stock company operating in the digital banking sector, 2022G to present.</li> <li>• Manager at Nukhbat Farzan Investment Company, a limited liability company operating in the investment sector, 2022G to present.</li> <li>• Manager at AlJammaz Administrative Services Company, a limited liability company operating in the administrative services sector, 2022G to present.</li> <li>• Manager at Farzan Investment Company, a limited liability company operating in the investment sector, 2021G to present.</li> <li>• Chairman of Alamar Foods Company, a listed joint-stock company operating in food sector, 2021G to present.</li> <li>• Manager at Jazl Investment Company, a limited liability company operating in the investment sector, 2020G to present.</li> <li>• Manager at AlJammaz Retail Company, a limited liability company operating in the retail sector, 2020G to present.</li> <li>• Director at Himaah Al Riyada Company (Endeavor Saudi Arabia), a non-profit company operating in the social service sector, 2019G to present.</li> <li>• Chairman of Abdulaziz Ibrahim AlJammaz &amp; Brothers Company, a closed joint-stock company operating in investment sector, 2018G to present.</li> <li>• Chairman of Ayar International Contracting Co., a limited liability company operating in the contracting sector, 2018G to present.</li> <li>• Manager at Premium Choco Gift Company (Patchi), a limited company in the United States of America operating in the food sector, 2016G to present.</li> <li>• Director at Cedrus Invest Bank, a joint-stock company in the Republic of Lebanon operating in the banking sector, 2011G to present.</li> <li>• Manager at Benchmark Saudi Arabia Company, a limited liability company operating in the real estate sector, 2010G to present.</li> <li>• Manager at Olaya Real Estate Investment, a limited liability company in the Arab Republic of Egypt operating in the real estate sector, 2007G to present.</li> <li>• Chairman of United Chocolate and Gifts Company (Patchi), a limited liability company operating in the food sector, 2007G to present.</li> <li>• Manager at Saudi Lebanese Chocolate and Sweets Factories Company (Patchi), a limited liability company operating in the food sector, 2007G to present.</li> <li>• Director at Sovanna Cayman Islands, a limited company in the Cayman Islands operating in the investment sector, 2000G to present.</li> </ul> |

|                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Previous Positions</b> | <ul style="list-style-type: none"> <li>Chairman of Jawaher Al Rabwa Real Estate Development Company, a limited liability company operating in the real estate development sector, 2024G to present.</li> <li>Chairman of Tilal Al Rabwa Real Estate Development Company, a limited liability company operating in the real estate sector, 2022G to present.</li> <li>Executive Chairman of Alamar Foods Company, a listed joint-stock company operating in the food sector, 2012G to 2021G.</li> <li>Vice Chairman of Abdulaziz Ibrahim AlJammaz &amp; Brothers Company, a closed joint-stock company operating in the investment sector, 2003G to 2012G.</li> <li>Sales Manager at AlJammaz Distribution Company, a limited liability company operating in the information technology sector, 1999G to 2003G.</li> <li>Sales executive at AlJammaz Distribution Company, a limited liability company operating in the information technology sector, 1997G to 1999G.</li> </ul> |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Source: The Company

**Table (5.6): Summary Biography of Khaled Mohammed Ali Aba Al-Khail – Director**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Khaled Mohammed Aba Al-Khail                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Age</b>                     | 44 years old                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Current Position</b>        | Director – non-executive and non-independent                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Academic Qualifications</b> | Bachelor's degree in Financial Sciences, King Fahd University of Petroleum and Minerals, Kingdom of Saudi Arabia, 2003G.                                                                                                                                                                                                                                                                                               |
| <b>Other Current Positions</b> | <ul style="list-style-type: none"> <li>Director at Yanal Finance Company, a closed joint-stock company operating in the finance sector, 2015G to present.</li> <li>Director at Sanad Investment Company, a closed joint-stock company operating in the investment sector, 2006G to present.</li> </ul>                                                                                                                 |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Director of Gulf Chemicals &amp; Industrial Oils Co., a closed joint-stock company operating in the manufacturing sector, 2007G to 2024G.</li> <li>Member of the Nomination and Remuneration Committee at the Company, 2013G to 2023G.</li> <li>Credit Analyst at Banque Saudi Fransi, a listed joint-stock company operating in the banking sector, 2003G to 2006G.</li> </ul> |

Source: The Company

**Table (5.7): Summary Biography of Zaki Abdulaziz Ali Al-Showaier – Director**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Zaki Abdulaziz Ali Al-Showaier                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Age</b>                     | 58 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Current Position</b>        | Director - non-executive and non-independent                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Academic Qualifications</b> | High school diploma, Kingdom of Saudi Arabia, 1980G.                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Other Current Positions</b> | <ul style="list-style-type: none"> <li>Director of Alamar Foods Company, a listed joint-stock company operating in the consumer services sector, 2023G to present.</li> <li>Vice Chairman of D360 Bank, a closed joint-stock company operating in the digital banking sector, 2022G to present.</li> <li>Managing Director and Vice Chairman of Al-Showaier Investment and Real Estate Development Company, a closed joint-stock company operating in the real estate development sector, 2009G to present.</li> </ul> |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Real Estate Marketing Manager at Al-Showaier Investment and Real Estate Development Company, a closed joint-stock company operating in the real estate development sector, 1987G to 2009G.</li> <li>Buildings Supervisor, Procurement Officer and Buildings Department Manager at Al-Showaier Investment and Real Estate Development Company, a closed joint-stock company operating in the real estate development sector, 1981G to 1987G.</li> </ul>                          |

Source: The Company

**Table (5.8): Summary Biography of Hashem Othman Ibrahim Al-Hekail – Director**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Hashem Othman Ibrahim Al-Hekail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Age</b>                     | 63 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Current Position</b>        | Director - non-executive and non-independent                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Academic Qualifications</b> | <ul style="list-style-type: none"> <li>Bachelor's degree in Social Work from King Saud University, Kingdom of Saudi Arabia, 1981G.</li> <li>Diploma in Finance Control, Institute of Management, Kingdom of Saudi Arabia, 1983G.</li> </ul>                                                                                                                                                                                                                                                                              |
| <b>Other Current Positions</b> | <ul style="list-style-type: none"> <li>Director and member of the Risk Committee, Saudi Mortgage Guarantees Services Company, a closed joint-stock company operating in the insurance sector, 2023G to present.</li> <li>Director of Saudi Tadawul Group Holding Co., a listed joint-stock company operating in the financial market sector, 2022G to present.</li> <li>Chairman of Bwa for Information Technology (BwaTech), a closed joint-stock company operating in the FinTech sector, 2020G to present.</li> </ul> |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Deputy Governor for Banking Operations and Financial Sector Development at the Saudi Arabian Monetary Agency (now the Saudi Central Bank), a Government agency and the central bank of the Kingdom, 2013G to 2020G.</li> <li>Director of Business Systems Development at the National Commercial Bank (now the Saudi National Bank), a publicly listed company operating in the banking sector, 2001G to 2006G.</li> </ul>                                                        |

Source: The Company

**Table (5.9): Summary Biography of Abdulwahab Saeed Abdullah Al-Sayed – Director**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Abdulwahab Saeed Abdullah Al-Sayed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Age</b>                     | 49 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Current Position</b>        | Director - non-executive and non-independent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Academic Qualifications</b> | Bachelor's degree in Business Administration, King Saud University, Kingdom of Saudi Arabia, 1996G.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Other Current Positions</b> | <ul style="list-style-type: none"> <li>Director of Tawafuq Real Estate Services Company, a closed joint-stock company operating in the real estate sector, 2022G to present.</li> <li>Director of Alarabi Alargan Real Estate Development Fund 1, a Real Estate Investment Trust (REIT) licensed by the CMA operating in the real estate sector, 2021G to present.</li> <li>Director of Derayah REIT, an exchange-traded fund (ETF) operating in the real estate sector, 2018G to present.</li> <li>Director of Tharwa Town, a closed joint-stock company operating in the real estate sector, 2016G to present.</li> <li>Director of Motoon Real Estate Company, a closed joint-stock company operating in the real estate sector, 2009G to present.</li> <li>Director of Akwan Real Estate Co., a closed joint-stock company operating in the real estate sector, 2007G to present.</li> <li>Vice Chairman of Alsayed Sons Company, a limited liability company operating in the import and export sector, 1993G to present.</li> </ul> |
| <b>Previous Positions</b>      | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

Source: The Company

**Table (5.10): Summary Biography of Yasser Abdulaziz Mohammed Al-Qadi – Director**

|                         |                                          |
|-------------------------|------------------------------------------|
| <b>Name</b>             | Yasser Abdulaziz Mohammed Al-Qadi        |
| <b>Age</b>              | 43 years old                             |
| <b>Nationality</b>      | Saudi                                    |
| <b>Current Position</b> | Director – non-executive and independent |

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Academic Qualifications</b> | <ul style="list-style-type: none"> <li>• Master's degree in Financial Business Administration, University of Maine, Portland, United States, 2003G.</li> <li>• Bachelor of Science in Finance, Portland University, United States, 2001G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Other Current Positions</b> | <ul style="list-style-type: none"> <li>• Director and Chairman of the Nomination and Remuneration Committee of Lumi Rental Company, a listed joint-stock company operating in the transportation sector, 2023G to present.</li> <li>• Director and Managing Director of Khwarizmi Holding, a closed joint-stock company operating in the transportation sector, 2023G to present.</li> <li>• Director of Jabal Omar Development Company, a listed joint-stock company operating in the real estate management and development sector, 2021G to present.</li> <li>• Member of the Executive Committee of the Aspiration Program at the Small and Medium Enterprises General Authority (Monsha'at), a Government agency operating in the SME sector, 2019G to present.</li> <li>• Member of the Logistics Committee at the Riyadh Chamber of Commerce, a non-profit agency operating in the commercial activities sector, 2018G to present.</li> <li>• Director and Managing Director of Kadi Group Holding Company, a closed joint-stock company operating in the investment sector, 2017G to present.</li> <li>• Chief Executive Officer at Kadi Group Holding Company, a closed joint-stock company operating in the investment sector, 2017G to present.</li> <li>• Director and Managing Director of Zajil Shipping and Logistic Services, a closed joint-stock company operating in the transportation sector, 2017G to present.</li> </ul> |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>• Director of the National Shipping Company of Saudi Arabia (Bahri), a listed joint-stock company operating in the maritime transportation sector, 2020G to 2023G.</li> <li>• Member of the Board of Trustees of Oqal Group, an endowment company operating in the startup sector, 2019G to 2021G.</li> <li>• Member of the Logistics Committee at Asharqia Chamber, a non-profit agency operating in the commercial activities sector, 2018G to 2021G.</li> <li>• Chairman of Oqal Group, an endowment company operating in the startup sector, 2015G to 2019G.</li> <li>• Executive Vice President of Logistics at Kadi Group Holding Company, a closed joint-stock company operating in the investment sector, 2009G to 2015G.</li> <li>• Business Development Manager at Al Jeraisy Group Company, a closed joint-stock company operating in the investment sector, 2006G to 2008G.</li> <li>• Financial Analyst at Al-Faisaliah Group, a closed joint-stock company operating in the investment sector, 2004G to 2006G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                  |

Source: The Company

**Table (5.11): Summary Biography of Faisal Hamad Abdullah Al-Sugair – Director**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Faisal Hamad Abdullah Al-Sugair                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Age</b>                     | 64 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Current Position</b>        | Director – non-executive and independent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Academic Qualifications</b> | <ul style="list-style-type: none"> <li>• PhD in Civil and Structural Engineering, Stanford University, United States, 1988G.</li> <li>• Master of Science in Civil and Structural Engineering, Stanford University, United States, 1984G.</li> <li>• Bachelor's degree in Civil Engineering, King Saud University, Saudi Arabia, 1982G.</li> </ul>                                                                                                                                                                                                                                                                                      |
| <b>Other Current Positions</b> | <ul style="list-style-type: none"> <li>• Director of the Public Transportation Authority, a Government agency operation in the transportation sector, 2024G to present.</li> <li>• Director of Royal Saudi Airlines, a Government agency operating in the Royal Aviation sector, 2024G to present.</li> <li>• Vice Chairman of Northern Region Cement Co. and Chairman of the Audit Committee, a listed joint-stock company operating in the cement manufacturing sector, 2023G to present.</li> <li>• Director of Thakher Development Company, a joint-stock company operating in the real estate sector, 2021G to present.</li> </ul> |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>• Chief Executive Officer at the Saudi Center for International Strategic Partnerships (SCISP), a Government agency operating in the international relations development sector, 2018G to 2023G.</li> <li>• Vice Chairman of Advanced Electronics Company (AEC), a limited liability company operating in the manufacturing sector, 2017G to 2021G.</li> <li>• Chairman of Saudi Civil Aviation Holding Co., a limited liability company operating in the aviation sector, 2015G to 2018G.</li> </ul>                                                                                            |

Source: The Company

**Table (5.12): Summary Biography of Abdullah Abdulrahman Abdulrazzaq Al-Saeed – Director**

|                                |                                                                                                                                                                                                                                                                                                  |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Abdullah Abdulrahman Abdulrazzaq Al-Saeed                                                                                                                                                                                                                                                        |
| <b>Age</b>                     | 32 years old                                                                                                                                                                                                                                                                                     |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                            |
| <b>Current Position</b>        | Director – non-executive and independent                                                                                                                                                                                                                                                         |
| <b>Academic Qualifications</b> | <ul style="list-style-type: none"> <li>Master of Science in Engineering and Management Science, Stanford University, United States, 2016G.</li> <li>Bachelor of Science in Chemical Engineering and Applied Mathematics, Massachusetts Institute of Technology, United States, 2015G.</li> </ul> |
| <b>Other Current Positions</b> | <ul style="list-style-type: none"> <li>Chief Strategy and Finance Officer at Mozn Systems for Communication and Information Technology, a limited liability company operating in the information technology sector, 2018G to present.</li> </ul>                                                 |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Consultant at McKinsey &amp; Company, a limited liability company operating in the consulting sector, 2016G to 2018G.</li> </ul>                                                                                                                          |

Source: The Company

**Table (5.13): Summary Biography of Mohammed Ahmed Saud Al-Yami – Secretary of the Board of Directors**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Mohammed Ahmed Saud Al-Yami                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Age</b>                     | 43 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Academic Qualifications</b> | Bachelor's degree in Management Information Systems, King Fahd University of Petroleum and Minerals, Saudi Arabia, 2005G.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Other Current Positions</b> | Chairman of the Audit Committee at Lendo Saudi Arabia, a closed joint-stock company operating in the payments and FinTech sector, 2021G to present.                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Compliance and Anti-Money Laundering Officer at Al Arabi Investment Group Co., a closed joint-stock company operating in the securities business sector, 2013G to 2014G.</li> <li>Director of Global Brokerage at Al Arabi Investment Group Co., a closed joint-stock company operating in the securities business sector, 2008G to 2013G.</li> <li>Product Manager for electronic trading in Gulf markets, Samba Financial (now known as SNB Capital), a closed joint-stock company operating in the securities industry, 2006G to 2008G.</li> </ul> |

Source: The Company

### 5.2.3 Responsibilities and Powers of the Board of Directors

Taking into account the terms of reference assigned to the General Assembly, the Directors shall have the broadest powers to manage the Company, formulate its policies, determine its investments, oversee its business and funds, establish companies, invest in other companies, and conduct its affairs both domestically and internationally, except as expressly excluded from the powers or acts that fall within the terms of reference of the General Assembly pursuant to the Companies Law. The Board of Directors holds the following responsibilities and powers (including, but not limited to):

- 1- Representing the Company in its relationship with third parties, government and private entities, civil courts, police stations, chambers of commerce, industrial chambers, special authorities, companies, and institutions of all kinds, and entering into tenders, making payments and receipts, and issuing acknowledgments.



- 2- The right to sign all types of contracts, documents, and instruments, including but not limited to, articles of association of companies in which the Company is a partner, along with all amendments, supplements and resolutions of amendment thereto, sign agreements and deeds executed before a notary public and government authorities, loan agreements on behalf of the Company, guarantees and sureties on behalf of the Company and/or in its capacity as a partner or shareholder in its Subsidiaries and/or companies in which the Company holds shares, the issuance of general powers of attorney on behalf of the Company, sales, purchases, releases, acceptance, receipt, delivery, leasing, renting, collection, payment, opening of all types of accounts, letters of credit, withdrawals, and deposits with banks and licensed investment companies, issuance of bank guarantees related to the Company's business or related to investments in companies in which the Company holds shares, guarantees of all kinds on behalf of the Company, guarantee of the Company's obligations in its Subsidiaries and/or companies in which the Company holds shares, and the signing and submission of all types of undertakings, acknowledgments, and guarantees, whether bank or otherwise, bonds, and sureties on behalf of the Company, whether related to the Company or to the Company's investment in its Subsidiaries and/or companies in which the Company holds shares, or those related to guaranteeing the Company's obligations in such companies, and the signing of all papers, documents, checks, and all banking and investment transactions.
- 3- Appointing and dismissing employees and workers, requesting visas, recruiting workforce from outside the Kingdom, contracting with them, setting their salaries, issuing residency permits, and transferring and waiving sponsorships.
- 4- Purchasing, selling, and transferring ownership of lands and real estate, accepting releases, paying consideration, merging title deeds, subdividing, partitioning, receiving title deeds, updating title deeds, entering title deeds into the comprehensive system, amending boundaries, lengths, areas, plot numbers, maps, and title deed dates, converting square yards to square meters in title deeds, converting feet to meters in title deeds, amending title deed information, and appearing before a notary public in relation to all of the foregoing.
- 5- Approving and finalizing the procedures for mortgaging and de-mortgaging the lands and real estate owned by the Company.
- 6- Entering into loan agreements with government financing funds and institutions, regardless of their term, and entering into commercial loan agreements, provided that their term does not exceed the Company's term.
- 7- Distributing interim dividends.
- 8- Circumstances under which the Company may deem it appropriate to release its debtors from their obligations, provided that the Board of Directors' minutes and decision observe the following conditions: (1) the discharge must occur after a full year has passed since the debt arose; (2) the discharge shall be for an amount that is determined as a maximum for each debtor in any given year; and (3) the right to discharge is vested solely in the Board and cannot be delegated.
- 9- The Board of Directors may delegate all or some of their powers to a Director or others, and they may revoke this delegation in whole or in part.

In addition to the above, the Board of Directors has all the responsibilities and powers set out in Chapter 2 and Chapter 3 of the Corporate Governance Regulations.

#### 5.2.4 Responsibilities and Duties of the Chairman and Vice Chairman of the Board

According to the Company's Bylaws, the Chairman of the Board must not hold an executive position at the Company. In addition, the Chairman of the Board is responsible for:

- 1- Convening and presiding over meetings of the Board of Directors and the General Assembly.
- 2- Representing the Company in its dealings with third parties, government and private entities, and appearing before Shariah courts, judicial bodies, the Board of Grievances, notaries public, labor offices, labor departments, higher and primary committees, commercial paper committees, and all other judicial committees, arbitration bodies, civil courts, police stations, chambers of commerce, industrial chambers, special authorities, companies, and institutions of all kinds.
- 3- Delegating all or some of their powers to a Director or to a third party, and also revoking this delegation in whole or in part.

### 5.2.5 Responsibilities and Duties of the Board Secretary

The Board of Directors shall appoint a Board secretary and determine their terms of reference and remuneration. The Board Secretary shall be responsible for all administrative matters of the Board, its meetings, and any committees formed by it. The Board Secretary shall be responsible for the following:

- 1- Documenting meetings of the Board of Directors, preparing minutes thereof, including discussions and deliberations, documenting the Board's decisions and voting results, keeping them in a special, organized record, recording the names of attending Directors and any reservations they may have expressed regarding any decisions, if any, and having these minutes signed by all attending members.
- 2- Keeping reports that are filed to the Board of Directors and reports prepared by the Board.
- 3- Providing the Board of Directors with the Board's agenda, working papers, documents and information related to it, and any additional documents or information requested by any Director related to the topics covered in the meeting agenda.
- 4- Notifying Directors of the dates of board meetings well in advance.
- 5- Presenting the draft minutes to the Directors for feedback before signing them.
- 6- Ensuring that Directors have full and prompt access to a copy of Board meeting minutes and Company-related information and documents.
- 7- Coordinating between Directors.
- 8- Organizing a disclosure record for Directors and Executive Management.
- 9- Providing assistance and advice to the Directors.

## 5.3 Senior Executives

### 5.3.1 Overview of the Company's Management

The Executive Management shall consist of qualified and experienced members who possess the knowledge and expertise necessary to manage the Company's business in accordance with the objectives and directives of the Board of Directors.

The following table sets out the names and details of the Company's Senior Executives and their ownership in the Company as of the date of this Prospectus.

**Table (5.14): Details of Senior Executives**

| No. | Name                                    | Position                                                                                  | Nationality | Age | Date of Appointment to Position |
|-----|-----------------------------------------|-------------------------------------------------------------------------------------------|-------------|-----|---------------------------------|
| 1.  | Mohammed Saeed Mansour Al-Shammasi      | CEO                                                                                       | Saudi       | 44  | 13/07/2014G                     |
| 2.  | Bilal Khalid Mahmoud Bushnaq            | Chief Financial Officer                                                                   | Jordanian   | 48  | 09/02/2014G                     |
| 3.  | Hossam El-Din Mohammed Al-Sayed Badr    | Chief Operating Officer (COO)                                                             | Egyptian    | 56  | 06/03/2016G                     |
| 4.  | Saud Nasser Abdulrahman Al-Rayes**      | Chief Investment Officer - Capital Markets and Consulting                                 | Saudi       | 37  | 05/09/2022G                     |
| 5.  | Mishaal Khalid Shabib Al-Haqbani        | Chief Commercial Officer                                                                  | Saudi       | 37  | 09/04/2011G                     |
| 6.  | Khaled Kamal Ahmed Faqiha               | Chief Human Resources Officer                                                             | Saudi       | 35  | 04/07/2021G                     |
| 7.  | Hussein Abdul Wahab Hussein Buhaliqah   | Chief Digital Technology and Transformation Officer                                       | Saudi       | 45  | 21/05/2024G                     |
| 8.  | Mohammed Ahmed Saud Al Tissan Al-Yami** | Chief Governance, Risk, Compliance and Public Security Officer for the Board of Directors | Saudi       | 40  | 06/04/2014G                     |
| 9.  | Maha Fahad Mohammed Al-Nujaidi**        | Acting Director of Internal Audit                                                         | Saudi       | 39  | 19/06/2022G                     |
| 10. | Majed Alloush Mohammed Al-Hadeeb        | Chief Real Estate Investment Officer                                                      | Saudi       | 45  | 15/10/2024G                     |
| 11. | Abdullah Fahad Abdullah Al-Khalifa      | Chief Brokerage Officer                                                                   | Saudi       | 48  | 02/10/2014G                     |

| No. | Name                                    | Pre-Offering                    |                                    |                          | Post-Listing                    |                                   |                          | Upon Listing                    |                                   |                          |
|-----|-----------------------------------------|---------------------------------|------------------------------------|--------------------------|---------------------------------|-----------------------------------|--------------------------|---------------------------------|-----------------------------------|--------------------------|
|     |                                         | Number of Directly Owned Shares | Number of Indirectly Owned Shares* | Ownership Percentage (%) | Number of Directly Owned Shares | Number of Indirectly Owned Shares | Ownership Percentage (%) | Number of Directly Owned Shares | Number of Indirectly Owned Shares | Ownership Percentage (%) |
| 1.  | Mohammed Saeed Mansour Al-Shammasi      | 5,479,110                       | N/A                                | 2.2%                     | 4,351,385                       | N/A                               | 1.7%                     | 4,351,385                       | N/A                               | 1.7%                     |
| 2.  | Bilal Khalid Mahmoud Bushnaq            | N/A                             | N/A                                | N/A                      | N/A                             | N/A                               | N/A                      | 968,201                         | N/A                               | 0.4%                     |
| 3.  | Hossam El-Din Mohammed Al-Sayed Badr    | N/A                             | N/A                                | N/A                      | N/A                             | N/A                               | N/A                      | 83,389                          | N/A                               | 0.0%                     |
| 4.  | Saud Nasser Abdulrahman Al-Rayes**      | N/A                             | N/A                                | N/A                      | N/A                             | 105,000                           | N/A                      | 47,651                          | 105,000                           | 0.0%                     |
| 5.  | Mishaal Khalid Shabib Al-Haqbani        | 2,347,200                       | N/A                                | 0.9%                     | 1,864,093                       | N/A                               | 0.7%                     | 1,864,093                       | N/A                               | 0.7%                     |
| 6.  | Khaled Kamal Ahmed Faqiha               | N/A                             | N/A                                | N/A                      | N/A                             | N/A                               | N/A                      | 148,908                         | N/A                               | 0.1%                     |
| 7.  | Hussein Abdul Wahab Hussein Buhaliqah** | N/A                             | N/A                                | N/A                      | N/A                             | 105,000                           | N/A                      | N/A                             | 105,000                           | N/A                      |
| 8.  | Mohammed Ahmed Saud Al Tissan Al-Yami** | 802,500                         | N/A                                | 0.3%                     | 637,327                         | 14,400                            | 0.3%                     | 727,864                         | 14,400                            | 0.3%                     |
| 9.  | Maha Fahad Mohammed Al-Nujaidi**        | N/A                             | N/A                                | N/A                      | N/A                             | 4,500                             | N/A                      | N/A                             | 4,500                             | N/A                      |
| 10. | Majed Alloush Mohammed Al-Hadeeb**      | N/A                             | N/A                                | N/A                      | N/A                             | 50,000                            | N/A                      | N/A                             | 50,000                            | N/A                      |
| 11. | Abdullah Fahad Abdullah Al-Khalifa**    | N/A                             | N/A                                | N/A                      | N/A                             | 50,000                            | N/A                      | N/A                             | 50,000                            | N/A                      |

Source: The Company

\* An agreement has been concluded between the Company and Alinma Investment Company to establish Derayat Alinma Trading Company to hold the shares granted to the Company's employees through the Employee Share Program (for more information on employee share programs and any other related arrangements, please refer to Section 5.9 ("**Employee Share Programs**") of this Prospectus). The ownership shown represents the shares held by Senior Executives through Derayat Alinma Trading Company under the Previous Employee Share Program, in addition to any shares acquired by Senior Executives from other employees of the Company after they were granted to them.

\*\* Indirectly owned shares include shares granted under the Employee Share Programs.

\*\*\* Each of the Senior Executives listed below has been granted shares under Employee Share Programs and will vest from treasury shares on the date indicated below after the relevant conditions are met:

- (1) Saud Nasser Abdulrahman Al-Rayes owns 105,000 shares, which will vest in 2025G.
- (2) Mohammed Ahmed Saud Al-Yami owns 14,400 shares, which will vest in 2026G.
- (3) Maha Fahad Mohammed Al-Nujaidi owns 4,500 shares, which will vest in 2026G.
- (4) Majed Alloush Mohammed Al-Hadeeb owns 50,000 shares, which will mature in 2027G.
- (5) Abdullah Fahad Abdullah Al-Khalifa owns 50,000 shares, which will mature in 2027G.
- (6) Hussein Abdul Wahab Hussein Buhaliqah owns 105,000 shares, which will mature in 2027G.

### 5.3.2 Summary Biographies of Senior Executives

**Table (5.15): Summary Biography of Mohammed Saeed Mansour Al-Shammasi – CEO**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Mohammed Saeed Mansour Al-Shammasi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Age</b>                     | 44 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Current Position</b>        | CEO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Academic Qualifications</b> | Bachelor's degree in Financial Management, King Fahd University of Petroleum and Minerals, Kingdom of Saudi Arabia, 2002G.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Other Current Positions</b> | <ul style="list-style-type: none"> <li>Member of the Capital Market Institutions Committee at the Capital Market Authority, a Government agency and the regulator of the capital market, 2023G to present.</li> <li>Vice Chairman of Luna Space Financial Company (Nami), a closed joint-stock company operating in the financial payments sector, 2023G to present.</li> <li>Director and member of the Audit Committee at Mohammed Bin Abdulaziz Al-Rajhi Holding Company, a closed joint-stock company operating in the investment sector, 2024G to present.</li> <li>Director at Wadi Mashariee Fund, a private investment fund operating in the investment sector, 2023G to present.</li> <li>Director at Al Waha Real Estate Fund, a private investment fund that operates in the real estate sector, 2023G to present.</li> <li>Chairman of Derayah Asia Venture Capital Fund, a private investment fund operating in the investment sector, 2022G to present.</li> <li>Director of Derayah Private Equity Fund, a private investment fund operating in the investment sector, 2021G to present.</li> <li>Chairman of Derayah Gulf Growth and Income Equity Fund, an ETF licensed by the Capital Market Authority, 2021G to present.</li> <li>Chairman of Derayah Global Ventures Fund, a private investment fund operating in the investment sector, 2021G to present.</li> <li>Chairman of Derayah USD Trade Finance Fund, a private investment fund operating in the investment sector, 2019G to present.</li> <li>Chairman of Derayah Real Estate Income Fund III, a private investment fund operating in the real estate sector, 2019G to present.</li> <li>Director of Derayah Ventures Fund, a private investment fund operating in the investment sector, 2018G to present.</li> <li>Chairman of Derayah REIT, a publicly traded investment fund operating in the real estate sector, 2017G to present.</li> <li>Chairman of Derayah Saudi Equity Freestyle Fund, an exchange-traded fund operating in the investment sector, 2016G to present.</li> <li>Chairman of Derayah Trading Fund, a private investment fund operating in the investment sector, 2016G to present.</li> </ul> |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Member of the Founding Committee of D360 Bank, a closed joint-stock company operating in digital banking, 2018G to 2022G.</li> <li>Director of the Czech Rehabilitation Center, a closed joint-stock company operating in the health care sector, 2017G to 2022G.</li> <li>Member of the Audit Committee at National Gas &amp; Industrialization Company, a publicly listed joint-stock company operating in the industrial sector, 2014G to 2018G.</li> <li>Head of Investment Management at Alahli Capital, a closed joint-stock company operating in the financial sector, 2006G to 2014G.</li> <li>Investment Funds Manager at Riyadh Bank, a publicly listed joint-stock company operating in the banking sector, 2002G to 2006G.</li> <li>Director and member of the Nomination and Remuneration Committee at Berain Water, a closed joint-stock company operating in the manufacturing sector, 2021G to 2024G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

Source: The Company

**Table (5.16): Summary Biography of Bilal Khalid Mahmoud Bushnaq – Chief Financial Officer**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Bilal Khalid Mahmoud Bushnaq                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Age</b>                     | 48 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Nationality</b>             | Jordanian                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Current Position</b>        | Chief Financial Officer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Academic Qualifications</b> | <ul style="list-style-type: none"> <li>• Certified Management Accountant, Institute of Management Accountants, United States, 2001G.</li> <li>• Certified Public Accountant (CPA), American Institute of Certified Public Accountants (AICPA), United States, 1998G.</li> <li>• Bachelor's degree in accounting, University of Jordan, Jordan, 1996G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Other Current Positions</b> | <ul style="list-style-type: none"> <li>• Director of Tawafuq Real Estate Fund, a private investment fund operating in the real estate sector, 2023G to present.</li> <li>• Director of Derayah Global Ventures Fund, a private investment fund operating in the venture capital sector, 2021G to present.</li> <li>• Director of Derayah USD Trade Finance Fund, a private investment fund operating in the investment sector, 2019G to present.</li> <li>• Director of Derayah Asia Venture Capital Fund, a private investment fund operating in the investment sector, 2019G to present.</li> <li>• Director of Derayah Real Estate Income Fund III, a private investment fund operating in the real estate sector, 2019G to present.</li> <li>• Director of Derayah Trading Fund, a private investment fund operating in the investment sector, 2019G to present.</li> <li>• Director of Derayah REIT, an exchange-traded fund (ETF) operating in the real estate sector, 2018G to present.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>• Chairman of the Internal Audit Committee at the Czech Rehabilitation Center, a closed joint-stock company operating in the health care sector, 2019G to 2023G.</li> <li>• Financial Controller at Royal Jordanian Airlines, a public joint-stock company listed on the Amman Stock Exchange operating in the aviation sector, 2012G to 2014G.</li> <li>• Financial Controller at Al-Faisaliah Medical Systems Co., a limited liability company in the Hashemite Kingdom of Jordan operating in the health care sector, 2011G to 2012G.</li> <li>• Financial Manager at International Brokerage and Financial Markets, a public joint-stock company listed on the Amman Stock Exchange operating in the financial sector, 2005G to 2011G.</li> <li>• Director of International Cards Company, a limited liability company based in the Hashemite Kingdom of Jordan operating in the financial sector, 2007G to 2010G.</li> <li>• Director of Assas for Concrete Products Co Ltd (ASAS), a public joint-stock company listed on the Amman Stock Exchange operating in the industrial sector, 2007G to 2010G.</li> <li>• Member of the Internal Audit Committee at Al Quds Ready Mix Concrete Company, a public joint-stock company listed on the Amman Stock Exchange operating in the industrial sector, 2007G to 2010G.</li> </ul> |

Source: The Company

**Table (5.17): Summary Biography of Hossam El-Din Mohamed Al-Sayed Badr – Chief Operating Officer**

|                                |                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Hossam El-Din Mohammed Al-Sayed Badr                                                                                                                                                                                                                                                                                                                                            |
| <b>Age</b>                     | 56 years old                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Nationality</b>             | Egyptian                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Current Position</b>        | Chief Operating Officer (COO)                                                                                                                                                                                                                                                                                                                                                   |
| <b>Academic Qualifications</b> | Bachelor of Science in Computer Science and Control Engineering from Ain Shams University, Arab Republic of Egypt, 1987G.                                                                                                                                                                                                                                                       |
| <b>Other Current Positions</b> | N/A                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>• Executive Vice President of Sales at ITWorx, a closed joint-stock company operating in the information technology sector, 2001G to 2015G.</li> <li>• Executive Vice President of Operations at Knowledge Net Computer Company, a public joint-stock company operating in the information technology sector, 2015G to 2016G.</li> </ul> |

Source: The Company

**Table (5.18): Summary Biography of Saud Nasser Abdulrahman Al-Rayes – Chief Investment Officer**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Saud Nasser Abdulrahman Al-Rayes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Age</b>                     | 37 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Current Position</b>        | Chief Investment Officer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Academic Qualifications</b> | <ul style="list-style-type: none"> <li>Master of Science in Investment Management from the University of Reading, United Kingdom, 2009G.</li> <li>Bachelor's degree in business Administration (Finance) from Prince Sultan University, Kingdom of Saudi Arabia, 2006G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Other Current Positions</b> | <ul style="list-style-type: none"> <li>Independent Director at Batic Investments and Logistics Co., a publicly listed company operating in the logistics and investment sectors, 2023G to present.</li> <li>Independent Director at Wave Media, a publicly listed company operating in the advertising industry, 2024G to present.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Director of Asset Management at Alistithmar Capital, a closed joint-stock company operating in the securities business, 2020G to 2022G.</li> <li>Equity Portfolio Manager at Alistithmar Capital, a closed joint-stock company operating in the securities business, 2018G to 2020G.</li> <li>Senior Fund Manager at BSF Capital, a closed joint-stock company operating in the securities business, 2017G to 2018G.</li> <li>Portfolio Manager at HSBC Saudi Arabia, a closed joint-stock company operating in the securities business, 2013G to 2017G.</li> <li>Fund Manager at Al Awwal Capital, a closed joint-stock company operating in the securities business, 2009G to 2013G.</li> </ul> |

Source: The Company

**Table (5.19): Summary Biography of Mishaal Khalid Shabib Al-Haqbani – Chief Commercial Officer**

|                                |                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Mishaal Khalid Shabib Al-Haqbani                                                                                                                                                                                                                                                                                                          |
| <b>Age</b>                     | 37 years old                                                                                                                                                                                                                                                                                                                              |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                     |
| <b>Current Position</b>        | Chief Commercial Officer                                                                                                                                                                                                                                                                                                                  |
| <b>Academic Qualifications</b> | Bachelor's degree in Marketing, King Abdulaziz University, Kingdom of Saudi Arabia, 2011G.                                                                                                                                                                                                                                                |
| <b>Other Current Positions</b> | <ul style="list-style-type: none"> <li>Director of Missaan FinTech, a limited liability company operating in the financial sector, 2023G to present.</li> <li>Director of Nilofar Technology Projects Company, a limited liability company operating in the financial sector, 2023G to present.</li> </ul>                                |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Stockbroker at Samba Financial Group (currently Al Ahli Capital), a closed joint-stock company operating in the financial sector, 2004G to 2005G.</li> <li>Stockbroker at Al Arabi Investment Company, a closed joint-stock company, operating in the financial sector, 2006G to 2011G.</li> </ul> |

Source: The Company

**Table (5.20): Summary Biography of Khaled Kamal Ahmed Faqiha – Chief Human Resources Officer**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Khalid Kamal Ahmed Faqiha                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Age</b>                     | 35 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Current Position</b>        | Chief Human Resources Officer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Academic Qualifications</b> | <ul style="list-style-type: none"> <li>Master's of Business Administration, University of Business and Technology, Kingdom of Saudi Arabia, 2012G.</li> <li>Bachelor's degree in Financial Management, King Saud University, Kingdom of Saudi Arabia, 2008G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Other Current Positions</b> | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Head of Human Resources at Emaar, The Economic City, a listed joint-stock company operating in the real estate sector, 2021G.</li> <li>Head of Human Resources at AbbVie Biopharmaceuticals GmbH, a scientific office company operating in the health sector, 2016G to 2021G.</li> <li>Human Resources Manager at Al Kamal Import Company LTD, a limited liability company operating in the health sector, 2014G to 2016G.</li> <li>Human Resources Business Partner at National Commercial Bank (currently Saudi National Bank), a listed joint-stock company operating in the banking sector, 2013G to 2014G.</li> <li>Human Resources Consultant at AECOM Arabia Limited, a limited liability company operating in the engineering consulting sector, 2011G to 2012G.</li> <li>Client Service Supervisor at Samba Financial Group (currently Al Ahli Capital), a closed joint-stock company operating in the financial sector, 2008G to 2011G.</li> </ul> |

Source: The Company

**Table (5.21): Summary Biography of Mohamed Ahmed Saud Al-Yami - Chief Executive Officer of Governance, Risk and Compliance**

Please refer to Section 5.2.2 (“**Summary Biographies of Directors and the Board Secretary**”) for more details regarding Mohamed Ahmed Saud Al-Yami's experience, qualifications, and current and previous positions.

**Table (5.22): Summary Biography of Maha Fahad Mohammed Al-Nujaidi – Acting Head of Internal Audit**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Maha Fahad Mohammed Al-Nujaidi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Age</b>                     | 39 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Current Position</b>        | Acting Head of Internal Audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Academic Qualifications</b> | <ul style="list-style-type: none"> <li>Master's degree in E-Commerce, University of Kent, United Kingdom, 2010G.</li> <li>Bachelor's degree in English Language Translation, King Saud University, Kingdom of Saudi Arabia, 2008G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Other Current Positions</b> | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Head of the Internal Audit Team at Thiqah Business Services, a limited liability company operating in the business services sector, 2021G to 2022G.</li> <li>Assistant Manager in Internal Audit at Arab National Bank, a listed joint-stock company operating in the banking sector, 2020G to 2021G.</li> <li>Employee in the Quality Department for Internal Audit at Al Yusr Leasing &amp; Financing, a closed joint-stock company operating in the financing sector, 2017G to 2020G.</li> <li>Employee in the Quality Division - Risk Department at Saudi Awwal Bank, a listed joint-stock company operating in the banking sector, 2016G to 2017G.</li> <li>Supervisor of the Support Department at Saudi Awwal Bank, a listed joint-stock company operating in the banking sector, 2014G to 2016G.</li> <li>Corporate Support Officer at Saudi Awwal Bank, a listed joint-stock company operating in the banking sector, 2012G to 2014G.</li> </ul> |

Source: The Company

**Table (5.23): Summary Biography of Hussein Abdul Wahab Hussein Buhaliqah – Chief Digital Technology and Transformation Officer**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Hussein Abdul Wahab Hussein Buhaliqah                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Age</b>                     | 45 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Current Position</b>        | Head of Digital Products and Transformation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Academic Qualifications</b> | Bachelor's degree in Computer Science, Applied Science University, Hashemite Kingdom of Jordan, 2005G.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Other Current Positions</b> | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Systems Manager at National Commercial Bank (currently Saudi National Bank), a listed joint-stock company operating in the banking sector, 2005G to 2008G.</li> <li>Systems Manager at Derayah Financial Company, a closed joint-stock company operating in the brokerage and investment sector, 2008G to 2011G.</li> <li>Group Head of Information Technology at Gulf International Bank, a closed joint-stock company operating in the banking sector, 2011G to 2024G.</li> <li>Head of Investment Management at Alahli Capital, a closed joint-stock company operating in the financial sector, 2006G to 2014G.</li> </ul> |

Source: The Company

**Table (5.24): Summary Biography of Majed Alloush Mohammed Al-Hadeeb – Chief Real Estate Investment Officer**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Majed Alloush Mohammed Al-Hadeeb                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Age</b>                     | 45 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Current Position</b>        | Chief Real Estate Investment Officer                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Academic Qualifications</b> | Bachelor's degree in Administrative Sciences, Accounting, King Saud University, Kingdom of Saudi Arabia, 2001G.                                                                                                                                                                                                                                                                                                                                                            |
| <b>Other Current Positions</b> | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Deputy CEO at Value Capital, a closed joint-stock company operating in the financial services sector, 2010G to 2024G.</li> <li>Relations Manager - Corporate Finance Group at Bank Aljazira, a listed joint-stock company operating in the banking sector, 2007G to 2010G.</li> <li>Senior Financial Auditor at the Industrial Development Fund, a Government entity operating in the Government sector, 2003G to 2006G.</li> </ul> |

Source: The Company

**Table (5.25): Summary Biography of Abdullah Fahad Abdullah Al-Khalifa – Chief Brokerage Officer**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Abdullah Fahad Abdullah Al-Khalifa                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Age</b>                     | 48                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Current Position</b>        | Chief Brokerage Officer                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Academic Qualifications</b> | Bachelor's degree in Administrative Sciences, King Saud University, Kingdom of Saudi Arabia, 1999G.                                                                                                                                                                                                                                                                                                                         |
| <b>Other Current Positions</b> | N/A                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Head of Brokerage and Alternative Channels Department at Riyadh Capital, a closed joint-stock company operating in the investment sector, 2021G to 2024G.</li> <li>Director General of the General Department of Business Development at the Securities Depository Center Company (Edaa), a closed joint-stock company operating in the financial sector, 2017G to 2021G.</li> </ul> |

Source: The Company



### 5.3.3 Declarations of the Directors, Senior Executives and Board Secretary

The Directors, Senior Executives and Secretary of the Board declare that:

- 1- None of them have ever been declared bankrupt or subject to bankruptcy proceedings.
- 2- No company in which any of the Directors, Senior Executives or Board Secretary were appointed to an administrative or supervisory position has declared insolvency during the previous five years.
- 3- Except as disclosed in Section 5.5.2 ("**Interests of Directors, Senior Executives and the Board Secretary in the Shares and Debt Instruments of the Company or its Subsidiaries**"), neither the Directors, Senior Executives, Board Secretary nor any of their relatives have any direct or indirect interest in the shares or debt instruments of the Company or its Subsidiaries, or any interest in any matters that may have an impact on the Company's operations.

### 5.4 Remuneration and Compensation of the Directors and Senior Executives

According to the Company's Bylaws, Director remuneration and all benefits received shall be in accordance with the provisions of the Companies Law and its regulations and the laws and instructions of the relevant regulatory authorities. The Board report issued to the General Assembly must include a comprehensive statement of all remuneration, expense allowances and other benefits the Directors received during the financial year, as well as a statement of what the Directors received in their capacity as workers or administrators or in exchange for technical, administrative or advisory works. The report shall also include a statement of the number of Board meetings and the number of meetings attended by each member from the date of the last General Assembly meeting.

The table below shows the total remuneration paid by the Company and its Affiliates to the Directors and the top five Senior Executives. These remunerations include salaries, benefits and allowances for the financial years ended 31 December 2021G, 2022G and 2023G and the six-month period ended 30 June 2024G.

**Table (5.26): Board Remuneration and Top Five Senior Executives, Including the CEO and CFO**

|                     | Financial Year Ended 31<br>December 2021G | Financial Year Ended 31<br>December 2022G | Financial Year Ended 31<br>December 2023G | Financial Period ended<br>30 June 2024G* |
|---------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|------------------------------------------|
| Directors           | 1,750,000                                 | 1,600,000                                 | 1,725,000                                 | –**                                      |
| Senior Executives** | 31,861,210                                | 21,765,212                                | 26,424,101                                | 5,506,428                                |

Source: The Company

\* The Company will disclose the remuneration of the Board of Directors at the end of 2024G.

\*\* Including the CEO and CFO.

All Senior Executives receive health insurance from the Company.

It is worth noting that Directors do not have the right to vote on any matters relating to the remuneration granted to them, nor do they have any authority to borrow from the Company or to vote on a contract or arrangement in which they have an interest.

### 5.5 Conflicts of Interest

Neither the Company's Bylaws nor its internal regulations and policies provide any powers that enable any Director to vote on a contract, work or offer in which they have a direct or indirect interest, pursuant to the provisions of Articles 27 and 71 of the Companies Law, which also stipulate that Directors may not have a direct or indirect interest in the business and contracts made for the Company's account, except with an authorization from the Ordinary General Assembly or their delegates. In addition, Article 27 of the Companies Law prohibits Directors from participating in any business that would compete with the Company, or from competing with the Company in any branches of the Company's activity, except with authorization from the General Assembly or their delegates.

Pursuant to Article 71 of the Companies Law, Directors must disclose and notify the Board of Directors of their interests in business and contracts made for the Company's account. Such notification shall be recorded in the minutes of the meeting of the Board upon convening. The Board of Directors shall notify the Ordinary General Assembly of business and contracts in which a Director has a direct or indirect interest, and such notification shall be accompanied by a special report from the Company's Auditor prepared according to the auditing standards recognized in the Kingdom.

A member who has a direct or indirect interest in the business and contracts concluded for the Company, or who participates in any business that would compete with the Company, may not participate in the deliberations or vote on the decisions issued regarding the relevant contracts and business.

The Company has prepared and implemented a clear written policy for addressing conflicts of interests and a policy regulating dealings with Related Parties in order to ensure that a clear mechanism is applied to identify conflicts of interest, the Company's competition standards and cases that require obtaining the approval of the General Assembly. The policies on conflicts of interests and dealings with Related Parties set out strict procedures that aim to comply with the general rules under the Companies Law, the Corporate Governance Regulations, the Implementing Regulations of the Companies Law for Listed Joint Stock Companies and other relevant requirements. The Board of Directors approved the conflict of interests policy and the dealings with Related Parties policy on 04/12/1445H (corresponding to 10/06/2024G), and the General Assembly approved the conflict of interests policy during its meeting held on 01/01/1446H (corresponding to 07/07/2024G).

### 5.5.1 Interests of Directors and Senior Executives in contracts and agreements concluded with the Company or its Subsidiaries

#### Contracts and agreements concluded with the Company

On 14/01/1445H (corresponding to 01/08/2023G), the Company concluded a shareholders' agreement for Bwa for Information Technology Company with Mr. Hashem Othman Al-Hekail, Mr. Abdullah Al-Fawzan and Anova Investment Company, pursuant to which the Company contributed 7.50% to Bwa for Information Technology Company (for more details, please refer to Section 12.9 ("**Material Agreements with Related Parties**") of this Prospectus). It should be noted that Director Hashem Othman Al-Hekail has a direct interest as he owns 47.70% of Bwa for Information Technology Company as of the date of this Prospectus. Accordingly, the provisions of Article 27 and Article 71 of the Companies Law apply to this agreement, which require obtaining permission from the Company's General Assembly. The Company's Ordinary General Assembly approved this agreement at its meeting held on 22/06/1444H (corresponding to 15/01/2023G).

As of 21/04/1446H (corresponding to 24/10/2024G), the Company concluded a share purchase agreement with Mr. Hashem Othman Al-Hekail, Mr. Abdullah Al-Fawzan and Anova Investment Company, whereby some of the current partners in Bwa for Information Technology Company (including the Company) purchased additional shares in exchange for the agreed price and the entry of a new investor, and the Company's ownership became 16.87% of Bwa for Information Technology Company's shares. It is worth noting that the Director Hashem Othman Al-Hekail has an interest in this contract as he is a party to it and owns, as of the date of this Prospectus, a percentage equal to 47.70% of Bwa for Information Technology Company. Accordingly, the provisions of Article 27 and Article 71 of the Companies Law apply to this agreement, which require obtaining permission from the Company's General Assembly. The Company's Ordinary General Assembly approved this agreement at its meeting held on 20/07/1446H (corresponding to 20/01/2025G).

On 22/01/1445H (corresponding to 09/08/2023G), the Company concluded an agreement with Bwa for Information Technology Company, whereby the Company is granted the right to access Bwa for Information Technology Company's application interface. It is worth noting that Director Hashem Othman Al-Hekail has a direct interest as he owns 47.70% of Bwa for Information Technology Company as of the date of this Prospectus. Accordingly, the provisions of Article 27 and Article 71 of the Companies Law apply to this agreement, which require obtaining permission from the Company's General Assembly. The Company's Ordinary General Assembly approved this agreement at its meeting held on 15/02/1445H (corresponding to 31/08/2023G).

The Company also concluded an agreement on 01/01/1445H (corresponding to 09/08/2023G) with Bwa for Investment Company, under which the Company's electronic services for offering investment funds and real estate investment funds are provided through Bwa for Investment Company's platform. Director Hashem Othman Al-Hekail has a direct interest due to his ownership in Bwa for Information Technology Company, which fully and directly owns Bwa for Investment Company, as well as the fact that Hashem Othman Al-Hekail is Chairman of Bwa for Investment Company. Accordingly, the provisions of Article 27 and Article 71 of the Companies Law apply to this agreement, which require obtaining permission from the Company's General Assembly. The Company's Ordinary General Assembly approved this agreement at its meeting held on 15/02/1445H (corresponding to 31/08/2023G).

The Company also concluded an information use license agreement on 26/12/1431H (corresponding to 22/11/2010G) with the Saudi Exchange (Tadawul), under which the Company is licensed by Tadawul to use market information for its clients. Director Hashem Othman Al-Hekail has an indirect interest therein due to his membership on the Board of Tadawul Holding Group, which fully owns the Saudi Exchange (Tadawul). Accordingly, the provisions of Article 27 and Article 71 of the Companies Law apply to this agreement, which require obtaining permission from the Company's General Assembly. The Company's Ordinary General Assembly approved this agreement at its meeting held on 20/07/1446H (corresponding to 20/01/2025G).

On 27/05/2024G, the Company also entered into a lease agreement with Al-Showaier Real Estate Investment and Development Company, pursuant to which warehouses are leased to the Company. Zaki Al-Showaier, a Director, has an indirect interest in the Company due to his ownership of shares and his position as a member of its board. Accordingly, the provisions of Article 27 and Article 71 of the Companies Law apply to this agreement, which require obtaining permission from the Company's General Assembly. The Company's Ordinary General Assembly approved this agreement at its meeting held on 20/07/1446H (corresponding to 20/01/2025G).

Additionally, Derayah Real Estate Custody Company, a special purpose vehicle owned by Derayah REIT, a public fund managed by the Company, entered into a lease agreement on 18/09/2024G with Saeed Electricity Company. Saeed Electricity Company is a company in which the Director Abdulwahab Saeed Al-Sayed has an indirect interest, given his ownership in the Alsayed Sons Group, which in turn holds ownership in Saeed Electricity Company. Accordingly, the provisions of Article 27 and Article 71 of the Companies Law apply to this agreement, which require obtaining permission from the Company's General Assembly. The Company's Ordinary General Assembly approved this agreement at its meeting held on 20/07/1446H (corresponding to 20/01/2025G).

The Director Abdulwahab Al-Sayed and a number of his relatives also own all units of Derayah Private Fund 45, and accordingly, the Director Abdulwahab Al-Sayed has a direct interest in the terms and conditions concluded between the Company, in its capacity as manager of the fund, and the Director and his relatives. For more information, please refer to Table 12.8 ("**Summary of Investment Funds Managed by the Company as of 30 June 2024G**") of this Prospectus. The Company's Ordinary General Assembly approved this agreement at its meeting held on 20/07/1446H (corresponding to 20/01/2025G).

Several members of the Company's Board of Directors hold shares in D360 Bank, as detailed in Section 5.5.2 ("**Interests of Directors, Senior Executives and the Board Secretary in the Shares and Debt Instruments of the Company and its Subsidiaries**") below. This ownership resulted in the conclusion of a joint venture agreement regarding the Bank between the Company and the Directors, as the remaining investors in the Bank, to regulate their ownership in the Bank (for more information, please refer to Section 12.8.4 ("**Other Material Agreements**") of this Prospectus). Note that the ownership of each of the Directors invested in the Bank does not exceed 5% of the Bank's capital, with each independent Director owning less than 1% of the Bank's capital. The concerned Directors do not believe that their investment in D360 Bank constitutes a conflict of independence as outlined in the Corporate Governance Regulations, given that their ownership does not exceed 5% of the Bank's ownership. Furthermore, the Directors' investment in the Bank and their conclusion of the joint venture agreement were made under the same terms and conditions applicable to all other shareholders, except for the Bank's substantial shareholders. The project to establish the Bank also falls within the Company's ordinary course of business, which includes investing in companies. Accordingly, the concerned Directors do not believe that their investment in D360 Bank conflicts with their independence pursuant to Paragraph (d) of Article 19 of the Corporate Governance Regulations.

Some of the Company's Directors – including independent Directors – and Senior Executives also utilize the Company's services, which are the usual services provided by the Company to all its clients, including, for example, opening investment accounts and asset management services, in addition to investing in units of the investment funds managed by the Company. Consequently, all Directors execute the standardized forms containing the terms and conditions of providing the relevant service, which the Company applies to all of its clients, including the terms and conditions for investment funds. The terms and conditions of those standardized forms do not include any preferential terms and are conducted in a systematic manner based on fair and suitable commercial grounds on the same conditions and terms that the Company applies to all of its contractors and dealers, including any discounts that may be granted. These discounts are provided in accordance with the Company's discount policy, which is applied to all Company clients based on objective criteria and without discrimination or preference. The Company does not consider these contractual arrangements to constitute a direct or indirect interest for which the General Assembly's authorization must be obtained, given that they were entered into to meet the personal needs of the Directors and Senior Executives. These arrangements were made under the same terms and conditions as those applied to all other contractors and dealers, and the services provided under these arrangements fall within the Company's ordinary course of business, in accordance with Article 63 of the Implementing Regulations of the Companies Law for Listed Joint Stock Companies. The independent Directors also do not believe that their utilization of the services provided by the Company, as previously mentioned, conflicts with their independence in accordance with Paragraph (d) of Article 19 of the Corporate Governance Regulations. As at 30 June 2024G, the Directors and Senior Executives invested in the following funds managed by the Company, and the relevant terms and conditions for these funds were executed:

- 1- Derayah REIT: Its units are owned by Abdulwahab Al-Sayed (Director), Mohammed Al-Shammasi (CEO), Bilal Bushnaq (CFO) and Mishaal Al-Haqbani (Chief Commercial Officer).
- 2- Derayah Saudi Equity Freestyle Fund: Its units are owned by Abdulwahab Al-Sayed (Director), Abdullah Al-Saeed (Director), Yasser Al-Qadi (Director), Hashem Al-Hekail (Director), Mohammed Al-Shammasi (CEO), Bilal Bushnaq (CFO) and Khaled Faqiha (Chief Human Resources Officer).
- 3- Derayah Retail Fund: Its units are owned by Mohammed Al-Shammasi (CEO), Bilal Bushnaq (CFO), Mishaal Al-Haqbani (Chief Commercial Officer) and Hossam El-Din Badr (COO).
- 4- Derayah Trading Fund: Its units are owned by Zaki Al-Showaier (Director), Hashem Al-Hekail (Director) and Mohammed Al-Shammasi (CEO).
- 5- Derayah Asia Venture Capital Fund: Its units are owned by Bilal Bushnaq (CFO), Mishaal Al-Haqbani (Chief Commercial Officer) and Hossam El-Din Badr (COO).
- 6- Derayah Real Estate Income Fund III: Its units are owned by Mohammed Al-Shammasi (CEO) and Bilal Bushnaq (CFO).
- 7- Derayah Saudi Equity Fund: Bilal Bushnaq (CFO), Hossam El-Din Badr (COO) and Khaled Faqiha (Chief Human Resources Officer).
- 8- Derayah Gulf Growth and Income Equity Fund: Its units are owned by Hashem Al-Hekail (Director).
- 9- Derayah Ventures Fund: Its units are owned by Mohammed Al-Shammasi (CEO).

### **Contracts and agreements concluded with the Company's Subsidiaries**

D360 Bank (a company controlled by the Company due to the Company's right to appoint 30% of its Board of Directors) concluded an agreement dated 18/07/2024G with Mazen Communications and Technology Systems Company, pursuant to which verification services and solutions are provided to combat money laundering and fraudulent behaviors. The Director Abdullah Al-Saeed has an interest in this agreement because he indirectly owns shares in Mazen Communications and Technology Systems Company and is its chief executive officer.

Except for the above, the Company's Directors, Senior Executives and Secretary have no interest, direct or indirect, in the contracts and agreements concluded with the Company or its Subsidiaries.

## 5.5.2 Interests of Directors, Senior Executives and the Board Secretary in the Shares and Debt Instruments of the Company and its Subsidiaries

The following tables show the direct and indirect interests of the Directors, Senior Executives and Board Secretary in the shares of the Company and its Subsidiaries.

**Table (5.27): Interests of Directors and Senior Executives in the Company's Shares**

| Name (Position)                                                                              | Shareholding Percentage | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Taha Abdullah Ibrahim Al-Kuwaiz (Chairman of the Board)                                      | 24.2% (directly)        | Taha Abdullah Ibrahim Al-Kuwaiz directly owns 24.2% of the Company's shares. Taha Abdullah Ibrahim Al-Kuwaiz's wife indirectly owns 0.6% of the Company's shares through her ownership in AlTouq Company Ltd., which owns 6.85% of the Company's shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Ibrahim Abdulaziz Ibrahim Al-Jammaz (Vice Chairman of the Board)                             | 1.06% (indirectly)      | Ibrahim Abdulaziz Ibrahim Al-Jammaz owns 1.06% of the Company's shares indirectly as a result of his ownership of 17.10% of Farzan Investment Company, which owns 40% of Abdulaziz Ibrahim AlJammaz & Brothers Company, which owns 9.78% of the Company's shares, and 7% of Daleel Investment Company, which owns 1% of Farzan Investment Company (which owns 40% of Abdulaziz Ibrahim AlJammaz & Brothers Company), Talat Najd Investment Company (which owns 20% of Abdulaziz Ibrahim AlJammaz & Brothers Company), and Ramatan Investment Company (which owns 20% of Abdulaziz Ibrahim AlJammaz & Brothers Company), and Rawabi Shahr Investment Company (which owns 20% of Abdulaziz Ibrahim AlJammaz & Brothers Company). |
| Khaled Mohammed Ali Aba Al-Khail (Director)                                                  | 1.9% (indirectly)       | Khaled Mohammed Ali Aba Al-Khail owns 1.9% of the Company's shares indirectly as a result of his ownership of 20% of Sanad Investment Company, which owns 9.49% of the Company's shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Hashem Othman Ibrahim Al-Hekail (Director)                                                   | 4.8% (directly)         | Hashem Othman Ibrahim Al-Hekail directly owns 4.8% of the Company's shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Abdulwahab Saeed Abdullah Al-Sayed (Director)                                                | 4.8% (directly)         | Abdulwahab Saeed Abdullah Al-Sayed directly owns 4.8% of the Company's shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Mohamed Saeed Mansour Al-Shammasi (CEO)                                                      | 2.2% (directly)         | Mohamed Saeed Mansour Al-Shammasi directly owns 2.2% of the Company's shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Bilal Khalid Mahmoud Bushnaq (CFO)                                                           | 0.50% (indirectly)      | Bilal Khalid Mahmoud Bushnaq indirectly owns 0.50% of the Company's shares through the Employee Share Program.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Saud Nasser Abdulrahman Al-Rayes (Chief Investment Officer - Capital Markets and Consulting) | 0.02% (indirectly)      | Saud Nasser Abdulrahman Al-Rayes owns 0.02% of the Company's shares through the Employee Share Program.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Mishaal Khaled Shabib Al-Haqbani (Chief Commercial Officer)                                  | 0.9% (directly)         | Mishaal Khaled Shabib Al-Haqbani directly owns 0.9% of the Company's shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Khaled Kamal Ahmed Faqiha (Chief Human Resources Officer)                                    | 0.03% (indirectly)      | Khaled Kamal Ahmed Faqiha indirectly owns 0.03% of the Company's shares through the Employee Share Program.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Mohammed Ahmed Saud Al-Yami (Chief Governance, Risk and Compliance Officer)                  | 0.3% (directly)         | Mohammed Ahmed Saud Al-Yami directly owns 0.3% of the Company's shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

**Table (5.28): Interests of Directors and Senior Executives in the Shares of the Company's Subsidiaries**

| Name (Position)                                                  | Shareholding Percentage                             | Description                                                                                                                                                                                                                                         |
|------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Taha Abdullah Ibrahim Al-Kuwaiz (Chairman of the Board)          | 3.89% (directly)                                    | Taha Abdullah Ibrahim Al-Kuwaiz directly owns 3.89% of the shares of D360 Bank.                                                                                                                                                                     |
|                                                                  | A single share is equivalent to 0.5% of the capital | He owns one share, which is equivalent to 0.5% of the capital in Derayah Technology Services Egypt only for the purpose of meeting the requirements of the laws in force in Egypt.                                                                  |
| Ibrahim Abdulaziz Ibrahim Al-Jammaz (Vice Chairman of the Board) | 0.45% (indirectly)                                  | Ibrahim Abdulaziz Ibrahim Al-Jammaz owns 0.45% of D360 Bank indirectly as a result of his ownership of 17.10% of Farzan Investment Company, which owns 40% of Abdulaziz Ibrahim AlJammaz & Brothers Company, which owns 4.6% of D360 Bank's shares. |
| Khaled Mohammed Ali Aba Al-Khail (Director)                      | 1.32% (indirectly)                                  | Khaled Mohammed Ali Aba Al-Khail owns 1.32% of D360 Bank's shares indirectly as a result of his ownership of 20% of Sanad Investment Company.                                                                                                       |
| Faisal Hamad Abdullah Al-Sugair (Director)                       | 0.26% (directly)                                    | Faisal Hamad Abdullah Al Sugair directly owns 0.26% of D360 Bank's shares.                                                                                                                                                                          |
| Abdulwahab Saeed Al-Sayed (Director)                             | 0.79% (indirectly)                                  | Abdulwahab Saeed Al-Sayed owns 0.79% of D360 Bank's shares indirectly as a result of his ownership of 25% of Alsayed Sons Company Ltd.                                                                                                              |
| Zaki Abdulaziz Al-Showaier (Director)                            | 0.73% (directly)                                    | Zaki Abdulaziz Al-Showaier directly owns 0.73% of D360 Bank's shares.                                                                                                                                                                               |
| Yasser Abdulaziz Al-Qadi (Director)                              | 0.1% (indirectly)                                   | Yasser Abdulaziz Al-Qadi owns 0.1% of D360 Bank's shares indirectly as a result of his ownership of 18% of Kadi Group Holding.                                                                                                                      |
| Abdullah Abdulrahman Abdulrazzaq Al-Saeed (Director)             | 0.13% (directly)                                    | Abdullah Abdulrahman Abdulrazzaq Al-Saeed directly owns 0.13% of D360 Bank's shares.                                                                                                                                                                |
| Mohamed Saeed Mansour Al-Shammasi (CEO)                          | 0.30% (directly)                                    | Mohamed Saeed Mansour Al-Shammasi directly owns 0.30% of D360 Bank's shares.                                                                                                                                                                        |
| Mishaal Khaled Shabib Al-Haqbani (Chief Commercial Officer)      | 0.13% (directly)                                    | Mishaal Khaled Shabib Al-Haqbani directly owns 0.13% of D360 Bank's shares.                                                                                                                                                                         |

Except as disclosed in this section above, none of the Directors, Senior Executives, Board Secretary or any of their relatives have any direct or indirect interest in the shares or debt instruments of the Company and its Subsidiaries, or in any other matter that could affect the Company's business. For the purposes of this Section 5.5.2 ("**Interests of Directors, Senior Executives and the Board Secretary in the Shares and Debt Instruments of the Company and its Subsidiaries**"), the definition of a relative includes the husband, wife and minor children of the Directors, Senior Executives or Board Secretary.

### 5.5.3 Business of Directors that competes with the Company

As of the date of this Prospectus, the Company's Directors do not engage in any business competing with or similar to the Company's business in any branch of the activities it carries out with the exception of the following:

The Director Hashem Othman Ibrahim Al-Hekail holds a 47.70% stake in BwaTech. BwaTech has a wholly-owned subsidiary, namely Bwa Investment Company. Bwa Investment Company is engaged in financial technology services, allowing its clients to participate and invest in third-party funds through its platform. Consequently, Bwa Investment Company is conducting activities that could potentially compete with the Company. The Company's Ordinary General Assembly approved Mr. Hashem's involvement in these businesses and activities, which could potentially compete with the Company, at its meeting held on 20/07/1446H (corresponding to 20/01/2025G).

The Director Khaled Mohammed Ali Aba Al-Khail has an indirect ownership interest in Yanal Finance Company. He is also a member of the board of directors of Yanal, which engages in activities that could potentially compete with D360 Bank. Yanal provides financing and lending services, which are also offered by the Bank as part of its regular business. The Company's Ordinary General Assembly approved Mr. Khaled's involvement in these businesses and activities, which could potentially compete with the Company, at its meeting held on 20/07/1446H (corresponding to 20/01/2025G).

Based on the foregoing, the Board of Directors acknowledges and confirms that each Director shall:

- 1- Comply with Articles 27 and 71 of the Companies Law and Chapter 6 of the Corporate Governance Regulations.
- 2- Refrain from voting on resolutions of the Board of Directors or the General Assembly related to business, contracts or transactions concluded with Related Parties that are carried out for the account of the Company if they have a direct or indirect interest in such contracts or have a direct or indirect competing interest therein.
- 3- Not participate in any business that would compete with the Company or compete with the Company in one of the branches of the activity it carries out except with authorization from the Ordinary General Assembly pursuant to the provisions of Article 27 of the Companies Law.
- 4- Ensure that all future transactions and contracts, including those in which a Director has an interest, are concluded in accordance with the provisions of the Corporate Governance Regulations and the Implementing Regulations of the Companies Law for Listed Joint Stock Companies and that they do not include preferential terms for a Director and are based on the same conditions and terms that the Company follows with the general dealers and contractors.

## 5.6 Contracts Concluded with Directors and Senior Executives

### 5.6.1 Contracts concluded with Directors

As of the date of this Prospectus, no contracts have been entered into between the Company and the Directors in relation to their membership on the Board.

### 5.6.2 Contracts Concluded with Senior Executives

The table below provides a brief overview of the employment contracts with Senior Executives:

**Table (5.29): Summary of Employment Contracts with the CEO, CFO and Senior Executives**

| Name                                  | Position                                                  | Date of Contract  | Term of Contract                                  |
|---------------------------------------|-----------------------------------------------------------|-------------------|---------------------------------------------------|
| Mohammed Saeed Mansour Al-Shammasi    | CEO                                                       | 13 July 2014G     | Indefinite term                                   |
| Bilal Khalid Mahmoud Bushnaq          | Chief Financial Officer                                   | 9 February 2014G  | One year, automatically renews for a similar term |
| Hossam El-Din Mohammed Al-Sayed Badr  | Chief Operating Officer (COO)                             | 6 March 2016G     | One year, automatically renews for a similar term |
| Saud Nasser Abdulrahman Al-Rayes      | Chief Investment Officer - Capital Markets and Consulting | 4 September 2022G | One year, automatically renews for a similar term |
| Mishaal Khalid Shabib Al-Haqbani      | Chief Commercial Officer                                  | 2 April 2011G     | Indefinite term                                   |
| Khalid Kamal Ahmed Faqiha             | Chief Human Resources Officer                             | 4 July 2021G      | One year, automatically renews for a similar term |
| Hussein Abdul Wahab Hussein Buhaliqah | Chief Digital Technology and Transformation Officer       | 21 May 2024G      | One year, automatically renews for a similar term |
| Mohammed Ahmed Saud Al-Yami           | Chief Governance, Risk and Compliance Officer             | 6 April 2014G     | Indefinite term                                   |



| Name                               | Position                             | Date of Contract | Term of Contract                                   |
|------------------------------------|--------------------------------------|------------------|----------------------------------------------------|
| Maha Fahad Mohammed Al-Nujaidi     | Acting Head of Internal Audit        | 19 June 2022G    | One year, automatically renews for a similar term  |
| Abdullah Fahad Abdullah Al-Khalifa | Chief Brokerage Officer              | 02 October 2024G | One year, automatically renewed for a similar term |
| Majed Alloush Mohammed Al-Hadeeb   | Chief Real Estate Investment Officer | 15 October 2024G | One year, automatically renewed for a similar term |

Source: The Company

## 5.7 Board Committees and Responsibilities

The Company's Board of Directors has established several committees that contribute to effectively carrying out the Company's tasks and complying with relevant regulatory requirements. These committees consist of the Nomination and Remuneration Committee, the Governance, Risk and Compliance Committee, the Technical Committee, and the Executive Committee formed by the Board of Directors, as well as the Audit Committee formed by the Company's General Assembly.

### 5.7.1 Audit Committee

Pursuant to the Corporate Governance Regulations, the Audit Committee was formed by a resolution of the General Assembly on 15/02/1445H (corresponding to 31/08/2023G). The Audit Committee's charter was amended and approved by the Board of Directors on 29/11/1445H (corresponding to 06/06/2024G), and approved by the General Assembly on 01/01/1446H (corresponding to 07/07/2024G).

The current Audit Committee comprises four (4) non-executive members, including three (3) members from outside the Board and one member from the Board of Directors, who were appointed by the Company's General Assembly. According to the Audit Committee's charter, the Audit Committee's membership term is three years. The Audit Committee is concerned with overseeing the Company's business and verifying the integrity and fairness of the Company's financial reports and statements and internal control systems. The Audit Committee's duties include:

### 5.7.2 Financial reporting

The Audit Committee is responsible for monitoring and ensuring the integrity and fairness of the Company's financial statements and reviewing any financial information contained in other documents. As part of its regular duties, the Audit Committee also reviews the following matters:

- 1- Reviewing the Company's interim and annual financial statements before they are presented to the Board of Directors and stating its opinion and making recommendations thereon to ensure their fairness, justice, and transparency.
- 2- Giving a technical opinion, at the request of the Board of Directors, on whether the Company's Board report and financial statements are fair, balanced, and understandable, and contain the information that enables shareholders and investors to evaluate the Company's financial position, performance, business model and strategy.
- 3- Studying any significant or unusual matters contained in the financial reports.
- 4- Carefully examining any issues raised by the Company's CFO, the person responsible for compliance in the Company, or the Auditor.
- 5- Verifying accounting estimates on material issues included in the financial reports.
- 6- Studying the accounting policies adopted by the Company and expressing an opinion and making recommendations thereon to the Board of Directors.



### 5.7.3 Internal audit

The Audit Committee undertakes tasks related to internal audit, which include the following:

- 1- Studying and reviewing the Company's internal control, financial, and risk management systems.
- 2- Studying internal audit reports and following up on the implementation of corrective actions for the observations contained therein.
- 3- Overseeing and supervising the performance and activities of the internal auditor and the Internal Audit Department at the Company to ensure the availability of the necessary resources and their effectiveness in performing the assigned tasks and duties.
- 4- Providing recommendations to the Board of Directors on the appointment of the director of the Internal Audit Unit or Department or the internal auditor and proposing their remuneration.

### 5.7.4 Auditor

The Audit Committee undertakes tasks related to the auditors, which include the following:

- 1- Making recommendations to the Board of Directors on the nomination, dismissal, determination of fees and appraisal of performance of auditors, after verifying their independence, reviewing the scope of their work, and the terms of their engagement.
- 2- Verifying the independence, objectivity, and fairness of the auditor, and the effectiveness of the auditor's work, taking into account the relevant rules and standards.
- 3- Reviewing the plan and works of the Company's auditor, and verifying that it does not provide technical, administrative, or advisory services that go beyond the scope of the audit, and expressing its views on this matter.
- 4- Answering inquiries of the Company's auditor.
- 5- Studying the auditor's report and remarks on the financial statements and following up on the actions taken regarding them.

### 5.7.5 Compliance

The Audit Committee undertakes tasks related to compliance, which include the following:

- 1- Reviewing the results of reports from regulatory authorities and ensuring that the Company takes the necessary actions.
- 2- Verifying the Company's compliance with relevant laws, regulations, policies, and directives.
- 3- Reviewing contracts and transactions with Related Parties proposed to be concluded by the Company, and providing its views on this matter to the Board of Directors.
- 4- Raising any matters that it considers necessary to take action on to the Board of Directors, and making recommendations on the actions to be taken.

The Audit Committee comprises the following members as of the date of this Prospectus:

**Table (5.30): Members of the Audit Committee**

| Name                                               | Position                                                                   |
|----------------------------------------------------|----------------------------------------------------------------------------|
| Faisal Hamad Abdullah Al-Sugair                    | Chairman of the Audit Committee - non-executive and independent Director   |
| Adel Hussein Suleiman Abbas                        | Member of the Audit Committee - member from outside the Board of Directors |
| Haitham bin Rashid Al-Sheikh Mubarak <sup>41</sup> | Member of the Audit Committee - member from outside the Board of Directors |
| Ibrahim Mohammed Hassan Al-Harabi                  | Member of the Audit Committee - member from outside the Board of Directors |

Source: The Company

41 It is worth noting that the member of the Audit Committee, Mr. Haitham Al Mubarak, has submitted his resignation from the committee membership, with his resignation effective from 31/12/2024G.

## 5.7.6 Summary Biographies of the Audit Committee Members

The following is a statement of the experience, qualifications and current and previous positions of each member of the Audit Committee:

### Table (5.31): Summary Biography of Faisal Hamad Abdullah Al-Sugair - Chairman of the Audit Committee

Please refer to Section 5.2.2 (“Summary Biographies of Directors and the Board Secretary”) for further details about Faisal Hamad Abdullah Al-Sugair’s experience, qualifications and current and previous positions.

### Table (5.32): Summary Biography of Adel Hussein Suleiman Abbas - Member of the Audit Committee

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Adel Hussein Suleiman Abbas                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Age</b>                     | 69 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Current Position</b>        | Member of the Audit Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Academic Qualifications</b> | High School Diploma in Commerce, Arab Republic of Egypt, 1972G.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Other Current Positions</b> | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Financial Development Manager - Department of Contract Management at Bank AlJazira, a listed joint-stock company operating in the banking sector, 2006G to 2012G.</li> <li>Financial Systems Development Manager at National Commercial Bank (currently Saudi National Bank), a listed joint-stock company operating in the banking sector, 2001G to 2005G.</li> <li>Quality Manager at National Commercial Bank (currently Saudi National Bank), a listed joint-stock company operating in the banking sector, 1996G to 2001G.</li> <li>Beneficiary Support Manager at the Saudi Arabian Monetary Authority (currently the Saudi Central Bank), a Government agency and the central bank of the Kingdom, 1990G to 1996G.</li> </ul> |

Source: The Company

### Table (5.33): Summary Biography of Haitham Rashid Al-Sheikh Mubarak - Member of the Audit Committee

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Haitham Rashid Al-Sheikh Mubarak                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Age</b>                     | 50 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Current Position</b>        | Member of the Audit Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Academic Qualifications</b> | <ul style="list-style-type: none"> <li>Master’s degree in Business Administration (MBA) - Investment Management, University of North Carolina, United States, 2001G.</li> <li>Bachelor of Science in Accounting, University of North Carolina, United States, 1996G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Other Current Positions</b> | <ul style="list-style-type: none"> <li>Independent Director at Alinma Bank, a listed joint-stock company operating in the banking sector, 2019G to present.</li> <li>Non-Executive Director at Minerva Foods Company, a listed joint-stock company operating in the food sector, 2024G to present.</li> <li>Non-Executive Director of G3 Company, a closed joint-stock company operating in the food sector, 2024G to present.</li> <li>Independent Audit Committee Member at Golf Saudi Company, a single shareholder limited liability company operating in the sports activities and events sector, 2020G to present.</li> </ul>                                                                               |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Independent Director at Al-Mustathmir Securities Company, a closed joint-stock company operating in the investment sector, 2018G to 2018G.</li> <li>Head of Wealth Management at Saudi Fransi Capital, a closed joint-stock company operating in the securities business sector, 2011G to 2015G.</li> <li>Head of Wealth Management at Arab National Investment Bank, a closed joint-stock company operating in the securities business sector, 2007G to 2009G.</li> <li>Head of the Investment Portfolio Department at National Commercial Bank (currently Saudi National Bank), a listed joint-stock company operating in the banking sector, 2005G to 2007G.</li> </ul> |

**Table (5.34): Summary Biography of Ibrahim Mohammed Hassan Al-Harabi - Member of the Audit Committee**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Ibrahim Mohammed Hassan Al-Harabi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Age</b>                     | 68 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Current Position</b>        | Member of the Audit Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Academic Qualifications</b> | <ul style="list-style-type: none"> <li>Bachelor's degree in Sharia, Imam Mohammad bin Saud Islamic University, Kingdom of Saudi Arabia, 1980G.</li> <li>Advanced Diploma in Financial Auditing, Institute of Public Administration, Kingdom of Saudi Arabia, 1982G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                     |
| <b>Other Current Positions</b> | <ul style="list-style-type: none"> <li>Director and Chairman of the Audit Committee of CARE International Company, a listed joint-stock company operating in the electricity, communications and information technology contracting sector, 2017G to present.</li> <li>Director, Chairman of the Audit Committee and Chairman of the Risk Committee at Al-Jazira Takaful Taawuni Company, a listed joint-stock company operating in the insurance sector, 2022G to present.</li> <li>Manager of Ajda Investment Company LTD, a limited liability company operating in the automotive services sector, 2019G to present.</li> </ul> |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Senior Deputy CEO and Head of the Internal Audit Group at Bank Aljazira, a listed joint-stock company operating in the banking sector, 2008G to 2018G.</li> <li>General Manager of Financial and Administrative Affairs at the Communications, Space and Technology Commission, a Government agency that supervises the communications, space and information technology sector, 2003G to 2007G.</li> </ul>                                                                                                                                                                                 |

Source: The Company

### 5.7.7 Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed pursuant to a Board resolution dated 13/03/1445H (corresponding to 28/09/2023G). The Nomination and Remuneration Committee charter was amended and approved by the Board of Directors on 29/11/1445H (corresponding to 06/06/2024G) and was approved by the General Assembly on 01/01/1446H (corresponding to 07/07/2024G).

The Nomination and Remuneration Committee currently comprises three (3) members appointed by the Company's Board of Directors. According to the Nomination and Remuneration Committee's charter, the membership term shall be three (3) renewable years, the majority of the Committee members must be non-executive, and one member must be independent (the Committee chairman must be an independent member). The Nomination and Remuneration Committee's responsibilities include, but are not limited to, the following:

- 1- Proposing clear policies and criteria for membership on the Board of Directors and Executive Management.
- 2- Providing recommendations to the Board of Directors for the nomination or re-nomination of its members in accordance with the approved policies and criteria, ensuring that no person convicted of a crime involving dishonesty or moral turpitude is nominated.
- 3- Preparing descriptions of the capabilities and qualifications required for membership on the Board of Directors and Executive Management positions.
- 4- Determining the time a Director should allocate for Board activities.
- 5- Undertaking an annual review of the skills and experience required of Directors and Executive Management.
- 6- Ensuring the independence of independent Directors annually and ensuring the absence of any conflicts of interest if a Director serves on the board of another company.
- 7- Providing job description for executive, non-executive, and independent Directors, as well as Executive Management.
- 8- Evaluating the strengths and weaknesses of the Board and recommending remedial solutions that serve the Company's best interests.

- 9- Regularly (at least annually) reviewing the structure, size, and composition of the Company's Board (including skills, knowledge, experience, and diversity), and making appropriate recommendations to the Board (which in turn will make recommendations to the General Assembly).
- 10- Developing procedures to be followed in the event of a vacancy on the Board or among Senior Executives.
- 11- Developing a clear policy on the remuneration of Directors, Board committees, and Executive Management, and submitting it to the Board for consideration prior to its approval by the General Assembly, provided that such policy takes into account performance-based criteria, disclosure, as well as ensuring implementation thereof.
- 12- Clarifying the relationship between remuneration granted and the applicable remuneration policy, and stating any material deviation from such policy.
- 13- Periodically reviewing the remuneration policy and assessing its effectiveness in achieving the intended objectives.
- 14- Making recommendations to the Board on the remuneration of the Company's Directors, Board committees, and Senior Executives in accordance with the approved policy.

The Nomination and Remuneration Committee comprises the following members as of the date of this Prospectus:

**Table (5.35): Members of the Nomination and Remuneration Committee**

| Name                                      | Position                                                                                         |
|-------------------------------------------|--------------------------------------------------------------------------------------------------|
| Abdullah Abdulrahman Abdulrazzaq Al-Saeed | Chairman of the Nomination and Remuneration Committee - non-executive and independent Director   |
| Ibrahim Abdulaziz Ibrahim Al-Jammaz       | Member of the Nomination and Remuneration Committee - non-executive and independent Director     |
| Saud Ahmed Saeed Al-Sayed                 | Member of the Nomination and Remuneration Committee - member from outside the Board of Directors |

Source: The Company

## 5.7.8 Summary Biographies of the Nomination and Remuneration Committee Members

The following is a statement of the experience, qualifications and current and previous positions of each member of the Nomination and Remuneration Committee:

**Table (5.36): Summary Biography of Abdullah Abdulrahman Abdulrazzaq Al-Saeed - Chairman of the Nomination and Remuneration Committee**

Please refer to Section 5.2.2 ("Summary Biographies of Directors and the Board Secretary") for further details about Abdullah Abdulrahman Abdulrazzaq Al-Saeed's experience, qualifications and current and previous positions.

**Table (5.37): Summary Biography of Ibrahim Abdulaziz Ibrahim Al-Jammaz – Member of the Nomination and Remuneration Committee**

Please refer to Section 5.2.2 ("Summary Biographies of Directors and the Board Secretary") for further details about Ibrahim Abdulaziz Ibrahim Al-Jammaz's experience, qualifications and current and previous positions.

**Table (5.38): Summary Biography of Saud Ahmed Saeed Al-Sayed – Member of the Nomination and Remuneration Committee**

|                                |                                                                                                                                |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Saud Ahmed Saeed Al-Sayed                                                                                                      |
| <b>Age</b>                     | 37 years old                                                                                                                   |
| <b>Nationality</b>             | Saudi                                                                                                                          |
| <b>Current Position</b>        | Member of the Nomination and Remuneration Committee                                                                            |
| <b>Academic Qualifications</b> | Bachelor of Science in Finance and Information Systems, University of Business and Technology, Kingdom of Saudi Arabia, 2009G. |

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Other Current Positions</b> | <ul style="list-style-type: none"> <li>Chairman of Sado Logistics Company, a closed joint-stock company operating in the logistics sector, 2023G to present.</li> <li>Member of the Audit Committee at Mattoon Real Estate Company, a closed joint-stock company operating in the real estate sector, 2015G to present.</li> <li>Manager of Mattoon Real Estate Company, a closed joint-stock company operating in the real estate sector, 2013G to present.</li> <li>Director of the Investment Department of Alsayed Sons Company, a limited liability company operating in the import and export sector, 2004G to present.</li> </ul> |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Regional Vice President of Alsayed Sons Company, a limited liability company operating in the import and export sector, 2004G to 2011G.</li> <li>Head of the Real Estate Sector of Alsayed Sons Company, a limited liability company operating in the import and export sector, 2011G to 2017G.</li> </ul>                                                                                                                                                                                                                                                                                        |

Source: The Company

### 5.7.9 Governance, Risk and Compliance Committee

The Governance, Risk and Compliance Committee was formed pursuant to a Board resolution dated 13/03/1445H (corresponding to 28/09/2023G), and the Governance, Risk and Compliance Committee's charter was prepared and approved by the Board on 10/06/1446H (corresponding to 11/12/2024G).

The Governance, Risk and Compliance Committee currently comprises five (5) members from among the Board of Directors and others, who were appointed by the Company's Board of Directors. The term of membership shall be three (3) years and may be renewed. The Committee is concerned with a number of tasks related to the Company, which generally include the following:

- 1- Ensuring that the Company has appropriate policies and procedures in place to ensure compliance with the applicable laws, regulations and rules.
- 2- Providing adequate resources to the Company's compliance and risk management staff and ensuring that they have all the necessary information.
- 3- Ensuring that the Company establishes and implements appropriate risk management systems and mechanisms.
- 4- Ensuring that all Company employees comply with governance, compliance and risk management requirements.
- 5- Ensuring that the necessary notifications are sent to the official competent authorities.
- 6- Preparing appropriate reports on governance, compliance and risk management procedures and submitting them to the Board of Directors.
- 7- Submitting an annual report to the Board of Directors on the committee's deliberations and findings, including reporting any violations of any laws or regulations or non-compliance by the Company with risk management programs, and providing a copy of the report to the Audit Committee.
- 8- Determining margin lending and making recommendations thereon to the Board of Directors and operating in accordance therewith.

The Governance, Risk and Compliance Committee comprises the following members as of the date of this Prospectus:

**Table (5.39): Members of the Risk and Compliance Committee**

| Name                               | Position                                                                                             |
|------------------------------------|------------------------------------------------------------------------------------------------------|
| Yasser Abdulaziz Mohammed Al-Qadi  | Chairman of the Governance, Risk and Compliance Committee – Non-Executive and independent Director   |
| Mohammed Saeed Mansour Al-Shammasi | Member of the Governance, Risk and Compliance Committee - Member from outside the Board of Directors |
| Bilal Khalid Mahmoud Bushnaq       | Member of the Governance, Risk and Compliance Committee - Member from outside the Board of Directors |

| Name                          | Position                                                                                             |
|-------------------------------|------------------------------------------------------------------------------------------------------|
| Mohammed Ahmed Saud Al-Yami   | Member of the Governance, Risk and Compliance Committee - Member from outside the Board of Directors |
| Abdul Fattah Ibrahim Al-Tawil | Member of the Governance, Risk and Compliance Committee - Member from outside the Board of Directors |

Source: The Company

### 5.7.10 Summary Biographies of the Governance, Risk and Compliance Committee Members

The following is a statement of the experience, qualifications and current and previous positions of each member of the Governance, Risk and Compliance Committee:

**Table (5.40): Summary Biography of Yasser Abdulaziz Mohammed Al-Qadi - Chairman of the Governance, Risk and Compliance Committee**

Please refer to Section 5.2.2 (“Summary Biographies of Directors and the Board Secretary”) for further details about Yasser Abdulaziz Mohammed Al-Qadi’s experience, qualifications and current and previous positions.

**Table (5.41): Summary Biography of Mohammed Saeed Mansour Al-Shammasi – Member of the Governance, Risk and Compliance Committee**

Please refer to Section 5.3.2 (“Biographies of Senior Executives”) for further details about Mohammed Saeed Mansour Al-Shammasi’s experience, qualifications and current and previous positions.

**Table (5.42): Summary Biography of Bilal Khalid Mahmoud Bushnaq - Member of the Governance, Risk and Compliance Committee**

Please refer to Section 5.3.2 (“Biographies of Senior Executives”) for further details about Bilal Khalid Mahmoud Bushnaq’s experience, qualifications and current and previous positions.

**Table (5.43): Summary Biography of Mohammed Ahmed Saud Al-Yami - Member of the Governance, Risk and Compliance Committee**

Please refer to Section 5.2.2 (“Summary Biographies of Directors and the Board Secretary”) for further details about Mohammed Ahmed Saud Al-Yami’s experience, qualifications and current and previous positions.

**Table (5.44): Summary Biography of Abdul Fattah Ibrahim Abdul Fattah Al-Tawil - Member of the Governance, Risk and Compliance Committee**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Abdul Fattah Ibrahim Abdul Fattah Al-Tawil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Age</b>                     | 67 years old                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Nationality</b>             | Egyptian                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Current Position</b>        | Member of the Governance, Risk and Compliance Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Academic Qualifications</b> | Master of Business Administration (MBA), University of Texas, United States, 1980G.                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Other Current Positions</b> | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Previous Positions</b>      | <ul style="list-style-type: none"> <li>Chief Executive Officer of IT Financial Consulting Company, a limited liability company operating in the consulting sector, 2015G to 2018G.</li> <li>Head of Risk, Governance and Compliance at Alkhabeer Financial Company, a closed joint-stock company operating in the securities business sector, 2009G to 2015G.</li> <li>Credit Manager at National Commercial Bank (currently Saudi National Bank), a listed joint-stock company operating in the banking sector, 1994G to 2009G.</li> </ul> |

Source: The Company

### 5.7.11 Executive Committee

The Executive Committee was formed pursuant to a Board resolution dated 19/10/1445H (corresponding to 28/04/2024G), and its charter was prepared and approved by the Board on 10/06/1446H (corresponding to 11/12/2024G).

The Executive Committee currently comprises four (4) members appointed by the Company's Board of Directors. The Executive Committee's term begins from the beginning of the Board's term until its end. The Committee is concerned with a number of tasks related to the Company, which generally include the following:

- 1- Reviewing and submitting recommendations to the Board of Directors regarding the Company's strategic plans, Company objectives, annual business plan, commercial and financial objectives and annual budget.
- 2- Reviewing periodic management reports and evaluating performance before referring them to the Board of Directors.
- 3- Approving the appointments of the Directors of subsidiaries.
- 4- Approving the establishment and/or termination of joint ventures and/or subsidiaries.
- 5- Approving key performance indicators and evaluating the performance of the CEO.
- 6- Ensuring the effective operation of the Company's committees.

The Executive Committee comprises the following members as of the date of this Prospectus:

**Table (5.45): Members of the Executive Committee**

| Name                        | Position                                                                       |
|-----------------------------|--------------------------------------------------------------------------------|
| Taha Abdullah Al-Kuwaiz     | Chairman of the Executive Committee – Non-Executive and independent Director   |
| Ibrahim Abdulaziz Al-Jammaz | Member of the Executive Committee – Non-Executive and independent Director     |
| Zaki Abdulaziz Al-Showaier  | Member of the Executive Committee – Non-Executive and independent Director     |
| Mohammed Saeed Al-Shammasi  | Member of the Executive Committee – Member from outside the Board of Directors |

Source: The Company

### 5.7.12 Summary Biography of the Executive Committee Members

The following is a statement of the experience, qualifications and current and previous positions of each member of the Executive Committee:

**Table (5.46): Summary Biography of Taha Abdullah Ibrahim Al-Kuwaiz - Chairman of the Executive Committee**

Please refer to Section 5.2.2 ("Summary Biographies of Directors and the Board Secretary") for further details about Taha Abdullah Ibrahim Al-Kuwaiz's experience, qualifications and current and previous positions.

**Table (5.47): Summary Biography of Ibrahim Abdulaziz Ibrahim Al-Jammaz – Member of the Executive Committee**

Please refer to Section 5.2.2 ("Summary Biographies of Directors and the Board Secretary") for further details about Ibrahim Abdulaziz Ibrahim Al-Jammaz's experience, qualifications and current and previous positions.

**Table (5.48): Summary Biography of Zaki Abdulaziz Ali Al-Showaier – Member of the Executive Committee**

Please refer to Section 5.2.2 ("Summary Biographies of Directors and the Board Secretary") for more details about Zaki Abdulaziz Ali Al-Showaier's experience, qualifications and current and previous positions.

**Table (5.49): Summary Biography of Mohammed Saeed Mohammed Al-Shammasi – Member of the Executive Committee**

Please refer to Section 5.3.2 ("Biographies of Senior Executives") for more details about Mohammed Saeed Mohammed Al-Shammasi's experience, qualifications and current and previous positions.

### 5.7.13 Technical Committee

The Technical Committee was formed pursuant to a Board resolution dated 15/10/1445H (corresponding to 28/09/2023G), and its charter was prepared and approved by the Board on 25/04/1446H (corresponding to 28/10/2024G).

The Technical Committee currently comprises three (3) members appointed by the Company's Board of Directors. The term of the Technical Committee is concurrent with the term of the Board. The Committee is concerned with a number of tasks related to the Company, which generally include the following:

- 1- Developing and adopting a technical strategy aligned with the Company's business objectives and ensuring that the strategy includes the necessary infrastructure.
- 2- Establishing and maintaining technical governance frameworks and policies and ensuring compliance with regulatory requirements and best practices.
- 3- Designing and implementing an effective technical operating model and monitoring the effectiveness and efficiency of technical services.
- 4- Overseeing the execution of major technology-based projects and transformative initiatives, and monitoring project performance, timelines and budgets.
- 5- Supporting and approving technical changes and technological solutions and ensuring that architectural decisions align with long-term business strategies.
- 6- Establishing and reviewing the prioritization of technical initiatives and projects, balancing short-term needs with long-term strategic goals.
- 7- Evaluating and approving capital expenditures and operational expenses related to technical investments and ensuring that investments deliver value and align with the technology strategy.

The Technical Committee comprises the following members as of the date of this Prospectus:

**Table (5.50): Members of the Technical Committee**

| Name                                      | Position                                                                       |
|-------------------------------------------|--------------------------------------------------------------------------------|
| Hashem Othman Ibrahim Al-Hekail           | Chairman of the Technical Committee - Non-Executive and independent Director   |
| Abdullah Abdulrahman Abdulrazzaq Al-Saeed | Member of the Technical Committee - Non-Executive and independent Director     |
| Hussein Abdul Wahab Hussein Buhaliqah     | Member of the Technical Committee - Member from outside the Board of Directors |

Source: The Company

### 5.7.14 Summary Biography of the Technical Committee Members

The following is a statement of the experience, qualifications and current and previous positions of each member of the Technical Committee:

**Table (5.51): Summary Biography of Hashem Othman Ibrahim Al-Hekail – Chairman of the Technical Committee**

Please refer to Section 5.2.2 (“Summary Biographies of Directors and the Board Secretary”) for further details about Hashem Othman Ibrahim Al-Hekail's experience, qualifications and current and previous positions.

**Table (5.52): Summary Biography of Abdullah Abdulrahman Abdulrazzaq Al-Saeed - Member of the Technical Committee**

Please refer to Section 5.2.2 (“Summary Biographies of Directors and the Board Secretary”) for further details about Abdullah Abdulrahman Abdulrazzaq Al-Saeed's experience, qualifications and current and previous positions.

**Table (5.53): Summary Biography of Hussein Abdul Wahab Hussein Buhaliqah – Member of the Technical Committee**

Please refer to Section 5.3.2 (“Biographies of Senior Executives”) for further details about Hussein Abdul Wahab Hussein Buhaliqah's experience, qualifications and current and previous positions.



## 5.8 Corporate Governance

### 5.8.1 Overview

The primary sources of corporate governance are the Corporate Governance Regulations issued by the Capital Market Authority, certain provisions of the Companies Law, and best practices in corporate governance in the Kingdom.

The framework of the Corporate Governance Regulations regulates the various relationships between the Board of Directors, Executive Management, shareholders, and other stakeholders by establishing rules and procedures to facilitate decision making, with the aim of protecting the rights of shareholders and other stakeholders and enhancing the values of credibility, fairness, competitiveness and transparency in the Company's conduct within the financial market and business environment.

The Corporate Governance Regulations also require the establishment of clear methods and procedures for disclosure and transparency, which ensure that the Board of Directors acts in the best interests of shareholders and provides a clear and fair picture of the Company's financial position and results of its operations.

The Company's policy aims at adopting high standards of corporate governance and applies the provisions of the Corporate Governance Regulations to the Company as of the date of listing, noting that the Company currently applies majority of the provisions of the Corporate Governance Regulations, and will fully comply with the provisions of the Corporate Governance Regulations as of the date of listing. The Company believes that its commitment to adhering to and complying with the Corporate Governance Regulations and other relevant laws and regulations is a key factor in its continued success, and the Company will continue to update its internal corporate governance regulations as needed to reflect best practices. The provisions of the Corporate Governance Regulations are mandatory, except for those provisions that are indicated as being advisory.

### 5.8.2 Key Corporate Governance Requirements

The key corporate governance requirements that the Company adheres to, and will continue to adhere to, are specified in the Corporate Governance Regulations. These requirements cover for example, but are not limited to, the following broad areas:

- 1- General rights of shareholders (Articles 4 to 9).
- 2- Rights relating to meetings of the General Assembly (Articles 10 to 15).
- 3- Board of Directors: formation of the Board of Directors, its responsibilities, authorities, procedures and training (Articles 16 to 39).
- 4- Conflicts of interest (Articles 40 to 46).
- 5- Company committees (Articles 47 to 69).
- 6- Internal controls, external auditors, Company reports and policies, etc. (Articles 70 to 94).

### 5.8.3 Corporate Governance Framework and Internal Regulations

On 16/03/1446H (corresponding to 19/09/2024G), the Board of Directors approved the amendment of the Company's Internal Corporate Governance Manual.

The Internal Corporate Governance Manual and other policies thereof include provisions relating to:

- 1- Shareholders' rights.
- 2- The Board of Directors, including its composition, membership rules, Board meetings, working procedures, terms of reference, powers and remuneration, as approved by the General Assembly on 01/01/1446H (corresponding to 07/07/2024G).
- 3- The Company's committees, including their composition, membership rules, committee meetings, working procedures, terms of reference, powers, and remuneration.
- 4- Control, internal audit and the Auditor.
- 5- Professional and ethical standards.

- 6- Disclosure and transparency policies.
- 7- Dividend Distribution Policy.
- 8- Remuneration Policy, as approved by the General Assembly on 01/01/1446H (corresponding to 07/07/2024G).
- 9- Conflicts of Interest and Related Party Transactions Policy, as approved by the General Assembly on 01/01/1446H (corresponding to 07/07/2024G).

#### 5.8.4 Corporate Governance Compliance

The Board of Directors declares that the Company is compliant with the mandatory corporate governance requirements applicable to joint-stock companies in the Kingdom, except for certain provisions that are only mandatory for listed companies. Consequently, these provisions do not currently apply to the Company as it is not yet listed on the Saudi Exchange (Tadawul). However, the Company will implement and comply with these provisions upon the listing of its shares on the Exchange. These requirements include the following provisions stipulated in the Corporate Governance Regulations:

- 1- Paragraph (a) of Article 8 relating to the announcement on the Exchange's website of information on candidates for membership on the Board of Directors when publishing or sending the invitation to hold the General Assembly.
- 2- Paragraph (b) of Article 8 relating to limiting voting in the General Assembly to the candidates whose information has been announced in accordance with Paragraph (a) of Article 8.
- 3- Paragraph (d) of Article 13 relating to publishing the invitation to the General Assembly on the Exchange's website and the Company's website.
- 4- Paragraph (e) of Article 13 concerning the amendment of the General Assembly's agenda during the period between the publishing the announcement referred to in Paragraph (d) of Article 13 and the date of the General Assembly meeting.
- 5- Paragraph (c) of Article 14 concerning the provision of information related to the items on the agenda of the General Assembly of shareholders through the Exchange's website and the Company's website, particularly the reports of the Board of Directors, the Auditor, the financial statements and the Audit Committee.
- 6- Paragraph (d) of Article 15 concerning the provision of a copy of the minutes of the General Assembly meeting to the CMA.
- 7- Paragraph (e) of Article 15 concerning the announcement to the public and notification of the CMA and the Exchange of the results of the General Assembly meeting upon its conclusion.
- 8- Paragraph (d) of Article 17 pertaining to notifying the CMA of the names and qualifications of Directors, as well as any changes to their membership, within five business days of such changes occurring.
- 9- Item (a) of Paragraph (1) of Article 21 concerning the establishment of the Company's overall strategy, principal business plans, and risk management policies and procedures.
- 10- Article 65 pertaining to the publication of a nomination announcement on the Company's and the Exchange's websites, inviting individuals to nominate themselves for membership on the Board of Directors, provided that the nomination period remains open for a minimum of one month from the date of the announcement.

### 5.9 Employee Share Programs

Upon incorporation, the Company's shareholders approved the establishment of an employee share program in accordance with the Shareholders' Agreement dated 14/07/2008G.<sup>42</sup> Subsequently, on 17/10/2009G, the Board of Directors approved an employee share program for both executive and non-executive employees, delegating all necessary authority for the administration of the program to the Nomination and Remuneration Committee (the "Previous Employee Share Program"). On 06/02/2010G, the Nomination and Remuneration Committee approved the terms and conditions of the Previous Employee Share Program and granted 787,000 shares to both executive and non-executive employees of the Company in accordance with the approved terms and conditions, provided that shares are issued once sufficient reserves are built up from retained earnings to fund the value of the granted shares.

42 It should be noted that the Shareholders' Agreement shall terminate upon the listing of the Company's shares.

The Company's Ordinary General Assembly approved the Previous Employee Share Program on 27/02/2012G. On 13/06/2017G, the Company's Extraordinary General Assembly approved an increase in the Company's capital and the issuance of 909,013 shares to be allocated to the Company's employees. This includes the shares previously granted under earlier resolutions (i.e., 787,000 shares) as well as an additional 122,013 shares allocated to new employees. These new shares were issued on 21/07/2017G, by transferring a sum of SAR 9,090,130 from the retained earnings account to the capital account. Upon issuance, these additional shares were registered in the name of Derayat Alinma Trading Company to be held by it as a custodian on behalf of the employees, subject to the terms and conditions of the Previous Employee Share Program.<sup>43</sup>

On 20/12/2021G, the Company's Extraordinary General Assembly approved the issuance of 120,000 new shares to be granted to the Company's employees by transferring SAR 1,200,000 from the retained earnings account. These shares were registered in the name of Derayat Alinma Trading Company as a custodian until they are distributed to the employees according to the directives of the Company's Board of Directors.

Derayat Alinma Trading Company is a Selling Shareholder through the Offering, as it shall transfer the Offering Proceeds resulting from the sale of the Offer Shares (registered in its name on behalf of the shareholders entitled thereto as set out in the table below) to the shareholders entitled thereto. Moreover, ownership of the shares remaining after the Offering and granted to the Company's current and former employees that vested under the Previous Employee Share Program, amounting to 4,402,695 shares as of the date of this Prospectus, will be transferred from Derayat Alinma Trading Company to the employees entitled thereto upon completion of the Company's share listing procedures. The following table details the names of employees to whom the shares will be transferred:

**Table (5.54): Employees Entitled to Shares Under the Previous Employee Share Program Who Will Directly Own the Shares Upon Listing**

| No. | Employee Name                    | Position                                                  | Pre-Offering     |                     |                          | Post-Listing     |                     |                          |
|-----|----------------------------------|-----------------------------------------------------------|------------------|---------------------|--------------------------|------------------|---------------------|--------------------------|
|     |                                  |                                                           | Number of Shares | Nominal Value (SAR) | Ownership Percentage (%) | Number of Shares | Nominal Value (SAR) | Ownership Percentage (%) |
| 1.  | Mohammed Ahmed Al-Yami           | Chief Governance, Risk and Compliance Officer             | 114,000          | 228,000             | 0.0%                     | 90,537           | 181,074             | 0.0%                     |
| 2.  | Khalid Kamal Ahmed Faqiha        | Chief Human Resources Officer                             | 187,500          | 375,000             | 0.1%                     | 148,908          | 297,816             | 0.1%                     |
| 3.  | Saud Nasser Abdulrahman Al-Rayes | Chief Investment Officer - Capital Markets and Consulting | 60,000           | 120,000             | 0.0%                     | 47,651           | 95,302              | 0.0%                     |
| 4.  | Bilal Khalid Mahmoud Bushnaq     | Chief Financial Officer                                   | 1,219,125        | 2,438,250           | 0.5%                     | 968,201          | 1,936,402           | 0.4%                     |
| 5.  | Hossam El-Din Mohammed Badr      | Chief Operating Officer (COO)                             | 105,000          | 210,000             | 0.0%                     | 83,389           | 166,778             | 0.0%                     |
| 6.  | Fatima Mohammed Al-Kathiri       | Senior Customer Relationship Officer                      | 30,000           | 60,000              | 0.0%                     | 23,825           | 47,650              | 0.0%                     |
| 7.  | Mohammed Hussein Al-Qawsi        | Senior Customer Relationship Manager                      | 30,000           | 60,000              | 0.0%                     | 23,825           | 47,650              | 0.0%                     |

43 On 01/12/1437H (corresponding to 02/09/2016G), the Company entered into an agreement with Alinma Investment Company to establish Derayat Alinma Trading Company to hold shares granted through the Previous Employee Share Program. Derayat Alinma Trading Company owns the shares and these shares are legally registered in its name in the shareholder register. After that, employees are notified in writing of their allocation of a certain number of shares in the Company, along with the right to receive certain shareholder rights such as all economic benefits arising from the shares upon vesting. It is stipulated that no employee shall have voting rights at the General Assembly until the relevant shares are transferred to them for direct ownership.

| No.          | Employee Name               | Position                                | Pre-Offering     |                     |                            | Post-Listing     |                     |                            |
|--------------|-----------------------------|-----------------------------------------|------------------|---------------------|----------------------------|------------------|---------------------|----------------------------|
|              |                             |                                         | Number of Shares | Nominal Value (SAR) | Owner-ship Percent-age (%) | Number of Shares | Nominal Value (SAR) | Owner-ship Percent-age (%) |
| 8.           | Omar Abdulrahman Al-Othman  | Head of Digital Sales                   | 31,874           | 63,748              | 0.0%                       | 25,314           | 50,628              | 0.0%                       |
| 9.           | Yasser Abdulrahman Al-Hawas | Head of Local Brokerage                 | 30,000           | 60,000              | 0.0%                       | 23,825           | 47,650              | 0.0%                       |
| 10.          | Reema Saud Al-Harbi         | Employee Rewards and Performance Leader | 15,000           | 30,000              | 0.0%                       | 11,913           | 23,826              | 0.0%                       |
| 11.          | Mohammed Lardi              | Head of Operations Department           | 75,000           | 150,000             | 0.0%                       | 59,563           | 119,126             | 0.0%                       |
| 12.          | Mohammed Yasser Maqbool     | Head of Capital Markets Department      | 75,000           | 150,000             | 0.0%                       | 59,563           | 119,126             | 0.0%                       |
| <b>Total</b> |                             |                                         | <b>1,452,152</b> | <b>3,944,998</b>    | <b>1.4%</b>                | <b>1,566,514</b> | <b>3,133,028</b>    | <b>0.5%</b>                |

\* Note that some shareholders to whom Derayat Alinma Trading Company shares will be transferred upon Listing are former employees of the Company and have therefore not been included in the table above. They are as follows: Abdulrahman Al-Rumaih: The number of pre-Offering shares amounts to 75,000 ordinary shares, which will become 59,563 ordinary shares post-Listing. Emad Naqrash: The number of pre-Offering shares amounts to 2,355,196 ordinary shares, which will become 1,870,443 ordinary shares post-Listing.

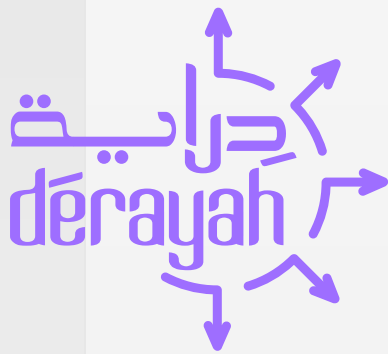
On 01/01/1446H (corresponding to 07/07/2024G), the Company's Extraordinary General Assembly approved an employee share program for the purpose of providing additional incentives to the Company's employees (the **"New Employee Share Program"**). The New Employee Share Program consists of 6,300,000 shares that the Company issued by capitalizing a portion of its retained earnings and holding them as treasury shares, in addition to 765,000 shares previously held by Derayat Alinma Trading Company (which were not granted to any employee) that were repurchased by the Company to be included in its treasury shares for the purposes of the new program. The General Assembly has authorized the Company's Board of Directors and the Nomination and Remuneration Committee to implement the New Employee Share Program and establish its related terms and conditions. As of the date of this Prospectus, the Company is examining the possibility of granting some of its treasury shares to a number of its employees as part of the new employee share program, subject to the Board's approval of the terms and conditions of the program, including the terms of entitlement to any shares granted to employees, noting that any shares granted shall be vested post-Listing.

As of the date of this Prospectus, the Company's employees directly own a total of 9,183,810 shares in the Company. They also own 1,972,500 shares through Derayat Alinma Trading Company, which have vested and will be transferred and registered in the names of the relevant employees on the listing date. The Company holds 7,065,000 shares as treasury shares (these include shares that have been granted to employees but have not vested as of the date of this Prospectus, as well as shares that have not been granted to any employee). The following is a summary of shares owned by or granted to the Company's employees under employee share programs as of the date of this Prospectus.

| No.          | Owner/Owners of Shares                                          | Total Number      | Ownership Status                                                                                                                                                                                                                                                      |
|--------------|-----------------------------------------------------------------|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.           | Company Employees                                               | 9,183,810         | The shares have vested and are now directly owned by employees (either through employee share programs or by purchase from other shareholders).                                                                                                                       |
| 2.           | Employees in the Company through Derayat Alinma Trading Company | 1,972,500         | The shares have vested and are currently held by Derayat Alinma Trading Company on behalf of the employees. All shares will be transferred to the employees after the Offering (either through employee share programs or through purchases from other shareholders). |
| 3.           | Treasury shares                                                 | 483,600           | 483,600 treasury shares have been granted and allocated to employees under employee share programs but have not yet vested as of the date of this Prospectus.                                                                                                         |
| <b>Total</b> |                                                                 | <b>11,639,910</b> | <b>-</b>                                                                                                                                                                                                                                                              |

Source: The Company

Except as described above, the Company does not have any existing employee share programs prior to the application for registration and offering of the securities subject to this Prospectus, and none of the Company's employees hold any shares in the Company as of the date of this Prospectus. There are no other arrangements in place that may involve employees in the Company's share capital.



## **6. Management Discussion and Analysis of Financial Position and Results of Operations**

## 6. Management Discussion and Analysis of Financial Position and Results of Operations

### 6.1 Introduction

The Management Discussion and Analysis section provides an analytical presentation of Derayah Financial Company's operating performance (the "**Company**") and its financial position during the financial years ended 31 December 2021G, 2022G and 2023G and the six-month periods ended 30 June 2023G and 2024G. This section and the attached notes have been prepared based on the audited financial statements for the financial years ended 31 December 2023G, which include the financial statements for the comparative period 31 December 2022G, the audited financial statements for the financial years ended 31 December 2022G, which include the financial statements for the comparative period 31 December 2021G, and the interim consolidated financial statements reviewed for the six months ended 30 June 2024G, which include the interim consolidated financial statements examined for the comparative period 30 June 2023G.

The Company's audited financial statements for the financial years ended 31 December 2021, 2022 and 2023 and the accompanying notes thereto included in other parts of this prospectus have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted in the Kingdom of Saudi Arabia, and other standards and versions approved by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively, the "International Financial Reporting Standards adopted in the Kingdom") and audited by the Company's statutory auditor. KPMG Professional services. ("KPMG" or "Auditor") in accordance with its report.

The interim condensed consolidated (unaudited) financial statements for the six months ended 30 June 2023 and 2024 and the accompanying notes thereto have been prepared in other parts of this prospectus, prepared in accordance with International Accounting Standard No. (34) "Interim Financial Report" adopted in the Kingdom of Saudi Arabia and reviewed by the auditor in accordance with the report issued by them, which are collectively referred to as the unaudited financial statements (the "Financial Statements"), and these financial statements are included in section 19 ("**Financial Statements and Auditor's Report**") of this prospectus.

KPMG Professional Services does not own any shares or interest of any kind in the Company, and written consent has been given regarding the disclosure of their names, logos, and statements attributed to each of them in this Prospectus, being the auditor of the Company for the financial years ended 31 December 2021G, 2022G and 2023G and the six-month periods ended 30 June 2023G and 2024G and did not withdraw or amend such approval as at the date of issuance of this prospectus.

All amounts in this section have been rounded to the nearest thousand Saudi riyals unless otherwise indicated, and the numbers and ratios have been rounded to the nearest decimal place. Therefore, the sum of those figures may differ from those shown in the tables. Therefore, all ratios, indicators, annual expenditures and compound annual growth rates are based on rounded figures.

The financial information for the year ended 31 December 2021G was used from the financial information for the comparative year presented in the Company's audited financial statements for the financial year ended 31 December 2022G and the financial information for the year ended 31 December 2022G was used from the financial information for the comparative year presented in the audited financial statements of the Company for the year ended 31 December 2023G. The financial information for the period ended 30 June 2023G was used from the comparative information presented in the Company's interim condensed consolidated (unaudited) financial statements for the six months ended 30 June 2024G

This section may include statements in connection with the Company's future prospects, based on the Executive Management's current plans and expectations regarding the Company's growth and results of operations and financial conditions, and therefore such statements may involve risks and unconfirmed expectations that may lead to material differences from the Group's actual results as a result of multiple factors and events, those discussed in this section of the Prospectus or elsewhere therein, in particular Section 2 ("**Risk Factors**") of this Prospectus.

## 6.2 Board Members' Declarations on the Financial Statements

The Company's Board of Directors declare the following:

- 1- The members of the Board of Directors declare that the financial information contained in this section is extracted without material change and is presented in accordance with the audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G, the accompanying notes prepared by the Company in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia, the Company's interim condensed consolidated (unaudited) financial statements for the six months ended 30 June 2024G, and the attached notes prepared by the Company in accordance with the accounting standard. International No. 34 (Preliminary Financial Report) adopted in the Kingdom of Saudi Arabia.
- 2- The members of the Board of Directors declare that the Company has sufficient working capital for at least twelve months following the date of this prospectus.
- 3- The members of the Board of Directors declare that there have been no adverse material changes in the financial or business position of the Company in the three financial years immediately preceding the date of this prospectus, as well as the end of the period covered by the auditor's report up to the date of this prospectus. The Directors further declare that all material facts relating to the Company and its financial performance are disclosed in this prospectus, and that there is no information, documents or other facts the omission of which would make any statement herein misleading.
- 4- The members of the Board of Directors declare that the Company does not have any property, including any contractual securities or other assets, the value of which is subject to fluctuations or difficult to ascertain, which significantly affects the valuation of its financial position, except for investments, which are disclosed in section 6.6.2 ("**Statement of Financial Position**") of this prospectus.
- 5- Except for the discounts granted to board members and senior executives in accordance with the approved discount policy applicable to all company clients, including board members and company employees as clients of the company, the members of the Board of Directors declare that the company has not provided any commissions, discounts, brokerage fees, or any other non-cash compensation related to the issuance or offering of any securities to any board members, proposed board members, senior executives, or those involved in the offering of securities or experts who received any of those payments or benefits during the three years preceding the date of this prospectus.
- 6- The members of the Board of Directors declare that the Company does not have any loans or any other liabilities whether covered by personal guarantee, non-personal guarantees or mortgage, including any overdrafts from bank accounts, and does not have any secured liabilities, obligations pending approvals, acceptance credits, or any lease purchase liabilities except as disclosed in section 6.6.2.1 ("**Non-Current Assets**") of this prospectus.
- 7- The members of the Board of Directors declare that, except as disclosed in section 6.4 ("**Key Factors Affecting the Company's Performance and Operations**") and Section 2 ("**Risk Factors**") of this prospectus, the Company has no information on any governmental, economic, financial, monetary, political or other policies that have affected or could materially affect (directly or indirectly) the Company's operations.
- 8- The members of the Board of Directors declare that the Company has no intention of introducing any material change in its activity.
- 9- The members of the Board of Directors declare that the Company's operations have not ceased in a manner that affects or significantly affected its financial position during the last twelve months.
- 10- The members of the Board of Directors declare that the Company's share capital is not subject to any option contract, except as disclosed in section 12.8 ("**Material Agreements**") of this prospectus.
- 11- The members of the Board of Directors declare that the Company has provided comprehensive details in this section on any contingent liabilities and has calculated and recorded a provision for the liabilities mentioned in the Management's Discussion and Analysis of the financial position and results of operations, as at 30 June 2024G.
- 12- The members of the Board of Directors declare that the Company's property is not subject to any encumbrances, rights or encumbrances as at the date of this prospectus.



- 13- The members of the Board of Directors declare that the Company has provided comprehensive details in this section for all fixed assets and investments, including contractual securities and other assets whose value is volatile or difficult to estimate.
- 14- The members of the Board of Directors declare that the Company has not issued debt instruments, term loans, or secured or unsecured mortgages, or current or approved but not issued, except as disclosed in section 6.6.2.1 ("**Non-Current Assets**") of this prospectus.
- 15- The members of the Board of Directors declare that the Company has no contingent liabilities, collateral or any significant fixed assets intended to be purchased or leased other than as disclosed in this Section No. 6.2 and Section No. 6 "**Management's Discussion and Analysis of Financial Position and Results of Operations**" of this Prospectus.
- 16- The members of the Board of Directors declare that there was no qualification in the auditor's report on the financial statements of the Company or its subsidiaries for any of the three financial years immediately preceding the date of this prospectus.
- 17- The members of the Board of Directors declare that there has been no material change in the significant accounting policies of the Company or its subsidiaries during the three financial years immediately preceding the date of this prospectus.
- 18- The members of the Board of Directors declare that there has been no material change in the issued financial statements of the Company or its subsidiaries during the three financial years immediately preceding the date of this prospectus.
- 19- The members of the Board of Directors declare that there have been no structural changes in the Company during the three financial years immediately preceding the date of this prospectus.
- 20- The members of the Board of Directors declare that, other than as stated in this prospectus, the members of the Board of Directors or any of their relatives have no shares or interest of any kind in the Company, if any.

### 6.3 Company Overview

Derayah Financial Company (the "**Company**") is a closed joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010266977 dated 19 Rabi' Al-Thani 1430H (corresponding to 15 April 2009G).

The main activities of the Company are the provision of brokerage services, advice and custody, dealing as principal and agent, management and arrangement of securities. The Company commenced operations on 8 Rajab 1430H (corresponding to 1 July 2009G) pursuant to license number 27-08109 from the Capital Market Authority on 19 Jumada II 1429H (corresponding to 23 June 2008G).

The company has two branches in Dammam and Jeddah operating under Commercial Registration No. 2050101980 dated 23 Shawwal 1435H (corresponding to 19 August 2014G) and Commercial Registration No. 4030286122 dated 13 Safar 1437H (corresponding to 25 November 2015G) respectively

During the six-month period ended 30 June 2024G, the company invested SAR 74 million (representing 100% ownership of the units) in the newly established Derayah Gulf Real Estate Fund, a private real estate investment fund managed by the company. The fund aims to generate returns on capital for unitholders through the acquisition of an income-generating property in Saudi Arabia. These interim condensed consolidated (unaudited) financial statements contain information about the company and its wholly owned subsidiary, Derayah Gulf Real Estate Fund (collectively, the "**Group**").

Moreover, the company has a wholly owned subsidiary, Derayah Technology Services in Egypt with a capital of USD 1 million. The subsidiary has no material impact on the financial statements and, therefore, is not consolidated in the financial statements. The nature and purpose of the affiliate is to provide IT services only to Derayah Financial.

## 6.4 Key factors affecting the company's performance and operations

The following is a discussion of the most important factors that have affected or are expected to affect the financial position of the company and the results of its operations. These factors are based on the information currently available to the Company and none of them may have an impact on the Company's business.

### Macroeconomic conditions

All of the company's operating income has been achieved so far within the Kingdom, and the company's future success is closely linked to developments and overall economic growth along with future integration and growth in the vicinity.

If the Kingdom's economy stagnates or the macroeconomic outlook deteriorates, it will affect the development of Saudi capital markets. In particular, the oil sector still accounts for a large share of the Kingdom's GDP. Fluctuations in oil prices may occur and negatively affect the Kingdom's economy. Moreover, any negative change in one or more macroeconomic factors or indicators in the Kingdom, including economic growth, exchange rates, interest rates, inflation, wage levels, foreign investment, and the volume of international trade, can have a negative impact on the Saudi economy.

In addition, the Middle East may be vulnerable to political and security tensions. There is no guarantee that negative diplomatic relations with neighboring countries or other countries, or the economic and political conditions experienced by those countries, will not have a negative impact on the economy, foreign direct investment or financial markets in the Kingdom in general, and on the company's business, and therefore the company's share price, in particular.

Adverse macroeconomic conditions can lead to lower trading volumes, asset valuations and a lack of overall market activity, negatively impacting the company's revenue and growth prospects. This may have a significant negative impact on the company's business, financial position, results of operations and future outlook, thus affecting the company's share price.

### Market liquidity

Financial market liquidity is a critical factor for the smooth execution of trading activities, as low market liquidity and other issues related to funding liquidity can affect a company's operations.

Insufficient market liquidity or low funding may impair a company's ability to execute trades, meet obligations and maintain financial stability. This may have a significant negative impact on the company's business, financial position, results of operations and future outlook, thus affecting the company's share price.

### Operational efficiency

Efficiency in operational processes is a critical factor to maintain the profitability and competitiveness of a company. The Company faces risks related to operational failure caused by changes in external partners/supplier relationships, IT infrastructure, availability and quality of its human resources, to name a few. Any major operational deficiencies or failures can lead to high costs, poor quality of service, and financial losses.

These operational risks can materially and adversely affect the Company's business, financial position, results of operations and future outlook, thereby affecting the Company's share price.

### Changes in Rules and Regulations

The company operates within a highly regulated environment. Changes in laws and regulations, legal challenges and compliance with international regulations pose risks to the company. Meeting and adhering to evolving regulatory requirements is critical. Failure to do so may result in sanctions, operational disruptions and adverse impacts on the Company's reputation and financial performance. This may also have a significant negative impact on the company's business, financial position, results of operations and future outlook, thus affecting the company's share price.

## 6.5 Basis for the preparation of financial statements and summary of significant accounting policies

### 6.5.1 Basis of Preparation

#### 6.5.1.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ( SOCPA ); and in compliance with the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the by-laws of the Company.

#### 6.5.1.2 Basis of measurement and presentation

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

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

#### 6.5.1.3 Functional and presentation currency

These financial statements are presented in Saudi Riyals, which represents the currency of activity of the Company. All amounts rounded to the nearest thousand, unless otherwise indicated

#### 6.5.1.4 Basis of consolidation

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

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

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

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

### 6.5.2 Summary of Material Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, unless otherwise stated. In addition, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 01 January 2023. The amendments require the disclosure of material, rather than significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in certain instances.

### 6.5.2.1 Financial Instruments

Classification of financial assets depends on the Company's business model for managing its financial assets and the contractual terms of the cash flows. The Company classifies its financial assets as:

- Financial assets measured at amortized cost, or
- Financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognized either through the statement of comprehensive income or through OCI.

Investments at amortized cost, term deposits, margin client receivables, due from related parties, and other current financial assets are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interests, are measured at amortized cost

#### Initial measurement

Financial assets are initially measured at its fair value, plus transaction costs in the case of a financial asset not at fair value through statement of profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are recognised in the statement of comprehensive income. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the requirements as solely payment of principal and interest.

#### Subsequent measurement

##### Debt Instruments

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

##### • Amortized cost

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the statement of comprehensive income when the asset is derecognised or impaired. Special commission income from these financial assets is included in special commission income using the effective interest rate method.

##### • Fair value through other comprehensive income ("FVOCI")

Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special commission income and foreign exchange gains and losses, which are recognised in the statement of comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the statement of comprehensive income and recognised in other gains / (losses).

##### • Fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria for subsequent recognition at amortised cost or FVOCI, are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through the statement of comprehensive income and which is not part of a hedging relationship is recognised and presented net in the statement of comprehensive income in the year in which it arises.

##### Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### De-recognition

A financial asset or a part of a financial asset is de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangements; and either:
- The Company has transferred substantially all the risks and rewards of the asset, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

### Impairment

The Company assesses on a forward looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, carried at amortised cost and FVOCI, the ECL is based on a 12-month ECL and life time ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance increases in credit risk since origination, the allowance will be based on the lifetime ECL. For investment in sukuks, margin client receivables, due from related parties, cash and cash equivalents, and other current financial assets, the Company applies the general approach.

### Financial liabilities

The Company classifies its financial liabilities, as held at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the effective interest rate (EIR). Subsequent to initial recognition, financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss or an entity has opted to measure a liability at fair value through profit or loss as per the requirements of IFRS 9. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

### Offsetting of financial instruments

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

#### 6.5.2.2 Current Versus Non-Current Classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized 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 Company classifies all other liabilities as non-current.

### 6.5.2.3 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of comprehensive income during the year in which they are incurred.

The major categories of property and equipment are depreciated on a straight line basis as follows:

| Asset categories                 | Useful live (Years)                              |
|----------------------------------|--------------------------------------------------|
| Leasehold improvements           | Period of lease or 5 years; whichever is shorter |
| Furniture, fixtures and fittings | 5 years                                          |
| Computers and office equipment   | 4 years                                          |
| Right of use assets              | Period of lease                                  |

Source: Audited Financial Statements for the year ended 31 December 2023G

The Company allocates the amount initially recognised in respect of an item of property and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognised when replaced. Residual values, method of amortisation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Impairment losses and gains and losses on disposals of property and equipment are included in statement of comprehensive income.

Work in progress is stated at cost incurred until the asset is ready for its intended use, thereafter, this cost is capitalised on the related assets. This includes the cost of contractors, materials, services and capital advances. Work in progress is not depreciated.

### Right-of-Use Assets

The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurement of the lease liability. Generally, right of use assets would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the right of use assets' value.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

### Lease Liability

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

After the commencement date, Company measures the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability.
- Reducing the carrying amount to reflect the lease payments made and;
- Re-measuring the carrying amount to reflect any re-assessment or lease modification.

IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Company's Statement of Financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognises a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortised over the useful life.

Property and equipment and right of use assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

#### 6.5.2.4 Investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation, net of impairment losses, if any.

Depreciation is charged to the statement of profit or loss, using straight-line method to allocate the costs of the related assets to their residual values over their estimated useful lives. The Group follows costs model of IAS 40 for subsequent measurement of investment property. For the purpose of computing impairment losses, at each reporting period an evaluation is conducted of investment property at fair value, which reflects market conditions at the reporting period. Any impairment loss identified is recorded in the statement of profit or loss. Fair values are determined based on an annual evaluation performed by an accredited external, independent values, applying a valuation model recommended by the International Valuation Standards Council.

Investment property is derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of profit or loss in the period of derecognition.

#### 6.5.2.5 Intangible Assets

Intangible assets consist of both internally and externally developed software. Expenditures on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life. Internally developed software is stated at capitalized cost less accumulated amortisation and impairment, if any.

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

Amortisation is recognised in statement of comprehensive income on a straight-line basis over the estimated useful life of the software from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is four years. Amortisation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

#### 6.5.2.6 Zakat

The Company is domiciled in the Kingdom of Saudi Arabia. The Company is subject to Zakat in accordance with the Regulations of the Zakat, Tax and Custom Authority ("**ZATCA**") as applicable in the Kingdom of Saudi Arabia. The Zakat charge is computed on the Zakat base. An estimate of Zakat arising therefrom is provided by a charge to the statement of comprehensive income.

#### 6.5.2.7 Contingent Liabilities

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

#### 6.5.2.8 Revenue from Contracts with Customers

The Company generates following revenue streams that are covered under IFRS 15 Revenue from Contracts with Customers:

- a- Fees and commissions income
- b- Other operating income

#### a- Fee and commission income:

##### Brokerage Service Fees Income

The performance obligation is satisfied at the point in time at which trade (buy or sell order) is executed by the Client. Hence the Company recognises the share brokerage service fee income, net of discount, if any, as and when a trade order is executed.

##### Management fees from investment funds

Management fees is computed on daily / weekly / monthly / semi-annually (annual % pro-rated for periodic accrual) with reference to periodic net asset value of the fund. The Company's practice for recognition of management fee is aligned with IFRS 15 since management fee is recognised on an accrual basis against rendering of asset management services that the Company is providing on an on-going basis.

##### Performance fee from investment funds

Performance fee income based on a fund's performance relative to a benchmark or the realized appreciation of fund's investments, are types of variable consideration. In many cases, these performance fees are highly susceptible to market volatility until they are crystallised or are no longer subject to clawback, which may be after the end of the reporting period.

##### Subscription fees from investment funds

Performance obligation for Subscription fee is assignment of respective Fund units to Investor's account and considering that this happens as soon as an Approved Subscription Form is executed, therefore the Company rightfully recognises the revenue against subscription fee at the time of fulfilment of performance obligation.

In case of the Company, effect of clawback does not apply since the Company does not recognize any revenue against performance fee until the end of respective period for testing of benchmark achievement when performance fee is crystallized and recorded as revenue. Analysis of performance fee by the Company reveals that performance fee income recognition at the Company is in accordance five step model in IFRS 15. The Company performs a daily accrual for performance fee based on defined benchmark as a difference between fund growth and benchmark growth. At the end of relevant period (month or quarter) aggregate growth of fund is compared against benchmark and if it is above Benchmark (a positive aggregate figure consolidation daily accruals), then performance fee is recognised, otherwise it is not recognised.



## b- Other operating income

### Advisory fee income

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

### Miscellaneous service income

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

### 6.5.2.9 Credit Assets

Assets held in a fiduciary capacity are not treated as assets of the Company, and accordingly, are not included in the financial statements. In the normal course of business, the Company agrees with the clients to place the clients' cash in a remunerative bank accounts and the commission earned is recognised in the statement of comprehensive income

### 6.5.2.10 Gain or loss on investments

This relates to net gains or losses on remeasurement of financial assets held at fair value through profit or loss and gains or losses on derecognition of investments held at fair value through profit or loss and investments held at amortised cost.

### 6.5.2.11 Margin Client's Receivables

The margin client's receivables arise within brokerage business as a shariah compliant margin financing. Margin client's receivables are recognised when cash / limits are advanced to the customer including the related cost. These are derecognised when borrowers repay their obligation or the balance is sold off or written off, or substantially all the risks and rewards of ownership are transferred to other party. A provision is established against the credit losses based on expected credit loss approach of IFRS 9 compliant with general quantification approach requirements for credit losses in general and when there is objective evidence that the company will not be able to collect all or part of the amounts due according to terms of the margin contract as specific provision.

### 6.5.2.12 Investment In Associate

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

The Company's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognize the changes in the Company's share of net assets of the associate since the acquisition date.

The statement of comprehensive income reflects the Company's share of the results of operations of the associate. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate or joint venture. The aggregate of the Company's share of profit or loss of an associate is shown on the face of the statement of comprehensive income outside operating profit.

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

### 6.5.2.13 Employees' defined benefit obligations

The Company operates a defined benefit scheme for its employees in accordance with labour regulations applicable in the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefits plan is determined using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in the retained earnings and are not reclassified to profit or loss in subsequent periods. Re-measurements are not reclassified to profit or loss in subsequent periods.

Interest expense is calculated by applying the discount rate to the net defined benefit liability. The Company recognizes the following changes in the net defined benefit obligation under 'salaries and employee related expenses' in the statement of comprehensive income (by nature).

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income

The defined benefit asset or liability comprises the present value of the defined benefit obligation, less past service costs and less the fair value of plan assets out of which the obligations are to be settled. However, currently the plan is unfunded and has no assets.

### 6.5.2.14 Employees' Equity Award Plan

The Company has introduced Employees' Equity Award Plan ('EEAP') for selected employees against the services provided by those employees for development of the Bank D360 ('D360'). Subject to completion of vesting period employees shall be granted specific number of shares of D360 as per the agreement signed amongst Derayah and the Eligible Employees, however the settlement of shares shall be made after 5 years of lock up period which is referenced from the month in which D360 has obtained registration from the Ministry of Commerce.

The present value of defined benefit obligation is calculated actuarially using Projected Unit Credit (PUC) method. The PUC method involves projection of the accrued benefits of the members till the date of benefits settlement. The projection is done by making an assumption about mortality, attrition, and eligible benefits (per plan). While the projection allows for full service being rendered (barring actuarial assumptions), the future service is not considered in the measurement of DBO, since the Employer's obligation is limited to the benefits earned in exchange for past service rendered during the current year as well as all prior years. The projected benefits are then discounted back to the statement of financial position date using the assumed discount rate.

Current service cost (CSC) is the present value of obligation in respect of the benefit earned during the current year only. It is also determined using the PUC method, as used for the measurement of DBO. CSC is measured at the end of the relevant year, rather than the start of the year. Therefore, it reflects the actual plan experience over the relevant accounting year. The interest on the current service cost is allowed for in the interest cost measurement of current service cost requires that a part of the accrued benefit be attributed to the current period of service. The attribution is done by reference to the plan's benefit formula, which does not lead to higher benefits being allocated during the later parts of any eligible employee's service. The benefit formula spreads the benefits evenly over a member's service, till the time the maximum benefit limit is reached.

## 6.5.3 Significant judgments, accounting estimate and assumptions

The preparation of the financial statements in conformity with IFRS as endorsed in the KSA and other standards and pronouncements issued by SOCPA requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Such judgements, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances.

Significant areas where management has used judgements, estimates and assumptions are as follows:

#### 6.5.3.1 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the input, assumptions and estimation techniques used in measuring ECL is further detailed in the Impairment - Financial assets, which also sets out key sensitivities of the ECL to changes in these elements.

#### 6.5.3.2 Assumptions for employee defined benefit obligations

Employee benefits represent obligations that will be settled in the future and require assumptions to project these obligations. IFRS requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases and return on assets, mortality rates, employment turnover and future healthcare costs. The management uses an external actuary for performing this calculation. Changes in key assumptions can have a significant impact on the projected benefit obligation and/pr periodic employees' benefits incurred costs.

#### 6.5.3.3 Assumptions for Employees' Equity Award Plan ('EEAP')

Employees Equity Award Plan represents obligation in respect of benefits is the amount of future benefit based on number of shares granted to eligible employees in return for their service in the current and prior periods. IFRS requires management to make further assumptions regarding variables such as discount rates, fair value of shares, and rate of attrition. The management uses an external actuary for performing this calculation. Changes in the key assumptions can have a significant impact on the projected service plan.

#### 6.5.3.4 Going concern

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

### 6.5.4 Standards issued but not yet effective

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

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2023. The management has assessed that the new standards and amendments have no significant impact on the Company's financial statements.

|                        |                                                                                                         |
|------------------------|---------------------------------------------------------------------------------------------------------|
| <b>1 January 2023G</b> | IFRS 17 Insurance Contracts, including amendments Initial Application of IFRS 17 and IFRS 9             |
| <b>1 January 2023G</b> | Disclosure Initiative: Accounting Policies Amendments to IAS 1 and IFRS Practice Statement 2            |
| <b>1 January 2023G</b> | Definition of Accounting Estimates - Amendments to IAS 8                                                |
| <b>1 January 2023G</b> | Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12 |

Source: Audited Financial Statements for the year ended 31 December 2023G

New standards and amendments issued but not yet effective and not early adopted

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Company's accounting year beginning on or after 1 January 2024 are listed below. The Company has opted not to early adopt these pronouncements.

|                                             |                                                                                                                                            |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1 January 2024G</b>                      | Classification of Liabilities as Current or Non-current Amendments to IAS 1 and Non-current liabilities with covenants Amendments to IAS 1 |
| <b>1 January 2024G</b>                      | Lease Liability in a Sale and Leaseback Amendments to IFRS 16                                                                              |
| <b>1 January 2024G</b>                      | Supplier Finance Arrangements Amendments to IAS 7 and IFRS 7                                                                               |
| <b>1 January 2025G</b>                      | Lack of Exchangeability Amendments to IAS 21                                                                                               |
| <b>Effective date deferred indefinitely</b> | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Amendments to IFRS 10 and IAS 28                     |

Source: Audited Financial Statements for the year ended 31 December 2023G

The management of the Company anticipates that the application of these new standards and amendments in the future will not have significant impact on the amounts reported.

## 6.6 Results of operations

### 6.6.1 Statement of Profit or Loss and Other Comprehensive Income

**Table (6.1): Statement of Profit or Loss and Other Comprehensive Income for the Financial Years Ended 2021G, 2022G and 2023G and the Six-Month Periods ended 30 June 2023G and 2024G**

| SAR in 000s                                                   | FY 2021G<br>Audited | FY 2022G<br>Audited | FY 2023G<br>Audited | Var.<br>2021G-<br>2022G | Var.<br>2022G-<br>2023G | CAGR<br>2021G-<br>2023G | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2023G<br>Reviewed | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2024G<br>Reviewed | Var.<br>2023G-<br>2024G |
|---------------------------------------------------------------|---------------------|---------------------|---------------------|-------------------------|-------------------------|-------------------------|------------------------------------------------------------------|------------------------------------------------------------------|-------------------------|
| <b>OPERATING INCOME</b>                                       |                     |                     |                     |                         |                         |                         |                                                                  |                                                                  |                         |
| Revenue from contract with customers                          | 575,069             | 613,737             | 470,033             | 6.7%                    | (23.4%)                 | (9.6%)                  | 199,909                                                          | 311,835                                                          | 56.0%                   |
| Special commission income                                     | 8,394               | 35,221              | 135,615             | 319.6%                  | 285.0%                  | 301.9%                  | 57,377                                                           | 108,706                                                          | 89.5%                   |
| Gain/ (loss) on investments, net                              | 3,163               | (5,315)             | 16,966              | (268.1%)                | (419.2%)                | 131.6%                  | 7,771                                                            | 13,180                                                           | 69.6%                   |
| Dividend income                                               | 2,253               | 1,818               | 914                 | (19.3%)                 | (49.7%)                 | (36.3%)                 | 677                                                              | 476                                                              | (29.7%)                 |
| <b>TOTAL OPERATING INCOME</b>                                 | <b>588,878</b>      | <b>645,460</b>      | <b>623,528</b>      | <b>9.6%</b>             | <b>(3.4%)</b>           | <b>2.9%</b>             | <b>265,735</b>                                                   | <b>434,197</b>                                                   | <b>63.4%</b>            |
| <b>OPERATING EXPENSES</b>                                     |                     |                     |                     |                         |                         |                         |                                                                  |                                                                  |                         |
| Salaries and employee related expenses                        | (98,288)            | (157,118)           | (127,537)           | 59.9%                   | (18.8%)                 | 13.9%                   | (60,962)                                                         | (75,140)                                                         | 23.3%                   |
| Other general and administrative expenses                     | (113,197)           | (117,476)           | (123,067)           | 3.8%                    | 4.8%                    | 4.3%                    | (49,657)                                                         | (101,538)                                                        | 104.5%                  |
| Marketing expenses                                            | (6,074)             | (9,300)             | (6,028)             | 53.1%                   | (35.2%)                 | (0.4%)                  | (2,604)                                                          | (4,103)                                                          | 57.6%                   |
| (Provision)/ reversal of provision for expected credit losses | (35)                | (191)               | (433)               | 440.8%                  | 127.0%                  | 250.4%                  | 231                                                              | 1,326                                                            | 474.6%                  |

| SAR in 000s                                                                             | FY 2021G<br>Audited               | FY 2022G<br>Audited | FY 2023G<br>Audited | Var.<br>2021G-<br>2022G | Var.<br>2022G-<br>2023G | CAGR<br>2021G-<br>2023G | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2023G<br>Reviewed | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2024G<br>Reviewed | Var.<br>2023G-<br>2024G     |
|-----------------------------------------------------------------------------------------|-----------------------------------|---------------------|---------------------|-------------------------|-------------------------|-------------------------|------------------------------------------------------------------|------------------------------------------------------------------|-----------------------------|
| <b>TOTAL<br/>OPERATING<br/>EXPENSES</b>                                                 | <b>(217,594)</b>                  | <b>(284,084)</b>    | <b>(257,065)</b>    | <b>30.6%</b>            | <b>(9.5%)</b>           | <b>8.7%</b>             | <b>(112,993)</b>                                                 | <b>(179,455)</b>                                                 | <b>58.8%</b>                |
| <b>NET OPERATING<br/>INCOME</b>                                                         | <b>371,284</b>                    | <b>361,376</b>      | <b>366,464</b>      | <b>(2.7%)</b>           | <b>1.4%</b>             | <b>(0.7%)</b>           | <b>152,742</b>                                                   | <b>254,742</b>                                                   | <b>66.8%</b>                |
| Other income/<br>(expenses)                                                             | 6,983                             | (328)               | 9,426               | (104.7%)                | (2973.1%)               | 16.2%                   | 3,700                                                            | 5,507                                                            | 48.8%                       |
| Share of loss in an<br>associate                                                        | -                                 | (38,204)            | (27,944)            | N.A.                    | (26.9%)                 | 0.0%                    | (13,133)                                                         | (26,239)                                                         | 99.8%                       |
| <b>INCOME BEFORE<br/>ZAKAT</b>                                                          | <b>378,267</b>                    | <b>322,844</b>      | <b>347,946</b>      | <b>(14.7%)</b>          | <b>7.8%</b>             | <b>(4.1%)</b>           | <b>143,309</b>                                                   | <b>234,009</b>                                                   | <b>63.3%</b>                |
| Zakat charge for<br>the year                                                            | (12,788)                          | (15,334)            | (18,242)            | 19.9%                   | 19.0%                   | 19.4%                   | (9,305)                                                          | (6,000)                                                          | (35.5%)                     |
| <b>INCOME FOR THE<br/>YEAR</b>                                                          | <b>365,479</b>                    | <b>307,509</b>      | <b>329,704</b>      | <b>(15.9%)</b>          | <b>7.2%</b>             | <b>(5.0%)</b>           | <b>134,004</b>                                                   | <b>228,009</b>                                                   | <b>70.2%</b>                |
| <b>Other comprehensive (loss)/ income not to be reclassified to income subsequently</b> |                                   |                     |                     |                         |                         |                         |                                                                  |                                                                  |                             |
| Financial assets at<br>fair value through<br>OCI – net change<br>in fair value          | 4,868                             | (6,699)             | (4,856)             | (237.6%)                | (27.5%)                 | 0.0%                    | (1,272)                                                          | (5,141)                                                          | 304.1%                      |
| Remeasurement<br>gain/ (loss) on<br>defined benefit<br>plan                             | (1,106)                           | (211)               | 187                 | (80.9%)                 | (188.5%)                | 0.0%                    | (592)                                                            | (1,050)                                                          | 77.2%                       |
| Remeasurement<br>loss on<br>employees' equity<br>award plan                             | -                                 | -                   | (4,338)             | N.A.                    | N.A.                    | 0.0%                    | (563)                                                            | 783                                                              | (239.2%)                    |
| <b>OTHER<br/>COMPREHENSIVE<br/>LOSS FOR THE<br/>YEAR</b>                                | <b>3,762</b>                      | <b>(6,910)</b>      | <b>(9,006)</b>      | <b>(283.7%)</b>         | <b>30.3%</b>            | <b>0.0%</b>             | <b>(2,427)</b>                                                   | <b>(5,408)</b>                                                   | <b>122.8%</b>               |
| <b>TOTAL<br/>COMPREHENSIVE<br/>INCOME FOR THE<br/>YEAR</b>                              | <b>369,241</b>                    | <b>300,599</b>      | <b>320,698</b>      | <b>(18.6%)</b>          | <b>6.7%</b>             | <b>(6.8%)</b>           | <b>131,577</b>                                                   | <b>222,601</b>                                                   | <b>69.2%</b>                |
| <b>Key performance indicators</b>                                                       |                                   |                     |                     |                         |                         |                         |                                                                  |                                                                  |                             |
|                                                                                         | <b>As a percentage of revenue</b> |                     |                     | <b>Percentage point</b> |                         |                         | <b>As a percentage of<br/>revenue</b>                            |                                                                  | <b>Percentage<br/>point</b> |
| Operating profit<br>margin                                                              | 63.05%                            | 55.99%              | 58.77%              | (7.1)                   | 2.8                     | (4.3)                   | 57.48%                                                           | 58.67%                                                           | 1.2                         |
| Net profit margin<br>for the year                                                       | 62.06%                            | 47.64%              | 52.88%              | (14.4)                  | 5.2                     | (9.2)                   | 50.43%                                                           | 52.51%                                                           | 2.1                         |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

### Revenue from contract with customers

Revenue from contracts with customers consists of revenue from brokerage fees, advisory fees and asset management services.

Revenue from contracts with customers increased by 6.7% from SAR 575.1 million in 2021G to SAR 613.7 million in 2022G, primarily on the back of one-off advisory revenue of SAR 163.8 million, pertaining to the establishment of the digital bank D360. Excluding the one-off advisory fee, revenue during 2022G amounted to SAR 450 million, representing a decline of 22% as compared to 2021G. It is to be noted that revenue in 2021G was exceptionally high as a result of the increase in trading volumes due to the precautionary measures applied during the period of the Corona virus (Covid-19) in 2020G, as trading witnessed momentum during and after the precautionary measures, in addition to the increase in the percentage of savings due to the closure policies and remote work, which positively affected the company's revenues during 2021G.

Revenue from contract with customers declined by 23.4% from SAR 613.7 million in 2022G to SAR 470.0 million in 2023G as a result of recognizing one-time advisory fees in 2022G. "It is worth noting that when excluding non-recurring advisory fees from 2022G, revenues from contracts with customers increased by 4.5% in 2023G compared to 2022G.

Revenue from contracts with customers increased by 56.0% from SAR 199.9 million in the six-month period ended 30 June 2023G to SAR 311.8 million in the six-month period ended 30 June 2024G, attributable to (1) higher income from brokerage fees due to higher volume of trading and renegotiation of the cost structure and rates with the external brokers; (2) increase in asset management services income due to higher management fees due to the increase in the assets managed by Derayah and higher performance fees related to Discretionary Portfolio Management (DPM).

### Special commission income

Special Commission Income represents the spread earned by Derayah on the Omnibus accounts (consolidated account managed by brokers or financial institutions, containing the balances/assets of multiple clients).

Special Commission Income increased from SAR 8.4 million in 2021G to SAR 35.2 million in 2022G, mainly due to the increase in SAIBOR (3-month average) from 0.8% in 2021G to 3.13% in 2022G.

Special Commission Income increased by 285.0% from SAR 35.2 million in 2022G to SAR 135.6 million in 2023G, in line with an increase in interest rates, as the SAIBOR rate (3-month average) increased from 3.13% in 2022G to 5.93% in 2023G. Furthermore, due to the increase in the SAIBOR, Derayah negotiated better deals in terms of earning commission with the various banks and external brokers and service providers on its bank balances and client money assets.

Special commission income increased by 89.5% from SAR 57.4 million in the six-month period ended 30 June 2023G to SAR 108.7 million in the six-month period ended 30 June 2024G and was primarily related to (1) the benefit from the securities lending provided by external service providers; (2) Increase in special commission income from Omnibus accounts by c. SAR 7 million.

Profit from financial assets at fair value through profit or loss net represents the gains/ (losses) on investments at fair value through profit or loss. Derayah's gains from investments amounted to SAR 3.2 million in 2021G. The company incurred losses of SAR 5.3 million in 2022G, mainly due to unrealized losses associated with Durat Al-Khaleej Real Estate Fund. In 2023G, Derayah's profit from investments amounted to SAR 17.0 million, attributable to the increase in the valuation of Freestyle Saudi Equity Fund and Derayah Saudi Equity Fund, and gains from the units in Trading Finance Fund SAR.

### • Unrealized (loss)/gain from investments at fair value through profit or loss, net

The unrealized loss of SAR 7.3 million in 2022G primarily stemmed from Durat Al Khaleej Real Estate Fund, where the net asset value (NAV) decreased from SAR 938 in 2021G to SAR 613 in 2022G, due to the decline in the value of the Fund's assets.

The unrealized gains from investments at fair value through profit or loss amounted to SAR 11.1 million in 2023G and primarily stemmed from:

- 1- Derayah Freestyle Saudi Equity Fund with a value of SAR 7.9 million, on the back of the increase in the net value of the fund's assets from SAR 103.5 million in 2022G to SAR 816.9 million in 2023G.
- 2- Derayah Saudi Equity Fund with a value of SAR 3.3 million, on the back of increase in the valuation of the fund.

#### • **Realized (loss)/gain from investments at fair value through profit or loss, net**

Realized gains in 2022G increased due to gains resulting from redemption of units in the Trading Finance Fund SAR of SAR 2.5 million. The realized gains increased from SAR 2.5 million in 2022G to SAR 5.8 million in 2023G, mainly due to the gains of SAR 4.7 million, resulting from the recovery of all units invested in the Trading Finance Fund SAR, where Derayah owned 7.9% in the said fund in 2023G, in addition to the gains resulting from the redemption of the units of AlAhli Sunbulah SAR Fund. This was offset by losses of SAR 768 thousand upon redemption of Sukuk.

Derayah's gains on investments increased by 69.6% from SAR 7.8 million for the six months ended 30 June 2023G to SAR 13.2 million in the six-month period ended 30 June 2024G, attributable to (1) unrealized gains of SAR 11 million related to Derayah Saudi Equity Fund (SAR 4.3 million), Trade Finance Fund (SAR 2 million), Derayah GCC Growth Fund (SAR 1.8 million) and others, and (2) Gains of SAR 2.5 million from Derayah Freestyle Saudi Equity fund, partially offset by a loss of SAR 0.5 million from Durat Al-Khaleej Fund.

#### **Dividend income**

Dividend income is related to REIT fund, where the company holds a stake of 2.24% as of December 2023G.

Dividend income decreased by 19.3% from SAR 2.3 million in 2021G to SAR 1.8 million in 2022G and by 49.7% to reach SAR 914 thousand in 2023G, on the back of the decrease in dividend distribution.

Dividend income decreased by 29.7% from SAR 677 thousand in the six-month period ended 30 June 2023G to SAR 476 thousand in the six-month period ended 30 June 2024G, owing to higher cost of funds amidst rising interest rates.

#### **Total operating income**

Total operating income increased by 9.6% from SAR 588.9 million in 2021G to SAR 645.5 million in 2022G, on the back of one-off advisory fee of SAR 163.8 million related to the establishment of D360 digital bank, in addition to an increase in special commission income of SAR 26.8 million, due to the increase in the SAIBOR rate to 3.13% in 2022G. This was offset by a decrease in local and international brokerage revenues of SAR 130.6 million. It is worth noting that the brokerage revenues in 2021G were exceptionally high due to policies adopted during the COVID-19 period.

Total operating income decreased by 3.4% from SAR 645.5 million in 2022G to SAR 623.5 million in 2023G, on the back of the recognition of one-off advisory fee in 2022G. This was offset by an increase in special commission income of SAR 100.4 million, in line with an increase in interest rates, as the SAIBOR rate (3-month average) increased from 3.13% in 2022G to 5.93% in 2023G. Furthermore, due to the increase in the SAIBOR, Derayah negotiated better deals in terms of earning commission with the various banks and external brokers and service providers on its bank balances and client money assets.

Total operating income increased by 63.4% from SAR 265.7 million in the six-month period ended 30 June 2023G to SAR 434.2 million in the six-month period ended 30 June 2024G, due to the increase in income from (1) contracts with customers by SAR 111.9 million, (2) special commission income by SAR 51.3 million, and (3) an increase in income from investments by SAR 5.4 million and benefit from securities lending provided by external service providers.

#### **Salaries and employee related expenses**

Salaries and employee related expenses consists mainly of salaries and expenses related to employees, expenses of the General Organization for Social Insurance, end of service benefit and Employees' Equity Award Plan.

Salaries and expenses related to employees increased by 59.9% from SAR 98.3 million in 2021G to SAR 157.1 million in 2022G on the back of the recognition of the costs of equity awards for the employees involved in the establishment of D360 Bank amounting to SAR 52.7 million, in addition to the increase in the number of employees from 161 to 174 employees. This was offset by a decrease in performance bonus from SAR 32.9 million in 2021G to SAR 27.6 million in 2022G.

Salaries and expenses related to employees decreased by 18.8% to SAR 127.5 million in 2023G, due to one-off cost paid in 2022G related to Employees' Equity Award Plan. This was offset by an increase in performance bonus and the number of employees, as the average number of employees increased from 174 employees in 2022G to 180 employees in 2023G.

Salaries and other employee-related expenses increased by 23.3% from SAR 61.0 million in the six-month period ended 30 June 2023G to SAR 75.1 million in the six-month period ended 30 June 2024G, due to salary adjustments during the period, in addition to an increase in performance bonuses by SAR 7.9 million. This was offset by an average decrease in the number of employees from 182 in the six-month period ended 30 June 2023G to 180 in the six-month period ended 30 June 2024G.

### **Other general and administrative expenses**

Other general and administrative expenses mainly consist of professional expenses, IT expenses, commission expenses, amongst other expenses.

Other general and administrative expenses increased by 3.8% from SAR 113.2 million in 2021G to SAR 117.5 million in 2022G, mainly due to an increase in VAT expense from SAR 2.6 million in 2021G to SAR 31.4 million in 2022G, due to the calculation of one-off VAT expense of SAR 29 million in 2022G. This was offset by a decrease in commission expenses from SAR 51.2 million in 2021G to SAR 13.7 million in 2022G, due to lower revenues and changes in the policy with respect to commission brackets.

Other general and administrative expenses increased by 4.8% from SAR 117.5 million in 2022G to SAR 123.1 million in 2023G, mainly due to (1) an increase in professional expenses from SAR 28.5 million in 2022G to SAR 31.1 million in 2023G, and (2) an increase in IT expenses from SAR 14.8 million in 2022G to SAR 19.5 million in 2023G, and (3) increase in legal expenses from SAR 4.0 million in 2022G to SAR 16.5 million in 2023G. This was offset by a decrease in VAT from SAR 31.4 million in 2022G to SAR 4.8 million in 2023G.

Other general and administrative expenses increased by 104.5% from SAR 49.7 million in the six-month period ended 30 June 2023G to SAR 101.5 million in the six-month period ended 30 June 2024G, mainly due to (1) an increase in professional expenses by SAR 9.1 million, (2) an increase in commission expenses by SAR 12.3 million and (3) an increase in VAT by SAR 7.9 million during the same period.

### **Marketing expenses**

Marketing expenses consist mainly of marketing campaigns, design costs, web advertising costs, and other expenses.

Marketing expenses increased by 53.1% from SAR 6.1 million in 2021G to SAR 9.3 million in 2022G, mainly due to higher marketing expenses, mainly related to the football World Cup, resulting mainly in an increase in campaign creation/design cost of SAR 2.6 million in addition to other marketing expenses amounting to SAR 1.5 million. This was offset by a decrease in the cost of market analytical services by 1.0 million SAR and the cost of web advertising by 0.1 million SAR.

Marketing expenses decreased by 35.2% from SAR 9.3 million in 2022G to SAR 6.1 million in 2023G, due to the decrease in sales of the new products, mainly resulting in a decrease in campaign creation/design cost by SAR 2.8 million in addition to other marketing expenses of by SAR 1.0 million. This was offset by an increase in the cost of market analytical services due to the facilities provided by the company amounting to 0.7 million.

Marketing expenses increased by 57.6% from SAR 2.6 million in the six-month period ended 30 June 2023G to SAR 4.1 million in the six-month period ended 30 June 2024G, mainly due to (1) an increase in campaign creation/design cost by SAR 1.3 million and (2) an increase in other marketing expenses by SAR 0.2 million.



### **(Provisions) /Reversal of Provision for Expected Credit Losses**

Provisions for expected credit losses represent losses related to trade receivables, calculated based on the IFRS 9 model (expected credit losses).

The provision for expected credit losses increased by (1) SAR 35 thousand in 2021G, (2) SAR 191 thousand in 2022G, and (3) SAR 433 thousand in 2023G, in line with the Company's expected credit loss policy. The reversal of provision for expected credit loss increased by 474.6% from SAR 231 thousand in the six-month period ended 30 June 2023G to SAR 1.3 million in the six-month period ended 30 June 2024G in line with the Company's expected credit loss policy.

### **Other income/(expenses), net**

Other income/(expenses) mainly include foreign exchange (loss)/gains, portfolio linking fees, multiple portfolio customer fees and others.

Other income/(expenses) decreased from gains of SAR 7.0 million in 2021G to losses of SAR 328 thousand in 2022G, followed by gains of SAR 9.4 million in 2023G, due to the company entering into better deals resulting in foreign exchange gains in 2021G and 2023G. While the decline in the value of the Egyptian pound led to losses in 2022G.

Other income/(expenses) increased by 48.8% from SAR 3.7 million for the six months ended 30 June 2023G to SAR 5.5 million for the six-month period ended 30 June 2024G due to the increase in foreign exchange gains as a result of the increase in customer trading in the global markets.

### **Share of loss in an associate**

The share of loss stems from Derayah's investment in D360 Bank and amounted to SAR 38.2 million and SAR 27.9 million in 2022G and 2023G respectively.

The share of loss amounted to SAR 13.1 million and SAR 26.2 million for the six months ended 30 June 2023G, 2024G, respectively.

### **Zakat charge for the year**

Zakat expense for the year increased from SAR 12.7 million in 2021G to SAR 15.3 million in 2022G and further to SAR 18.2 million in 2023G, in line with the Company's operations and increase in equity.

Zakat expense decreased from SAR 9.3 million in the six-month period ended 30 June 2023G to SAR 6.0 million in the six-month period ended 30 June 2024G, in line with the increase in of provisions pertaining to the previous periods.

### **Profit for the year**

Income for the year decreased by 15.9% from SAR 365.5 million in 2021G to SAR 307.5 million in 2022G, mainly due to (1) a decrease in revenue from local and international brokerage activities amounting to SAR 130.6 million, noting that brokerage revenues in 2021G were exceptionally high due to the momentum of trading as a result of covid lockdown, remote work and low spending, which led to increased disposable income, and (2) investment losses of SAR 5.3 million, mainly due to unrealized losses associated with Durrat Al Khaleej Real Estate Fund, (3) recognition of the costs of equity awards for the employees involved in the establishment of D360 Bank amounting to SAR 52.7 million, (4) share of the loss resulting from Derayah's investment in D360 Bank amounting to SAR 38.2 million, and (5) one-off value-added tax (VAT) amounting to SAR 29 million, relating to the advisory fees resulting from the establishment of D360 Bank. This was offset by (1) the increase in one-off advisory fees amounting to SAR 163.8 million related to the establishment of D360 Bank, (2) increase in special commission income amounting to SAR 26.8 million due to an increase in the SAIBOR rate to 3.13% in 2022G, and (3) income earned from the establishment of D360 Bank amounting to SAR 45 million.

Income for the year increased by 7.2% from SAR 307.5 million in 2022G to SAR 329.7 million in 2023G. This was mainly attributable to (1) an increase in special commission income of SAR 100.4 million, in line with the increase in the interest rate, as the SIBOR rate (3-month average) increased from 3.13% in 2022G to 5.93% in 2023G. Furthermore, Derayah negotiated better deals in terms of earning commission with the various banks and external brokers and service providers on its bank balances and client money assets, (2) investment gains amounting to SAR 17 million, on the back of an increase in the valuation of Derayah Freestyle Saudi Equity Fund, Derayah Saudi Equity Fund, and gains from the redemption of investments related to Derayah Trading Finance Fund in SAR, and (3) the increase in revenue from asset management by SAR 11.3 million, in line with the increase in assets under management from SAR 7.6 billion in 2021G to SAR 10.3 billion in 2023G, (4) the increase in revenue from local and international brokerage activities by SAR 8.8 million, mainly due to the increase in options trading, and (5) increase in other income by SAR 9.1 million, due to foreign exchange gains during 2023G, (6) decrease in the share of loss resulting from Derayah's investment in D360 Bank by SAR 10.3 million, (7) decrease in salaries and expenses related to employees by SAR 29.5 million during 2023G. This was offset by (1) the decrease in advisory fees, attributed to non-recurring advisory fees in 2022G, and (2) increase in other general and administrative expenses by SAR 5.6 million during 2023G.

Income for the year increased by 70.2% from SAR 134.0 million for the six months ended 30 June 2023G to SAR 228.0 million in the six-month period ended 30 June 2024G, mainly due to (1) the increase in revenue from contracts with customers by SAR 111.9 million due to an increase in revenue from brokerage by SAR 71.5 million and revenue from asset management services by SAR 40.4 million, and (2) the increase in special commission income by SAR 51.3 million driven by increase in customer funds and returns generated from the lending of securities provided by external service providers. This was offset by an increase in general and other administrative expenses by SAR 51.9 million due to (1) an increase in professional expenses by SAR 9.1 million, (2) an increase in commission expenses by SAR 12.3 million, and (3) an increase in VAT by SAR 7.9 million during the same period.

#### 6.6.1.1 Revenue from contract with customers

**Table (6.2): Revenue from contracts with customers for the Financial Years Ended 31 December 2021G, 2022G and 2023G, and the Six-Month Periods Ended 30 June 2023G and 2024G**

| SAR in 000s                                                           | FY 2021G<br>Audited | FY 2022G<br>Audited | FY 2023G<br>Audited | Var.<br>2021G-<br>2022G | Var.<br>2022G-<br>2023G | CAGR<br>2021G-<br>2023G | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2023G<br>Reviewed | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2024G<br>Re-<br>viewed | Var.<br>2023G-<br>2024G |
|-----------------------------------------------------------------------|---------------------|---------------------|---------------------|-------------------------|-------------------------|-------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------|
| Brokerage<br>revenue<br>- trading<br>(excluding<br>margin<br>trading) | 428,285             | 340,737             | 365,328             | (20.4%)                 | 7.2%                    | (7.6%)                  | 158,526                                                          | 227,515                                                               | 43.5%                   |
| Brokerage<br>revenue -<br>margin trading                              | 82,029              | 39,004              | 23,238              | (52.5%)                 | (40.4%)                 | (46.8%)                 | 11,840                                                           | 14,356                                                                | 21.3%                   |
| <b>Total<br/>brokerage<br/>revenue</b>                                | <b>510,314</b>      | <b>379,741</b>      | <b>388,566</b>      | <b>(25.6%)</b>          | <b>2.3%</b>             | <b>(12.7%)</b>          | <b>170,366</b>                                                   | <b>241,871</b>                                                        | <b>510,314</b>          |
| Advisory<br>revenue                                                   | -                   | 163,806             | -                   | N.A.                    | (100.0%)                | 0.0%                    | -                                                                | -                                                                     | -                       |
| Asset<br>management<br>revenue                                        | 64,755              | 70,190              | 81,468              | 8.4%                    | 16.1%                   | 12.2%                   | 29,543                                                           | 69,965                                                                | 64,755                  |
| <b>Revenue from<br/>contracts with<br/>customers</b>                  | <b>575,069</b>      | <b>613,737</b>      | <b>470,033</b>      | <b>6.7%</b>             | <b>(23.4%)</b>          | <b>(9.6%)</b>           | <b>199,909</b>                                                   | <b>311,835</b>                                                        | <b>575,069</b>          |

| SAR in 000s                                 | FY 2021G<br>Audited        | FY 2022G<br>Audited | FY 2023G<br>Audited | Var.<br>2021G-<br>2022G | Var.<br>2022G-<br>2023G | CAGR<br>2021G-<br>2023G | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2023G<br>Reviewed | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2024G<br>Re-<br>viewed | Var.<br>2023G-<br>2024G |
|---------------------------------------------|----------------------------|---------------------|---------------------|-------------------------|-------------------------|-------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------|
|                                             | As a percentage of revenue |                     |                     | Percentage point        |                         |                         | As a percentage of revenue                                       |                                                                       | Percentage point        |
| Brokerage fees                              | 86.7%                      | 58.8%               | 62.3%               | (27.9)                  | 3.5                     | (24.4)                  | 64.1%                                                            | 55.7%                                                                 | (8.4)                   |
| Advisory services                           | 0.0%                       | 25.4%               | 0.0%                | 25.4                    | (25.4)                  | 0.0                     | 0.0%                                                             | 0.0%                                                                  | 0.0%                    |
| Asset management services                   | 11.0%                      | 10.9%               | 13.1%               | (0.1)                   | 2.2                     | 2.1                     | 11.1%                                                            | 16.1%                                                                 | 5.0                     |
| Revenue from contracts with customers       | 97.7%                      | 95.1%               | 75.4%               | (2.6)                   | (19.7)                  | (22.3)                  | 75.2%                                                            | 71.8%                                                                 | (3.4)                   |
|                                             | Key Performance Indicators |                     |                     | Percentage              |                         |                         | Key Performance Indicators                                       |                                                                       | Percentage              |
| Value of trading (excluding margin trading) | 394,310                    | 344,067             | 306,728             | (12.7%)                 | (10.9%)                 | (11.8%)                 | 133,825                                                          | 176,063                                                               | 31.6%                   |
| Trading fund size (SAR million)             | 1,562                      | 1,337               | 1,259               | (14.4%)                 | (5.8%)                  | (10.2%)                 | 1,308                                                            | 1,476                                                                 | 12.8%                   |

Source: Audited financial statements for the financial years ended 31 December 2021, 2022 and 2023, interim financial statements examined for the six-month period ended 30 June 2024, and management information.

### Brokerage fees

The Brokerage Department provides brokerage services and facilities in trading local, international and regional stocks, options and indices.

Brokerage fees decreased by 25.6% from SAR 510.3 million in 2021G to SAR 380 million in 2022G, resulting from the increase in trading volumes due to the precautionary measures applied during the Coronavirus (Covid-19) period in 2020G, as trading witnessed momentum during and after the precautionary measures in addition to the increase in savings due to lockdown policies and remote work, which positively affected the company's revenues during the 2021G.

Brokerage fees increased by 2.3% from SAR 380 million in 2022G to SAR 389 million in 2023G, due to significant growth in options trading.

Brokerage fee income increased by 42.0% from SAR 170.4 million in the six-month period ended 30 June 2023G to SAR 241.9 million in the six-month period ended 30 June 2024G due to higher trading volume and renegotiation of the costing structure and rates with external brokers and service providers.

### Advisory services

Advisory services relate to the services provided for the establishment of D360 bank.

Advisory services increased from nil in 2021G to SAR 163.8 million in 2022G, followed by a decrease to nil in 2023G, as a result of a one-off advisory income of SAR 163.8 million, related to the establishment of D360 Bank.

The company did not record any income from advisory fees in the six months ended 30 June 2023G and 2024G.

### Asset management services

Asset management services include the management of investment portfolios and funds, real estate management, and alternative investments

This consist of a separate and distinct performance obligation i.e. to provide asset management services to the mutual funds under the Company's management and discretionary portfolios. As per the terms and condition of the funds, the management fees is computed on daily / weekly / monthly / semiannually (annual % pro-rated for periodic accrual) with reference to periodic net asset value of the fund. The Company's practice for recognition of management fee is aligned with IFRS 15 since management fee is recognised on an accrual basis against rendering of asset management services that the Company is providing on an on-going basis. Performance fees are earned from some arrangements when contractually agreed performance levels are exceeded within specified performance measurement periods, typically over one year. The fees are recognised when they can be reliably estimated and / or crystallised, and there is deemed to be a remote chances of reversals in the future periods. This is usually at the end of the performance period or upon early redemption by a fund investor. Once crystallised, performance fees typically cannot be refunded.

Revenue from asset management increased from SAR 64.8 million in 2021G to SAR 70.2 million in 2022G and then to SAR 81.5 million in 2023G, in line with the increase in assets under management from SAR 7.6 billion in 2021G to SAR 10.3 billion in 2023G, with management fees ranging between 1% and 2% of net asset value.

Revenue from asset management increased by 136.8% from SAR 29.5 million in the six-month period ended 30 June 2023G to SAR 70.0 million in the six-month period ended 30 June 2024G, due to an increase in subscription and performance fees by SAR 25.5 million and an increase in management fees by SAR 17.0 million in line with the increase in the assets managed by the company.

#### 6.6.1.2 Revenue from AUM

**Table (6.3): Income from Asset Under Management for the Financial Years Ended 31 December 2021G, 2022G and 2023G, and the Six-Month Periods Ended 30 June 2023G and 2024G**

| SAR in 000s                  | FY<br>2021G<br>Audited | FY<br>2022G<br>Audited | FY<br>2023G<br>Audited | Var.<br>2021G-<br>2022G | Var.<br>2022G-<br>2023G | CAGR<br>2021G-<br>2023G | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2023G<br>Reviewed | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2024G<br>Reviewed | Var.<br>2023G-<br>2024G |
|------------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|------------------------------------------------------------------|------------------------------------------------------------------|-------------------------|
| Management fees              | 38,147                 | 51,119                 | 56,289                 | 34.0%                   | 10.1%                   | 21.5%                   | 23,432                                                           | 40,500                                                           | 72.8%                   |
| Performance fees             | 13,278                 | 5,937                  | 7,479                  | (55.3%)                 | 26.0%                   | (24.9%)                 | 916                                                              | 16,157                                                           | 1663.9%                 |
| Advisory fees                | -                      | 734                    | 2,473                  | N.A.                    | 237.0%                  | 0.0%                    | -                                                                | -                                                                | N.A.                    |
| Brokerage fees               | -                      | 2,600                  | 2,000                  | N.A.                    | (23.1%)                 | 0.0%                    | -                                                                | -                                                                | N.A.                    |
| Transaction fees             | -                      | 2,305                  | 1,581                  | N.A.                    | (31.4%)                 | 0.0%                    | 2,000                                                            | -                                                                | (100.0%)                |
| Financing fees               | -                      | 1,029                  | 1,175                  | N.A.                    | 14.1%                   | 0.0%                    | 1,175                                                            | -                                                                | (100.0%)                |
| Others                       | -                      | 1,586                  | -                      | N.A.                    | (100.0%)                | 0.0%                    | 423                                                              | 1,412                                                            | 233.4%                  |
| Fee (excl. subscription fee) | 51,425                 | 65,311                 | 70,998                 | 27.0%                   | 8.7%                    | 17.5%                   | 27,946                                                           | 58,069                                                           | 107.8%                  |
| Subscription fees            | 9,834                  | 4,879                  | 10,469                 | (50.4%)                 | 114.6%                  | 3.2%                    | 1,597                                                            | 11,896                                                           | 644.9%                  |
| Others                       | 3,496                  | -                      | -                      | (100.0%)                | N.A.                    | (100.0%)                | -                                                                | -                                                                | N.A.                    |
| <b>Total</b>                 | <b>64,755</b>          | <b>70,190</b>          | <b>81,468</b>          | <b>8.4%</b>             | <b>16.1%</b>            | <b>12.2%</b>            | <b>29,543</b>                                                    | <b>69,965</b>                                                    | <b>136.8%</b>           |

| SAR in 000s                                                      | FY<br>2021G<br>Audited | FY<br>2022G<br>Audited | FY<br>2023G<br>Audited | Var.<br>2021G-<br>2022G | Var.<br>2022G-<br>2023G | CAGR<br>2021G-<br>2023G | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2023G<br>Reviewed | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2024G<br>Reviewed | Var.<br>2023G-<br>2024G |
|------------------------------------------------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|------------------------------------------------------------------|------------------------------------------------------------------|-------------------------|
| <b>Key performance indicators</b>                                |                        |                        |                        |                         |                         |                         |                                                                  |                                                                  |                         |
| Management fees as a percentage of total assets under management | 0.5%                   | 0.7%                   | 0.5%                   | 0.2                     | (0.2)                   | -                       | 0.6%                                                             | 0.5%                                                             | (0.0)                   |
| Public market funds                                              | 2,157                  | 2,195                  | 5,947                  | 1.8%                    | 170.9%                  | 66.0%                   | 4,646                                                            | 9,796                                                            | 110.8%                  |
| Private market funds                                             | 5,442                  | 4,750                  | 4,394                  | (12.7%)                 | (7.5%)                  | (10.1%)                 | 3,757                                                            | 5,282                                                            | 40.6%                   |
| <b>Total assets under management (SAR million)</b>               | <b>7,599</b>           | <b>6,945</b>           | <b>10,341</b>          | <b>(8.6%)</b>           | <b>48.9%</b>            | <b>16.7%</b>            | <b>8,403</b>                                                     | <b>15,078</b>                                                    | <b>79.4%</b>            |

Source: Management information.

Derayah manages investment portfolios and mutual funds on behalf of its clients, valued at SAR 10.4 billion as at 31 December 2023G. The Company holds these investments in a fiduciary capacity.

### Management fees

Management fees are computed on a daily/weekly/monthly/semi-annual basis, with reference to periodic net asset value of the fund. Management fees amounted to SAR 56.3 million, representing approximately 70% of total revenue from asset management services in 2023G.

Management fees increased from SAR 38.1 million in 2021G to SAR 51.1 million in 2022G and SAR 56.3 million in 2023G, in line with the increase in assets under management from SAR 7.6 billion in 2021G to SAR 10.3 billion in 2023G.

Management charges increased by 72.8% from SAR 23.4 million in the six-month period ended 30 June 2023G to SAR 40.5 million in the six-month period ended 30 June 2024G, in line with the increase in assets managed by the company.

### Performance fees

Performance fees are calculated only when the portfolio's performance exceeds the agreed-upon benchmark. It is worth mentioning that Derayah has earned performance fees only on the DPM portfolio. The company earned from the DPM portfolio SAR 13.3 million in 2021G, SAR 5.9 million in 2022G and SAR 7.5 million in 2023G, due to various factors such as the achievement of the benchmarks, market conditions and others.

Performance fees increased by 1663.9% from SAR 916 thousand in the six-month period ended 30 June 2023G to SAR 16.2 million in the six-month period ended 30 June 2024G due to the higher performance of managed portfolios and assets under management, as performance fees depend on various factors such as portfolio performance compared to market performance and market conditions.

### Advisory fees

The advisory fee relates to the general advisory fee.

Advisory fees increased from nil in 2021G to SAR 734 thousand in 2022G, followed by an increase to SAR 2.5 million in 2023G, in line with the customer's requests for consulting/advisory services.

**Brokerage fees**

Brokerage fees relate to real estate brokerage fees.

Brokerage fees increased from nil in 2021G to SAR 2.6 million in 2022G, due to the increase in real estate acquisitions of some of the real estate funds under management during this period.

Brokerage fees decreased by 23.1% from SAR 2.6 million in 2022G to SAR 2.0 million in 2023G, due to a decrease in the value of acquired properties compared to the previous period.

**Transaction fees**

Transaction fees increased from nil in 2021G to SAR 2.3 million in 2022G, in line with the number of transfer requests from customers.

Transaction fees decreased by 31.4% from SAR 2.3 million in 2022G to SAR 1.6 million in 2023G, in line with the number of transfer requests from customers.

Transaction fees decreased by 100.0% from SAR 2.0 million in the six-month period ended 30 June 2023G to nil in the six-month period ended 30 June 2024G, in line with the number of transfer requests from customers.

**Financing fees**

The financing arrangement fees relate to the charges earned by Derayah for managed funds in connection with arranging financing for these funds from accredited financial institutions in the Kingdom of Saudi Arabia.

Financing fees increased from nil in 2021G to SAR 1.0 million in 2022G and further to SAR 1.2 million in 2023G, in line with the number of funding requests from customers.

Financing fees decreased by 100.0% from SAR 1.2 million in the six-month period ended 30 June 2023G to nil in the six-month period ended 30 June 2024G, in line with the number of funding requests from customers.

**Subscription fees**

The subscription fee is usually calculated as a percentage of the amount invested by the investor and collected in advance at the time of subscription to the fund.

Subscription fees decreased by 50.4% from SAR 9.8 million in 2021G to SAR 4.9 million in 2022G, linked to the size of the fund with subscription fees.

Subscription fees increased by 114.6% from SAR 4.9 million in 2022G to SAR 10.5 million in 2023G, linked to the size of the fund with subscription fees.

Subscription fees increased by 644.9% from SAR 1.6 million in the six-month period ended 30 June 2023G to SAR 11.9 million in the six-month period ended 30 June 2024G, mainly driven by Derayah Freestyle Fund by SAR 6 million, Derayah Saudi Equity Fund by SAR 3 million and others.

### 6.6.1.3 Salaries and employee related expenses

**Table (6.4): Salaries and Expenses Related to Employees for the Financial Years Ended 31 December 2021G, 2022G and 2023G, and the Six Months ended 30 June 2023G and 2024G**

| SAR in 000s                            | FY 2021G<br>Audited | FY 2022G<br>Audited | FY<br>2023G<br>Audited | Var.<br>2021G-<br>2022G | Var.<br>2022G-<br>2023G | CAGR<br>2021G-<br>2023G    | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2023G<br>Reviewed | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2024G<br>Reviewed | Var.<br>2023G-<br>2024G |
|----------------------------------------|---------------------|---------------------|------------------------|-------------------------|-------------------------|----------------------------|------------------------------------------------------------------|------------------------------------------------------------------|-------------------------|
| Salaries and employee related expenses | 92,302              | 97,164              | 119,617                | 5.3%                    | 23.1%                   | 13.8%                      | 56,839                                                           | 70,896                                                           | 24.7%                   |
| GOSI expense                           | 3,472               | 4,250               | 4,297                  | 22.4%                   | 1.1%                    | 11.2%                      | 2,311                                                            | 2,443                                                            | 5.7%                    |
| End of service benefit                 | 2,514               | 2,996               | 3,622                  | 19.2%                   | 20.9%                   | 20.0%                      | 1,811                                                            | 1,801                                                            | (0.6%)                  |
| Employees' Equity Award Plan           | -                   | 52,708              | -                      | N.A.                    | (100.0%)                | 0.0%                       | -                                                                | -                                                                | N.A.                    |
| <b>Total</b>                           | <b>98,288</b>       | <b>157,118</b>      | <b>127,537</b>         | <b>59.9%</b>            | <b>(18.8%)</b>          | <b>13.9%</b>               | <b>60,962</b>                                                    | <b>75,140</b>                                                    | <b>23.3%</b>            |
| As a percentage of revenue             |                     |                     | Percentage point       |                         |                         | As a percentage of revenue |                                                                  |                                                                  | Percentage point        |
| Salaries and employee related expenses | 15.7%               | 15.1%               | 19.2%                  | (0.6)                   | 4.1                     | 3.5                        | 21.4%                                                            | 16.3%                                                            | (5.1)                   |
| GOSI expense                           | 0.6%                | 0.7%                | 0.7%                   | 0.1                     | 0.0                     | 0.1                        | 0.9%                                                             | 0.6%                                                             | (0.3)                   |
| End of service benefit                 | 0.4%                | 0.5%                | 0.6%                   | 0.0                     | 0.1                     | 0.2                        | 0.7%                                                             | 0.4%                                                             | (0.3)                   |
| Employees' Equity Award Plan           | 0.0%                | 8.2%                | 0.0%                   | 8.2                     | (8.2)                   | 0.0                        | -                                                                | -                                                                | N.A.                    |
| <b>Total</b>                           | <b>16.7%</b>        | <b>24.3%</b>        | <b>20.5%</b>           | <b>7.7</b>              | <b>(3.9)</b>            | <b>3.8</b>                 | <b>22.9%</b>                                                     | <b>17.3%</b>                                                     | <b>(5.6)</b>            |
| <b>Average headcount</b>               | <b>216</b>          | <b>248</b>          | <b>179</b>             | <b>32</b>               | <b>(69)</b>             | <b>(37)</b>                | <b>177</b>                                                       | <b>180</b>                                                       | <b>3</b>                |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

#### Salaries and employee related expenses

Salaries and employee related expenses include total employee salaries, medical insurance, employee meals, vacation allowance and others.

Salaries and employee related expenses increased by 5.3% from SAR 92.3 million in 2021G to SAR 97.2 million in 2022G, driven by an increase in the average number of employees by c. 8% in 2022G, in addition to salary adjustments during the same period.

Salaries and employee related expenses increased by 23.1% from SAR 97.2 million in 2022G to SAR 119.6 million in 2023G, as a result of an increase in the average number of employees by c. 4% in 2023G, in addition to salary adjustments during the same period.

Salaries and employee-related expenses increased by 24.7% from SAR 56.8 million in the six-month period ended 30 June 2023G to SAR 70.9 million in the six-month period ended 30 June 2024G, mainly due to salary adjustments during the period.

### GOSI expenses

The expenses related to the General Organization for Social Insurance pertain to the social insurance contributions provided by Derayah to its employees.

GOSI expenses increased from SAR 3.5 million in 2021G to SAR 4.3 million in 2022G and 2023G, in line with the increase in the average number of employees.

GOSI expenses stabilized at an average of c. SAR 2.4 million in the six-months ending on June 30, 2023G and 2024G.

### End of service benefit

End of service benefit increased by 20% from SAR 2.5 million in 2021G to SAR 3.0 million and SAR 3.6 million in 2022G and 2023G respectively.

End of service benefit amounted to SAR 1.8 million in the six-month periods ending 30 June 2023G and 2024G. It is worth mentioning that Derayah conducted an actuarial assessment related to the employee benefits using the projected unit credit method during the historical period.

### Employees' Equity Award Plan

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

In 2022G, Derayah introduced an employee equity award plan for specific employees in exchange for services in developing Bank D360. Subject to completion of the vesting period, employees are granted a specified number of D360 Bank shares in accordance with the agreement signed between Derayah Financial and qualified employees, however this obligation is settled at the employee's option at the end of the vesting period, where he has the right to choose between cash settlement based on the fair value of these shares or settlement by acquiring these shares after the end of the lock up period and upon the approval of the Saudi Central Bank.

Employee Defined Benefit Obligations and Employee Equity Award Plan are recorded at the present value of future liabilities using the projected unit of credit method. The employees' equity award plan is remeasured, according to the actuarial valuation, during the historical period.

#### 6.6.1.4 Other general and administrative expenses

**Table (6.5): Other General and Administrative Expenses for the Financial Years Ended 31 December 2021G, 2022G and 2023G, and the Six-Months ended 30 June 2023G and 2024G**

| SAR in 000s           | FY<br>2021G<br>Audited | FY<br>2022G<br>Audited | FY<br>2023G<br>Audited | Var.<br>2021G-<br>2022G | Var.<br>2022G-<br>2023G | CAGR<br>2021G-<br>2023G | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2023G<br>Reviewed | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2024G<br>Reviewed | Var.<br>2023G-<br>2024G |
|-----------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|------------------------------------------------------------------|------------------------------------------------------------------|-------------------------|
| Professional expenses | 23,949                 | 28,502                 | 31,090                 | 19.0%                   | 9.1%                    | 13.9%                   | 11,375                                                           | 20,512                                                           | 80.3%                   |
| IT expenses           | 14,063                 | 14,759                 | 19,469                 | 4.9%                    | 31.9%                   | 17.7%                   | 9,353                                                            | 12,750                                                           | 36.3%                   |
| Commission expenses   | 51,245                 | 13,679                 | 19,195                 | (73.3%)                 | 40.3%                   | (38.8%)                 | 9,695                                                            | 22,000                                                           | 126.9%                  |
| Legal expenses        | -                      | 3,957                  | 16,525                 | N.A.                    | 317.6%                  | 0.0%                    | 3,172                                                            | 17,423                                                           | 449.3%                  |
| Depreciation          | 7,647                  | 8,002                  | 10,080                 | 4.6%                    | 26.0%                   | 14.8%                   | 5,058                                                            | 6,027                                                            | 19.2%                   |
| Utilities             | 5,644                  | 6,741                  | 7,748                  | 19.4%                   | 14.9%                   | 17.2%                   | 3,345                                                            | 3,084                                                            | (7.8%)                  |
| Value Added tax       | 2,609                  | 31,394                 | 4,803                  | 1103.1%                 | (84.7%)                 | 35.7%                   | 1,039                                                            | 8,917                                                            | 758.2%                  |



| SAR in 000s           | FY<br>2021G<br>Audited   | FY<br>2022G<br>Audited | FY<br>2023G<br>Audited | Var.<br>2021G-<br>2022G | Var.<br>2022G-<br>2023G | CAGR<br>2021G-<br>2023G | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2023G<br>Reviewed | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2024G<br>Reviewed | Var.<br>2023G-<br>2024G |
|-----------------------|--------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|------------------------------------------------------------------|------------------------------------------------------------------|-------------------------|
| Amortisation          | 3,139                    | 4,499                  | 3,638                  | 43.3%                   | (19.1%)                 | 7.7%                    | 2,310                                                            | 3,744                                                            | 62.1%                   |
| Office expenses       | 1,905                    | 2,344                  | 3,026                  | 23.0%                   | 29.1%                   | 26.0%                   | 1,487                                                            | 1,391                                                            | (6.5%)                  |
| Office maintenance    | 1,730                    | 1,503                  | 2,872                  | (13.2%)                 | 91.1%                   | 28.8%                   | 1,236                                                            | 2,252                                                            | 82.2%                   |
| Financing Expenses    | 1,264                    | 2,098                  | 2,647                  | 65.9%                   | 26.2%                   | 44.7%                   | 1,586                                                            | 3,438                                                            | 116.8%                  |
| Other Expenses        | -                        | -                      | 1,976                  | N.A.                    | N.A.                    | 0.0%                    | -                                                                | -                                                                | N.A.                    |
| <b>Total</b>          | <b>113,197</b>           | <b>117,476</b>         | <b>123,067</b>         | <b>3.8%</b>             | <b>4.8%</b>             | <b>4.3%</b>             | <b>49,656</b>                                                    | <b>101,538</b>                                                   | <b>104.5%</b>           |
|                       | As percentage of revenue |                        |                        | Percentage point        |                         |                         | As percentage of revenue                                         |                                                                  | Percentage point        |
| Professional expenses | 4.1%                     | 4.4%                   | 5.0%                   | 0.3                     | 0.6                     | 0.9                     | 4.3%                                                             | 4.7%                                                             | 0.4                     |
| IT expenses           | 2.4%                     | 2.3%                   | 3.1%                   | (0.1)                   | 0.8                     | 0.7                     | 3.5%                                                             | 2.9%                                                             | (0.6)                   |
| Commission expenses   | 8.7%                     | 2.1%                   | 3.1%                   | (6.6)                   | 1.0                     | (5.6)                   | 3.6%                                                             | 5.1%                                                             | 1.4                     |
| Legal expenses        | 0.0%                     | 0.6%                   | 2.7%                   | 0.6                     | 2.0                     | 2.7                     | 1.2%                                                             | 4.0%                                                             | 2.8                     |
| Depreciation          | 1.3%                     | 1.2%                   | 1.6%                   | (0.1)                   | 0.4                     | 0.3                     | 1.9%                                                             | 1.4%                                                             | (0.5)                   |
| Utilities             | 1.0%                     | 1.0%                   | 1.2%                   | 0.1                     | 0.2                     | 0.3                     | 1.3%                                                             | 0.7%                                                             | (0.5)                   |
| Value Added tax       | 0.4%                     | 4.9%                   | 0.8%                   | 4.4                     | (4.1)                   | 0.3                     | 0.4%                                                             | 2.1%                                                             | 1.7                     |
| Amortisation          | 0.5%                     | 0.7%                   | 0.6%                   | 0.2                     | (0.1)                   | 0.1                     | 0.9%                                                             | 0.9%                                                             | (0.0)                   |
| Office expenses       | 0.3%                     | 0.4%                   | 0.5%                   | 1.3                     | (0.3)                   | 1.0                     | 0.6%                                                             | 0.3%                                                             | (0.2)                   |
| Office maintenance    | 0.3%                     | 0.4%                   | 0.5%                   | (0.1)                   | 0.2                     | 0.2                     | 0.5%                                                             | 0.5%                                                             | 0.1                     |
| Financing Expenses    | 0.2%                     | 0.3%                   | 0.4%                   | 0.1                     | 0.1                     | 0.2                     | 0.6%                                                             | 0.8%                                                             | 0.2                     |
| Other Expenses        | 0.0%                     | 0.0%                   | 0.3%                   | 0.0                     | 0.3                     | 0.3                     | -                                                                | -                                                                | -                       |
| <b>Total</b>          | <b>19.2%</b>             | <b>18.2%</b>           | <b>19.7%</b>           | <b>(1.0)</b>            | <b>1.5</b>              | <b>0.5</b>              | <b>18.7%</b>                                                     | <b>23.4%</b>                                                     | <b>4.7</b>              |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

### Professional expenses

Professional expenses include costs related to business consulting, external and internal audit, legal advice, cost of licenses, cost of IT audit, board remuneration and others.

Professional expenses increased by 19.0% from SAR 23.9 million in 2021G to SAR 28.5 million in 2022G, mainly due to higher business consulting expenses resulting from business process improvement and product development. Professional expenses increased by 9.1% from SAR 28.5 million in 2022G to SAR 31.1 million in 2023G, due to the increase in business requirements, legal fees, and overall product development.

Professional expenses increased by 80.3% from SAR 11.4 million in the six-month period ended 30 June 2023G to SAR 20.5 million in the six-month period ended 30 June 2024G. This is due to the increase in business consulting costs related to information technology and funds stemming from the increase in expenses associated with supporting technological development, professional consultancy for the funds, and related zakat.

### IT expenses

IT expenses include costs related to software and hardware maintenance, software licensing, and others.

IT expenses increased by 4.9% from SAR 14.1 million in 2021G to SAR 14.8 million in 2022G, and subsequently by 31.9% to reach SAR 19.5 million in 2023G, mainly due to the higher cost of software licenses, the integration of new data centers, and the enhancement of the effectiveness and efficiency of IT-related management systems, among others, in line with business growth during this period.

IT expenses increased by 36.3% from SAR 9.4 million in the six-month period ended 30 June 2023G to SAR 12.8 million in the six-month period ended 30 June 2024G, in line with the increase in the company's business activities

### Commission Expenses

The Company incurs commission expenses related to revenues received from customers. These expenses are paid to the Company's commercial team.

Commission expenses decreased by 73.3% from SAR 51.2 million in 2021G to SAR 13.7 million in 2022G, due to lower revenues and changes in policy with respect to commission brackets.

Commission expenses increased by 40.3% from SAR 13.7 million in 2022G to SAR 19.2 million in 2023G, in line with the increase in the Company's business activity.

Commission expenses increased by 126.9% from SAR 9.7 million in the six-month period ended 30 June 2023G to SAR 22.0 million in the six-month period ended 30 June 2024G, due to the increase in revenue from contracts with customers during this period.

### Legal expenses

Legal expenses primarily include legal consultations and related consulting costs

Legal expenses increased from nil in 2021G to SAR 4.0 million in 2022G, stemming from a legal provision in 2022G.

Legal expenses increased by 317.6% to SAR 16.5 million in 2023G, due to a specific provision of SAR 9 million due to the increase in legal expenses in general and legal expenses related to certain funds, as well as additional provisions established by the Company, amid complaints submitted by investors in general and investors in funds managed by the Company.

Legal expenses increased by 449.3% from SAR 3.2 million in the six-month period ended 30 June 2023G to SAR 17.4 million in the six-month period ended 30 June 2024G, d stemming from the overall increase in legal expenses and the legal costs associated with certain funds, as well as the additional provisions established by the company, amid complaints from investors in general and investors in funds managed by the Company.

### Depreciation

Depreciation increased by 4.6% from SAR 7.6 million in 2021G to SAR 8.0 million in 2022G, and subsequently increased by 26.0% to SAR 10.1 million in 2023G, resulting from the annual depreciation.

Depreciation increased by 19.2% from SAR 5.1 million in the six-month period ended 30 June 2023G to SAR 6.0 million in the six-month period ended 30 June 2024G, resulting from the annual depreciation.

### Utilities

Utilities include costs related to internet, electricity, telephone, transportation, data centers, call centers, amongst others.

The cost of utilities increased by 19.4% from SAR 5.6 million in 2021G to SAR 6.7 million in 2022G, and subsequently by 14.9% to SAR 7.7 million in 2023G, in line with the increase in the Company's operations.

The cost of utilities stabilized at an average of c. SAR 3.2 million in the six months ended 30 June 2023G and 2024G.

### Value Added Tax

VAT increased by 1103.1% from SAR 2.6 million in 2021G to SAR 31.4 million in 2022G, due to the one-off VAT amounting to SAR 29 million in 2022G which related to compensation of SAR 193 million, resulting from the successful establishment of D360 Bank.

VAT decreased by 84.7% from SAR 31.4 million in 2022G to SAR 4.8 million in 2023G, due to the calculation of one-off VAT of SAR 29 million in 2022G.

VAT increased by 758.2% from SAR 1.0 million in the six-month period ended 30 June 2023G to SAR 8.9 million in the six-month period ended 30 June 2024G, due to the increase in expenses in line with the increase in the company's operations during the period. Taxes and other expenses, for the six months ended 30 June 2024G, includes expenses related to Derayah Healthcare Fund amounting to SAR 4.3 million.

### Amortization

Amortization increased by 43.3% from SAR 3.1 million in 2021G to SAR 4.5 million in 2022G, due to the increase in costs related to program development and increase in additions made during the period.

Amortization decreased by 19.1% from SAR 4.5 million in 2022G to SAR 3.6 million in 2023G, due to the decrease in additions made during the period.

Amortization increased by 62.1% from SAR 2.3 million in the six-month period ended 30 June 2023G to SAR 3.7 million in the six-month period ended 30 June 2024G, due to the annual amortization.

### Office expenses

Office expenses increased by 23.0% from SAR 1.9 million in 2021G to SAR 2.3 million in 2022G, and subsequently increased by 29.1% to reach SAR 3.0 million in 2023G, in line with the increase in the Company's operations.

Office expenses decreased by 6.5% from SAR 1.5 million in the six-month period ended 30 June 2023G to SAR 1.4 million in the six-month period ended 30 June 2024G, in line with the Company's needs during this period.

### Office maintenance

The cost of office maintenance decreased from SAR 1.7 million in 2021G to SAR 1.5 million in 2022G, and subsequently increased by 91.1% to SAR 2.9 million in 2023G, as the company managed two offices during 2022G and 2023G, since the company was in a period of transition from the old head office to the new office.

Office maintenance increased by 82.2% from SAR 1.2 million in the six-month period ended 30 June 2023G to SAR 2.3 million in the six-month period ended 30 June 2024G, in line with the increase in the Company's business activities during the same period.

### Financing Expenses

Financing expenses consist of bank charges, finance cost on lease liability related to IFRS16, amongst other expenses.

Financing expenses increased by 65.9% from SAR 1.3 million in 2021G to SAR 2.1 million in 2022G, mainly attributable to a guarantee renewal fee of SAR 550 thousand. Financing expenses increased by 26.2% to reach SAR 2.6 million in 2023G due to an increase in interest cost on employee benefits of SAR 908 thousand, offset by a decrease in financing fees.

Financing expenses increased by 116.8% from SAR 1.6 million in the six-month period ended 30 June 2023G to SAR 3.4 million in the six-month period ended 30 June 2024G, stemming from the increase in bank charges.

### Other

Other expenses amounted to SAR 2.0 million in 2023G.

### 6.6.1.5 Marketing expenses

**Table (6.6): Marketing Expenses for the Financial Years Ended 31 December 2021G, 2022G and 2023G, and the Six-Months ended 30 June 2023G and 2024G**

| SAR in 000s                        | FY<br>2021G<br>Audited     | FY<br>2022G<br>Audited | FY<br>2023G<br>Audited | Var.<br>2021G-<br>2022G | Var.<br>2022G-<br>2023G | CAGR<br>2021G-<br>2023G | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2023G<br>Re-<br>viewed | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2024G<br>Re-<br>viewed | Var.<br>2023G-<br>2024G |
|------------------------------------|----------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------|
| Web advertising cost               | 1,868                      | 1,715                  | 2,365                  | (8.2%)                  | 37.9%                   | 12.5%                   | 361                                                                   | 427                                                                   | 18.3%                   |
| Campaign creation/ design cost     | 2,443                      | 5,062                  | 2,237                  | 107.2%                  | (55.8%)                 | (4.3%)                  | 1,202                                                                 | 2,467                                                                 | 105.3%                  |
| Public relations campaign cost     | 136                        | 225                    | 150                    | 65.9%                   | (33.3%)                 | 5.2%                    | -                                                                     | -                                                                     | N.A.                    |
| Print advertising cost             | 128                        | 225                    | 144                    | 75.5%                   | (36.2%)                 | 5.8%                    | 69                                                                    | 2                                                                     | (96.7%)                 |
| Marketing analytical services cost | 950                        | -                      | 76                     | (100,0%)                | N.A.                    | (71,7%)                 | 76                                                                    | -                                                                     | (100,0%)                |
| Others                             | 550                        | 2,072                  | 1,056                  | 277.1%                  | (49.1%)                 | 38.6%                   | 897                                                                   | 1,207                                                                 | 34.6%                   |
| <b>Total</b>                       | <b>6,074</b>               | <b>9,300</b>           | <b>6,028</b>           | <b>53.1%</b>            | <b>(35.2%)</b>          | <b>(0.4%)</b>           | <b>2,604</b>                                                          | <b>4,103</b>                                                          | <b>57.6%</b>            |
|                                    | As a percentage of revenue |                        |                        | Percentage point        |                         |                         | As a percentage of revenue                                            |                                                                       | Percentage point        |
| Web advertising cost               | 0.3%                       | 0.3%                   | 0.4%                   | (0.1)                   | 0.1                     | 0.1                     | 0.1%                                                                  | 0.1%                                                                  | (0.0)                   |
| Campaign creation/ design cost     | 0.4%                       | 0.8%                   | 0.4%                   | 0.4                     | (0.4)                   | (0.1)                   | 0.5%                                                                  | 0.6%                                                                  | 0.1                     |
| Public relations campaign cost     | 0.0%                       | 0.0%                   | 0,0%                   | 0.0                     | (0.0)                   | 0.0                     | 0.0%                                                                  | 0.0%                                                                  | (0.0)                   |
| Print advertising cost             | 0.0%                       | 0.0%                   | 0,0%                   | 0.0                     | (0.0)                   | 0.0                     | 0.0%                                                                  | 0,0%                                                                  | (0.0)                   |
| Marketing analytical services cost | 0.2%                       | 0.0%                   | 0.0%                   | (0.2)                   | 0.0                     | (0.1)                   | 0.0%                                                                  | 0.0%                                                                  | (0.0)                   |
| Others                             | 0.1%                       | 0.3%                   | 0.2%                   | 0.2                     | (0.2)                   | 0.1                     | 0.3%                                                                  | 0.3%                                                                  | (0.1)                   |
| <b>Total</b>                       | <b>1.0%</b>                | <b>1.4%</b>            | <b>1,0%</b>            | <b>0.4</b>              | <b>(0.5)</b>            | <b>(0.1)</b>            | <b>1.0%</b>                                                           | <b>0.9%</b>                                                           | <b>(0.0)</b>            |

Source: Management information

Marketing expenses include the cost of online advertising, campaign/design costs, public relations campaign costs, printing costs for advertisements and publications, market analysis costs, amongst others.

#### Web advertising cost

Web advertising cost decreased by 8.2% from SAR 1.9 million in 2021G to SAR 1.7 million in 2022G, and subsequently increased by 37.9% from SAR 1.7 million in 2022G to SAR 2.4 million in 2023G, due to the increase in online advertising expenses.

Web advertising cost increased by 18.3% from SAR 361 thousand in the six-month period ended 30 June 2023G to SAR 427 thousand in the six-month period ended 30 June 2024G, in line with the increase in the company's activities during the same period.

### **Campaign creation/design cost**

Campaign creation/design cost increased by 107.2% from SAR 2.4 million in 2021G to SAR 5.1 million in 2022G, due to the increase in sales of the new products.

Campaign creation/design cost decreased by 55.8% from SAR 5.1 million in 2022G to SAR 2.2 million in 2023G, due to the decrease in sales of the new products.

Campaign creation/design cost increased by 105.3% from SAR 1.2 million in the six-month period ended 30 June 2023G to SAR 2.5 million in the six-month period ended 30 June 2024G due to the intensive marketing campaign during this period.

### **Public relations campaign cost**

The cost of the PR campaign increased by 65.9% from SAR 136 thousand in 2021G to SAR 225 thousand in 2022G, due to the increase in sales of the new products.

The cost of the PR campaign decreased by 33.3% from SAR 225 thousand in 2022G to SAR 150 thousand in 2023G, due to the decrease in sales of the new products.

### **Print advertising cost**

Printing advertising cost increased by 75.5% from SAR 128 thousand in 2021G to SAR 225 thousand in 2022G, due to the increase in sales of the new products.

Printing advertising cost decreased by 36.2% from SAR 225 thousand in 2022G to SAR 144 thousand in 2023G, due to the decrease in sales of the new products.

Printing advertising cost decreased by 96.7% from SAR 69 thousand in the six-month period ended 30 June 2023G to SAR 2 thousand in the six-month period ended 30 June 2024G, stemming from the Company's focus on e-services.

### **Marketing analytical services cost**

Marketing analytical services cost decreased by 100.0% from SAR 950 thousand in 2021G to nil in 2022G, and subsequently increased to SAR 76 thousand in 2023G, due to the UX/UI project.

Marketing analytical services cost decreased by 100.0% from SAR 76 thousand in the six-month period ending 30 June 2023G to nil in the six-month period ending 30 June 2024G, as there was no need for this service during this period.

### **Others**

Other marketing expenses include marketing expenses related to brands and other promotional events.

Other marketing expenses increased by 277.1% from SAR 550 thousand in 2021G to SAR 2.1 million in 2022G, due to the increase in sales of the new products.

Other marketing expenses decreased by 49.1% from SAR 2.1 million in 2022G to SAR 1.1 million in 2023G, due to the decrease in sales of the new products.

Other marketing expenses increased by 34.6% from SAR 897 thousand in the six-month period ended 30 June 2023G to SAR 1.2 million in the six-month period ended 30 June 2024G due to an increase in marketing campaigns during this period.

### 6.6.1.6 Allowance for expected credit losses

**Table (6.7): Allowance for Expected Credit Losses for the Financial Years Ended 31 December 2021G, 2022G and 2023G, and the Six-Months ended 30 June 2023G and 2024G**

| SAR in 000s                    | FY<br>2021G<br>Audited     | FY<br>2022G<br>Audited | FY<br>2023G<br>Audited | Var.<br>2021G-<br>2022G | Var.<br>2022G-<br>2023G | CAGR<br>2021G-<br>2023G | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2023G<br>Reviewed | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2024G<br>Reviewed | Var.<br>2023G-<br>2024G |
|--------------------------------|----------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|------------------------------------------------------------------|------------------------------------------------------------------|-------------------------|
| Margin client receivables      | 4,440                      | 4,416                  | 2,022                  | (0.5%)                  | (54.2%)                 | (32.5%)                 | 4,408                                                            | 17                                                               | (99.6%)                 |
| Other current financial assets | 14                         | 231                    | 43                     | 1563.6%                 | (81.5%)                 | 75.3%                   | 8                                                                | 37                                                               | 339.0%                  |
| Due from related parties       | 3                          | 1                      | 7                      | (58.8%)                 | 422.3%                  | 46.7%                   | 2                                                                | 3                                                                | 101.8%                  |
| Cash and cash equivalents      | -                          | 1                      | 3                      | N.A.                    | 128.6%                  | 0.0%                    | 1                                                                | 6                                                                | 719.7%                  |
| Investments at amortised cost  | 3                          | 1                      | 10                     | (67.8%)                 | 802.1%                  | 70.3%                   | 1                                                                | 6                                                                | 595.9%                  |
| <b>Total</b>                   | <b>4,460</b>               | <b>4,651</b>           | <b>2,084</b>           | <b>4.3%</b>             | <b>(55.2%)</b>          | <b>(31.6%)</b>          | <b>4,420</b>                                                     | <b>70</b>                                                        | <b>(98.4%)</b>          |
|                                | As a percentage of revenue |                        |                        | Percentage point        |                         |                         | As a percentage of revenue                                       |                                                                  | Percentage point        |
| Margin client receivables      | 0.8%                       | 0.7%                   | 0.3%                   | (0.1)                   | (0.4)                   | (0.4)                   | 1.7%                                                             | 0.0%                                                             | (1.7)                   |
| Other current financial asset  | 0.0%                       | 0.0%                   | 0.0%                   | 0.0                     | (0.0)                   | 0.0                     | 0.0%                                                             | 0.0%                                                             | 0.0                     |
| Due from related parties       | 0.0%                       | 0.0%                   | 0.0%                   | 0.0                     | (0.0)                   | 0.0                     | 0.0%                                                             | 0.0%                                                             | 0.0                     |
| Cash and cash equivalents      | 0.0%                       | 0.0%                   | 0.0%                   | 0.0                     | (0.0)                   | 0.0                     | 0.0%                                                             | 0.0%                                                             | 0.0                     |
| Investments at amortised cost  | 0.0%                       | 0.0%                   | 0.0%                   | 0.0                     | (0.0)                   | 0.0                     | 0.0%                                                             | 0.0%                                                             | 0.0                     |
| <b>Total</b>                   | <b>0.8%</b>                | <b>0.7%</b>            | <b>0.3%</b>            | <b>(0.0)</b>            | <b>(0.4)</b>            | <b>(0.4)</b>            | <b>1.7%</b>                                                      | <b>0.0%</b>                                                      | <b>0.0</b>              |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

#### Margin client receivables

Margin client receivables stood at SAR 4.4 million in 2021G and 2022G, and decreased by 54.2% to SAR 2.0 million in 2023G due to the reversal of the provision related to the settlement of one of the receivables from Durrat Al Khaleej Real Estate Fund.

Margin client receivables decreased by 99.6% from SAR 4.4 million in the six-month period ended 30 June 2023G to SAR 17 thousand in the six-month period ended 30 June 2024G, stemming mainly from the reversal of SAR 3.0 million based on the Board of Directors' decision in addition to the collection of certain receivables during this period

#### Other current financial assets

The provision for other current financial assets increased by 1563.6% from SAR 14 thousand in 2021G to SAR 231 thousand in 2022G, due to the increase in the deposit with Muqassa.

The provision for other current financial assets decreased by 81.5% from SAR 231 thousand in 2022G to SAR 43 thousand in 2023G, due to the settlement of receivables related to D360.

Provision for other current financial assets increased by 339.0% from SAR 8 thousand for the six months ended 30 June 2023G to SAR 37 thousand for the six-month period ended 30 June 2024G, in line with the Company's expected credit loss policy.

### Due from related parties

Due from related parties decreased by 58.8% from SAR 3 thousand in 2021G to SAR 1 thousand in 2022G, due to the settlement of certain receivables.

Due from related parties increased by 422.3% from SAR 1 thousand in 2021G to SAR 7 thousand in 2022G, due to the aging of receivables from Durrat Al Khaleej Real Estate Fund.

Due from related parties increased by 101.8% from SAR 2 thousand in the six-month period ended June 30, 2023G to SAR 3 thousand in the six-month period ended June 30, 2024G, in line with the Company's expected credit loss policy.

### Cash and cash equivalents

Cash and cash equivalents increased from nil in 2021G to SAR 1 thousand in 2022G and SAR 3 thousand in 2023G, due to the increase in the cash balance during this period.

Cash and cash equivalents increased by 719.7% from SAR 1 thousand in the six-month period ending on June 30, 2023G to SAR 6 thousand in the six-month period ending on June 30, 2024G due to the increase in the cash balance during this period.

### Investments at amortised cost

Investments at amortized cost decreased by 67.8% from SAR 3 thousand in 2021G to SAR 1 thousand in 2022G, in line with provision for expected credit losses

Investments at amortized cost increased by 802.1% from SAR 1 thousand in 2022G to SAR 10 thousand in 2023G, due to increase in investments in Sukuk.

Investments at amortized cost increased by 595.9% from SAR 1 thousand in the six-month period ended 30 June 2023G to SAR 6 thousand in the six-month period ended 30 June 2024G, in line with the Company's expected credit loss policy.

#### 6.6.1.7 Other income / (expenses)

**Table (6.8): Other Income / (Expenses) for the Financial Years Ended 31 December 2021G, 2022G and 2023G, and the Six-Months ended 30 June 2023G and 2024G**

| SAR in 000s                          | FY<br>2021G<br>Audited     | FY<br>2022G<br>Audited | FY<br>2023G<br>Audited | Var.<br>2021G-<br>2022G | Var.<br>2022G-<br>2023G | CAGR<br>2021G-<br>2023G | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2023G<br>Reviewed | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2024G<br>Reviewed | Var.<br>2023G-<br>2024G |
|--------------------------------------|----------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|------------------------------------------------------------------|------------------------------------------------------------------|-------------------------|
| Foreign exchange gains / (loss), net | 5,349                      | (1,143)                | 8,595                  | (121.4%)                | (851.7%)                | 26.8%                   | 3,393                                                            | 5,108                                                            | 50.6%                   |
| Price streamer fees & advisory       | 1,634                      | 815                    | 831                    | (50.1%)                 | 1.9%                    | (28.7%)                 | 307                                                              | 399                                                              | 29.9%                   |
| <b>Total</b>                         | <b>6,983</b>               | <b>(328)</b>           | <b>9,426</b>           | <b>(104.7%)</b>         | <b>(2973.1%)</b>        | <b>16.2%</b>            | <b>3,700</b>                                                     | <b>5,507</b>                                                     | <b>48.8%</b>            |
|                                      | As a percentage of revenue |                        |                        | Percentage point        |                         |                         | As a percentage of revenue                                       |                                                                  | Percentage point        |
| Foreign exchange gains / (loss), net | 0.9%                       | (0.2%)                 | 1.4%                   | (1.1)                   | 1.6                     | 0.5                     | 1.3%                                                             | 1.2%                                                             | (0.1)                   |
| Price streamer fees & advisory       | 0.3%                       | 0.1%                   | 0.1%                   | (0.2)                   | 0.0                     | (0.1)                   | 0.1%                                                             | 0.1%                                                             | (0.0)                   |
| <b>Total</b>                         | <b>1.2%</b>                | <b>(0.1%)</b>          | <b>1.5%</b>            | <b>(1.2)</b>            | <b>1.6</b>              | <b>0.3</b>              | <b>1.4%</b>                                                      | <b>1.3%</b>                                                      | <b>(0.1)</b>            |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

### Foreign exchange gains / (loss), net

Foreign exchange gains / (loss), net decreased by 121.4% from SAR 5.3 million in 2021G to a loss of SAR 1.1 million in 2022G, mainly due to the depreciation of the Egyptian pound.

Foreign exchange gains / (loss), net increased by 851.7% to reach SAR 8.6 million in 2023G, due to the exceptional decline in 2021G related to the depreciation of the Egyptian pound in addition to the increase in trading in the international markets, which led to an increase in the currency exchange from customers.

Foreign exchange gains / (loss), net increased by 50.6% from SAR 3.4 million in the six-month period ended 30 June 2023G to SAR 5.1 million in the six-month period ended 30 June 2024G, due to the change in the volumes of international remittances requested by customers during the period.

### Price streamer fees & advisory

Price streamer fees & advisory decreased from SAR 1.6 million in 2021G to SAR 815 thousand and SAR 831 thousand in 2022G and 2023G respectively, in line with offers to attract new customers.

Price streamer fees & advisory increased by 29.9% from SAR 307 thousand in the six-month period ended 30 June, 2023G to SAR 399 thousand in the six-month period ended June 30, 2024G, in line with the offers made to attract new customers.

### 6.6.1.8 Net Income for the Year

**Table (6.9): Net Income for the Year for the Financial Years Ended 31 December 2021G, 2022G and 2023G, and the Six Months ended 30 June 2023G and 2024G**

| SAR in 000s                                                     | FY 2021G<br>Audited | FY 2022G<br>Audited | FY 2023G<br>Audited | Var.<br>2021G-<br>2022G | Var.<br>2022G-<br>2023G | CAGR<br>2021G-<br>2023G | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2023G<br>Reviewed | SIX-<br>MONTH<br>PERIOD<br>ENDED<br>30 JUNE<br>2024G<br>Reviewed | Var.<br>2023G-<br>2024G |
|-----------------------------------------------------------------|---------------------|---------------------|---------------------|-------------------------|-------------------------|-------------------------|------------------------------------------------------------------|------------------------------------------------------------------|-------------------------|
| Profit before Zakat                                             | 378,267             | 322,844             | 347,946             | (14.7%)                 | 7.8%                    | (4.1%)                  | 143,309                                                          | 234,009                                                          | 63.3%                   |
| Zakat provision                                                 | (12,788)            | (15,334)            | (18,242)            | 19.9%                   | 19.0%                   | 19.4%                   | (9,305)                                                          | (6,000)                                                          | (35.5%)                 |
| <b>Net income</b>                                               | <b>365,479</b>      | <b>307,509</b>      | <b>329,704</b>      | <b>(15.9%)</b>          | <b>7.2%</b>             | <b>(5.0%)</b>           | <b>134,004</b>                                                   | <b>228,009</b>                                                   | <b>70.2%</b>            |
| <b>Other comprehensive income statement</b>                     |                     |                     |                     |                         |                         |                         |                                                                  |                                                                  |                         |
| <b>Items that will not be reclassified to revenue later</b>     |                     |                     |                     |                         |                         |                         |                                                                  |                                                                  |                         |
| Financial assets at fair value through income                   | 4,868               | (6,699)             | (4,856)             | (237.6%)                | (27.5%)                 | 0.0%                    | (1,272)                                                          | (5,141)                                                          | 304.1%                  |
| Profit/(loss) from remeasuring the defined benefit plan         | (1,106)             | (211)               | 187                 | (80.9%)                 | (188.9%)                | 0.0%                    | (592)                                                            | (1,050)                                                          | 77.2%                   |
| Loss of rescaling the employee rights grant plan                | -                   | -                   | (4,338)             | N.A.                    | N.A.                    | 0.0%                    | (563)                                                            | 783                                                              | (239.2%)                |
| <b>Other com-<br/>prehensive loss for<br/>year/period</b>       | <b>3,762</b>        | <b>(6,910)</b>      | <b>(9,006)</b>      | <b>(283.7%)</b>         | <b>30.3%</b>            | <b>0.0%</b>             | <b>(2,427)</b>                                                   | <b>(5,408)</b>                                                   | <b>122.8%</b>           |
| <b>Total com-<br/>prehensive income<br/>for the year/period</b> | <b>369,241</b>      | <b>300,599</b>      | <b>320,698</b>      | <b>(18.6%)</b>          | <b>6.7%</b>             | <b>(6.8%)</b>           | <b>131,577</b>                                                   | <b>222,601</b>                                                   | <b>69.2%</b>            |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.



### Net profit for the year

Income for the year decreased by 15.9% from SAR 365.5 million in 2021G to SAR 307.5 million in 2022G, mainly due to (1) a decrease in revenue from local and international brokerage activities amounting to SAR 130.6 million, noting that brokerage revenues in 2021G were exceptionally high due to the momentum of trading as a result of the closure policies, remote work and reduced consumption, which led to increased cash flow, and (2) investment losses of SAR 5.3 million, mainly due to unrealized losses associated with Durrat Al Khaleej Real Estate Fund, (3) recognition of the costs of equity awards for the employees involved in the establishment of D360 Bank amounting to SAR 52.7 million, (4) share of the loss resulting from Derayah's investment in D360 Bank amounting to SAR 38.2 million, and (5) one-off value-added tax (VAT) amounting to SAR 29 million, relating to the advisory fees resulting from the establishment of D360 Bank. This was offset by (1) the increase in one-off advisory fees amounting to SAR 163.8 million related to the establishment of D360 Bank, (2) increase in special commission income amounting to SAR 26.8 million due to an increase in the SAIBOR rate to 3.13% in 2022G, and (3) income earned from the establishment of D360 Bank amounting to SAR 45 million.

Income for the year increased by 7.2% from SAR 307.5 million in 2022G to SAR 329.7 million in 2023G. This was mainly attributable to (1) an increase in special commission income of SAR 100.4 million, in line with an increase in interest rates, as the SAIBOR rate (3-month average) increased from 3.13% in 2022G to 5.93% in 2023G. Furthermore, due to the increase in the SAIBOR, Derayah negotiated better deals in terms of earning commission with the various banks and external brokers and service providers on its bank balances and client money assets, (2) investment gains amounting to SAR 17 million, on the back of an increase in the valuation of Derayah Freestyle Saudi Equity Fund, Derayah Saudi Equity Fund, and gains from the redemption of investments related to Derayah Trading Finance Fund SAR, and (3) the increase in revenue from asset management by SAR 11.3 million, in line with the increase in assets under management from SAR 7.6 billion in 2021G to SAR 10.3 billion in 2023G, (4) the increase in revenue from local and international brokerage activities by SAR 8.8 million, mainly due to the increase in options trading (international brokerage), and (5) increase in other income by SAR 9.1 million, due to foreign exchange gains during 2023G, (6) decrease in the share of loss resulting from Derayah's investment in D360 Bank by SAR 10.3 million, (7) decrease in salaries and expenses related to employees by SAR 29.5 million during 2023G. This was offset by (1) the decrease in advisory fees, attributed to non-recurring advisory fees in 2022G, and (2) increase in other general and administrative expenses by SAR 5.6 million during 2023G.

Income for the year increased by 70.2% from SAR 134.0 million for the six months ended 30 June 2023G to SAR 228.0 million in the six-month period ended 30 June 2024G, mainly due to (1) the increase in revenue from contracts with customers by SAR 111.9 million due to an increase in revenue from brokerage by SAR 71.5 million and revenue from asset management services by SAR 40.4 million, and (2) the increase in special commission income by SAR 51.3 million driven by increase in customer funds and returns generated from the lending of securities provided by external service providers. This was offset by an increase in general and other administrative expenses by SAR 51.9 million due to (1) an increase in professional expenses by SAR 9.1 million, (2) an increase in commission expenses by SAR 12.3 million, and (3) an increase in VAT by SAR 7.9 million during the same period.

### 6.6.2 Statement of Financial position

**Table (6.10): Statement of Financial Position as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s                 | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|-----------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| <b>Assets</b>               |                                       |                                       |                                       |                                    |
| <b>Non-current asset</b>    |                                       |                                       |                                       |                                    |
| Property and equipment, net | 26,302                                | 35,704                                | 38,177                                | 38,252                             |
| Right of use assets, net    | 8,791                                 | 6,983                                 | 4,945                                 | 5,773                              |
| Intangible assets, net      | 14,715                                | 13,142                                | 15,344                                | 14,890                             |
| Investment property, net    |                                       |                                       |                                       | 73,909                             |
| Investment in an associate  | -                                     | 291,796                               | 263,852                               | 237,613                            |

| SAR in 000s                                                  | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|--------------------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Investments at amortised cost, net                           | 22,407                                | 17,141                                | 25,230                                | 45,965                             |
| Investments at fair value through profit or loss             | 92,124                                | 148,906                               | 165,586                               | 281,243                            |
| Investments at fair value through other comprehensive income | 32,976                                | 26,277                                | 21,422                                | 16,280                             |
| <b>Total non-current assets</b>                              | <b>197,316</b>                        | <b>539,949</b>                        | <b>534,554</b>                        | <b>713,926</b>                     |
| <b>Current assets</b>                                        |                                       |                                       |                                       |                                    |
| Due from related parties, net                                | 26,947                                | 32,830                                | 47,351                                | 22,082                             |
| Margin client receivables, net                               | 99,412                                | 85,854                                | 75,318                                | 65,983                             |
| Prepayments                                                  | 945                                   | 4,689                                 | 8,175                                 | 9,533                              |
| Other current financial assets, net                          | 303,988                               | 203,337                               | 324,551                               | 302,257                            |
| Investments at fair value through profit or loss             | 21,297                                | 14,812                                | 25,922                                | 18,044                             |
| Investments at amortised cost, net                           | -                                     | 5,071                                 | 5,005                                 | 7,528                              |
| Cash and cash equivalents, net                               | 94,150                                | 30,363                                | 20,888                                | 50,854                             |
| <b>Total current assets</b>                                  | <b>546,739</b>                        | <b>376,957</b>                        | <b>507,210</b>                        | <b>476,281</b>                     |
| <b>Total assets</b>                                          | <b>744,054</b>                        | <b>916,906</b>                        | <b>1,041,764</b>                      | <b>1,190,207</b>                   |
| <b>Liabilities and equity</b>                                |                                       |                                       |                                       |                                    |
| <b>Non-current liabilities</b>                               |                                       |                                       |                                       |                                    |
| Employees' defined benefit obligation                        | 18,379                                | 21,550                                | 24,968                                | 24,423                             |
| Employees' Equity Award Plan ('EEAP')                        | -                                     | 52,708                                | 57,954                                | 58,871                             |
| Unearned revenue                                             | -                                     | 29,382                                | 29,382                                | 29,382                             |
| Lease liability                                              | 6,927                                 | 5,089                                 | 3,221                                 | 3,385                              |
| <b>Total non-current liabilities</b>                         | <b>25,306</b>                         | <b>108,729</b>                        | <b>115,525</b>                        | <b>116,061</b>                     |
| <b>Current liabilities</b>                                   |                                       |                                       |                                       |                                    |
| Accrued expenses and other payables                          | 92,977                                | 68,565                                | 90,288                                | 93,537                             |
| Zakat payable                                                | 21,345                                | 21,295                                | 24,143                                | 19,229                             |
| <b>Total current liabilities</b>                             | <b>114,322</b>                        | <b>89,860</b>                         | <b>114,431</b>                        | <b>112,767</b>                     |
| <b>Total liabilities</b>                                     | <b>139,628</b>                        | <b>198,590</b>                        | <b>229,956</b>                        | <b>228,828</b>                     |
| <b>Equity</b>                                                |                                       |                                       |                                       |                                    |
| Share capital                                                | 161,090                               | 162,290                               | 162,290                               | 162,290                            |
| Statutory reserve                                            | 48,327                                | 48,687                                | 48,687                                | 48,687                             |
| Retained earnings                                            | 392,093                               | 511,334                               | 613,831                               | 768,810                            |
| Other reserves                                               | 2,916                                 | (3,994)                               | (13,000)                              | (18,408)                           |
| <b>Total equity</b>                                          | <b>604,426</b>                        | <b>718,317</b>                        | <b>811,808</b>                        | <b>961,379</b>                     |
| <b>Total liabilities and equity</b>                          | <b>744,054</b>                        | <b>916,906</b>                        | <b>1,041,764</b>                      | <b>1,190,207</b>                   |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

**Table (6.11): Key Performance Indicators as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G**

| SAR in 000s                                        | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|----------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Return on assets (%)                               | 49.12%                                | 33.54%                                | 31.65%                                | 40.9%                              |
| Return on equity (%)                               | 60.47%                                | 42.81%                                | 40.61%                                | 51.4%                              |
| Total revenue / Total assets                       | 80.08%                                | 70.36%                                | 60.76%                                | 73.89%                             |
| Total assets / Total liabilities                   | 5.33                                  | 4.62                                  | 4.53                                  | 5.20                               |
| Total assets under management<br>(SAR in millions) | 7,599                                 | 6,945                                 | 10,341                                | 15,078                             |

Source: Management Information

## Assets

### Non-current assets

Non-current assets increased from SAR 197.3 million as at 31 December 2021G to SAR 539.9 million as at 31 December 2022G, mainly due to (1) an increase in the investment in an associate by SAR 291.8 million as at 31 December 2022G compared to nil as at 31 December 2021G, relating to investment in D360 Bank, and (2) an increase in investments at fair value through profit or loss by SAR 56.8 million, and (3) an increase in property and equipment by SAR 9.4 million related to improvements on leased properties. This was offset by (1) a decrease in investments at fair value through other comprehensive income by SAR 6.7 million and (2) a decrease in investments at amortized cost by SAR 5.3 million.

Non-current assets decreased from SAR 539.9 million as at 31 December 2022G to SAR 534.6 million as at 31 December 2023G, mainly due to (1) a decrease in the investment in an associate by SAR 27.9 million compared to 2022G, and (2) a decrease in the investments at fair value through other comprehensive income by SAR 4.9 million. This was offset by (1) an increase in the investments at fair value through profit or loss by SAR 16.7 million and (2) an increase in investments at amortized cost by SAR 8.1 million.

Non-current assets increased from SAR 534.6 million as at 31 December 2023G to SAR 713.9 million as at 30 June 2024G. This was attributable to an increase in (1) investments at fair value through profit or loss by SAR 115.7 million, (2) investment properties by SAR 73.9 million, and (3) investments at amortized cost, net by SAR 20.7 million. This was offset by a decrease in (1) investment in an associate by SAR 26.2 million and (2) investments at fair value through other comprehensive income by SAR 5.1 million

### Current assets

Current assets decreased from SAR 546.7 million as at 31 December 2021G to SAR 377.0 million as at 31 December 2022G, mainly due to (1) a decrease in other current financial assets by SAR 100.7 million and (2) a decrease in cash and cash equivalents by SAR 63.8 million. and (3) a decrease in customers' margin receivables by SAR 13.6 million. and (4) a decrease in investments at fair value through profit or loss by SAR 6.5 million. This was offset by (1) an increase in related parties by SAR 5.9 million. and (2) an increase in investments at amortized cost by SAR 5.1 million.

Current assets increased from SAR 377.0 million as at 31 December 2022G to SAR 507.2 million as at 31 December 2023G, mainly due to (1) an increase in other current financial assets by SAR 121.2 million and (2) an increase in related party receivables by SAR 14.5 million. This was offset by (1) a decrease in customer receivables by SAR 10.5 million and (2) a decrease in cash and cash equivalents by SAR 9.5 million.

Current assets decreased from SAR 507.2 million as at 31 December 2023G to SAR 476.3 million as at 30 June 2024G mainly due to (1) decrease in related party receivables, net by SAR 25.3 million, and (2) decrease in other current financial assets, net by SAR 22.3 million. This was offset by an increase in cash and cash equivalents by SAR 30 million.

## Equity

Equity increased from SAR 604.4 million as at 31 December 2021G to SAR 718.3 million as at 31 December 2022G and SAR 811.8 million as at 31 December 2023G, mainly due to increase in retained earnings. This was offset by the negative increase of other reserves.

Equity increased from SAR 811.8 million as at 31 December 2023G to SAR 961.4 million as at 30 June 2024G due to an increase in the retained earnings of SAR 155 million. This was offset by a negative increase of other reserves of SAR 5.4 million.

## Liabilities

### Non-current liabilities

Non-current liabilities increased from SAR 25.3 million as at 31 December 2021G to SAR 108.7 million as at 31 December 2022G, mainly due to (1) an increase in the equity awards for the employees by SAR 52.7 million and (2) an increase in unearned revenue by SAR 29.4 million. This was offset by a decrease in the lease liability by SAR 1.8 million.

Non-current liabilities increased from SAR 108.7 million as at 31 December 2022G to SAR 115.5 million as at 31 December 2023G, mainly due to (1) an increase in the equity awards for the employee by SAR 5.2 million. and (2) an increase in employee defined benefit obligations by SAR 3.4 million. This was offset by a decrease in the lease liability by SAR 1.9 million.

Non-current liabilities stood at an average of SAR 115.8 million as at 31 December 2023G and 30 June 2024G.

### Current liabilities

Current liabilities decreased from SAR 114.3 million as at 31 December 2021G to SAR 89.9 million as at 31 December 2022G, mainly due to a decrease in accrued expenses and other payables by SAR 24.4 million.

Current liabilities increased from SAR 89.9 million as at 31 December 2022G to SAR 114.4 million as at 31 December 2023G, mainly due to an increase in accrued expenses and other payables by SAR 21.7 million and an increase in outstanding Zakat by SAR 2.8 million.

Current liabilities decreased from SAR 114.4 million as at 31 December 2023G to SAR 112.8 million as at 30 June 2024G due to an increase in outstanding Zakat by SAR 4.9 million, offset by a decrease in accrued expenses and other payables.

### 6.6.2.1 Non-current assets

**Table (6.12): Non-Current Assets as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s                                                  | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|--------------------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Property and equipment, net                                  | 26,302                                | 35,704                                | 38,177                                | 38,252                             |
| Right of use assets, net                                     | 8,791                                 | 6,983                                 | 4,945                                 | 5,773                              |
| Intangible assets, net                                       | 14,715                                | 13,142                                | 15,344                                | 14,890                             |
| Investment property                                          | -                                     | -                                     | -                                     | 73,909                             |
| Investment in an associate                                   | -                                     | 291,796                               | 263,852                               | 237,613                            |
| Investments at amortised cost, net                           | 22,407                                | 17,141                                | 25,230                                | 45,965                             |
| Investments at fair value through profit or loss             | 92,124                                | 148,906                               | 165,586                               | 281,243                            |
| Investments at fair value through other comprehensive income | 32,976                                | 26,277                                | 21,422                                | 16,280                             |
| <b>Total non-current assets</b>                              | <b>197,316</b>                        | <b>539,949</b>                        | <b>534,554</b>                        | <b>713,926</b>                     |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

### a- Property and equipment

**Table (6.13): Net Book Value of Property and Equipment as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s                      | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|----------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Land                             | 12,299                                | 12,299                                | 12,299                                | 12,299                             |
| Leasehold improvements           | 193                                   | 7,515                                 | 6,283                                 | 5,438                              |
| Computer and office equipment    | 12,766                                | 12,491                                | 15,529                                | 13,082                             |
| Furniture, fixtures and fittings | 63                                    | 55                                    | 1,239                                 | 1,101                              |
| Work in progress                 | 981                                   | 3,343                                 | 2,827                                 | 6,332                              |
| <b>Total</b>                     | <b>26,302</b>                         | <b>35,704</b>                         | <b>38,177</b>                         | <b>38,252</b>                      |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

**Table (6.14): Additions to Property and Equipment as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s                      | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|----------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Land                             | -                                     | -                                     | -                                     | -                                  |
| Leasehold improvements           | -                                     | -                                     | 135                                   | -                                  |
| Computer and office equipment    | 4,935                                 | 3,399                                 | 6,367                                 | 1,001                              |
| Furniture, fixtures and fittings | 74                                    | -                                     | 522                                   | -                                  |
| Work in progress                 | 981                                   | 10,901                                | 2,827                                 | 3,505                              |
| <b>Total</b>                     | <b>5,989</b>                          | <b>14,300</b>                         | <b>9,852</b>                          | <b>4,506</b>                       |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

**Table (6.15): Depreciation - Property and Equipment as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s                      | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|----------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Land                             | -                                     | -                                     | -                                     | -                                  |
| Leasehold improvements           | 488                                   | 162                                   | 1,524                                 | 845                                |
| Computer and office equipment    | 4,443                                 | 4,728                                 | 5,718                                 | 3,448                              |
| Furniture, fixtures and fittings | 11                                    | 9                                     | 136                                   | 137                                |
| Work in progress                 | -                                     | -                                     | -                                     | -                                  |
| <b>Total</b>                     | <b>4,942</b>                          | <b>4,898</b>                          | <b>7,379</b>                          | <b>4,430</b>                       |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

**Table (6.16): Disposals - Property and Equipment as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s                      | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|----------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Land                             | -                                     | -                                     | -                                     | -                                  |
| Leasehold improvements           | -                                     | -                                     | (3,376)                               | -                                  |
| Computer and office equipment    | -                                     | -                                     | -                                     | -                                  |
| Furniture, fixtures and fittings | -                                     | -                                     | (2,100)                               | -                                  |
| Work in progress                 | -                                     | -                                     | -                                     | -                                  |
| <b>Total</b>                     | <b>-</b>                              | <b>-</b>                              | <b>(5,476)</b>                        | <b>-</b>                           |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

### Land

The company owns a plot of land and plans to build a new headquarters in the near future. This land is not owned for leasing or for other purposes such as appreciation in value. The land balance stood at SAR 12.3 million as at 31 December 2023G and as at 30 June 2024G.

### Leasehold improvements

The net book value of leasehold improvements increased from SAR 193 thousand as at 31 December 2021G to SAR 7.5 million as at 31 December 2022G, mainly due to additions of SAR 7.5 million. This was offset by an annual depreciation of SAR 162 thousand.

The net book value of leasehold improvements decreased from SAR 7.5 million as at 31 December 2022G to SAR 6.3 million as at 31 December 2023G, mainly due to annual depreciation of SAR 1.5 million. This was offset by additions and transfers amounting to SAR 292 thousand.

The net book value of leasehold improvements decreased from SAR 6.3 million as at 31 December 2023G to SAR 5.4 million as at 30 June 2024G due to annual depreciation of SAR 845 thousand.

### Computer and office equipment

The net book value of computers and office equipment decreased from SAR 12.8 million as at 31 December 2021G to SAR 12.5 million as at 31 December 2022G, due to annual depreciation of SAR 4.7 million. This was offset by additions amounting to SAR 4.5 million.

The net book value of computers and office equipment increased from SAR 12.5 million as at 31 December 2022G to SAR 15.5 million as at 31 December 2023G, mainly due to additions and transfers of SAR 8.8 million. This was offset by annual depreciation of SAR 5.7 million.

The net book value of computers and office equipment decreased from SAR 15.5 million as at 31 December 2023 to SAR 13.1 million as at 30 June 2024G due to annual depreciation of SAR 3.4 million.

### Furniture, fixtures and fittings

The net book value of furniture, fixtures and fittings stood at SAR 0.6 million as at 31 December 2021G and 31 December 2022G, while it increased to SAR 1.2 million as at 31 December 2023G, due to the additions amounting to SAR 522 thousand. This was offset by an annual depreciation of SAR 136 thousand.

The net book value of furniture, fixtures and fixtures stood at an average of SAR 1.2 million as at 31 December 2023G and as at 30 June 2024G.

### Work in progress

The work in progress (WIP) pertains to the establishment of an IT data center and server rooms in the headquarters. Net book value increased from SAR 981 thousand as at 31 December 2021G to SAR 3.3 million as at 31 December 2022G, steaming from additions of SAR 10.9 million.

The WIP balance decreased from SAR 3.3 million as at 31 December 2022G to SAR 2.8 million as at 31 December 2023G, due to lower additions compared to 2022G.

The WIP balance increased from SAR 2.8 million as at 31 December 2023G to SAR 6.3 million as at 30 June 2024G due to additions of SAR 3.5 million.

### b- Right-of-use assets, net

**Table (6.17): Right-of-Use Assets, Net as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s                     | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|---------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| <b>Cost</b>                     |                                       |                                       |                                       |                                    |
| As at 1 January                 | 3,656                                 | 13,712                                | 15,008                                | 11,757                             |
| Additions during the year       | 10,056                                | 1,296                                 | 663                                   | 1,921                              |
| Written off during the year     | -                                     | -                                     | (3,913)                               | (2,185)                            |
| <b>As at 31 December</b>        | <b>13,712</b>                         | <b>15,008</b>                         | <b>11,757</b>                         | <b>11,493</b>                      |
| <b>Accumulated depreciation</b> |                                       |                                       |                                       |                                    |
| As at 1 January                 | 2,216                                 | 4,921                                 | 8,025                                 | 6,812                              |
| Charge during the year          | 2,705                                 | 3,103                                 | 2,701                                 | 1,093                              |
| Written off during the year     | -                                     | -                                     | (3,913)                               | 2,185                              |
| <b>As at 31 December</b>        | <b>4,921</b>                          | <b>8,025</b>                          | <b>6,812</b>                          | <b>5,720</b>                       |
| <b>Net book value</b>           | <b>8,791</b>                          | <b>6,983</b>                          | <b>4,945</b>                          | <b>5,773</b>                       |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

The right-of-use assets relate to the new offices and other offices in Riyadh, Jeddah, and Dammam.

The balance of right-of-use assets decreased from SAR 8.8 million as at 31 December 2021G to SAR 7.0 million as at 31 December 2022G, due to an increase in annual depreciation of SAR 3.1 million. This was offset by additions amounting to SAR 1.3 million.

The balance of right-of-use assets decreased from SAR 7.0 million as at 31 December 2022G to SAR 4.9 million as at 31 December 2023G, due to an increase in annual depreciation of SAR 2.8 million. This was offset by additions amounting to SAR 663 thousand.

The balance of right-of-use assets increased from SAR 4.9 million as at 31 December 2023G to SAR 5.8 million as at 30 June 2024G, due to additions of SAR 1.9 million. This was offset by annual depreciation of SAR 1.1 million.

### c- Intangible assets, net

**Table (6.18): Intangible Assets, Net as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s      | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Work in progress | 787                                   | 955                                   | 2,720                                 | 4,001                              |
| Software         | 13,928                                | 12,187                                | 12,624                                | 10,889                             |
| <b>Total</b>     | <b>14,715</b>                         | <b>13,142</b>                         | <b>15,344</b>                         | <b>14,890</b>                      |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

Intangible assets primarily include internally developed software and external software.

Intangible assets decreased from SAR 14.7 million as at 31 December 2021G to SAR 13.1 million as at 31 December 2022G, mainly due to amortization of SAR 4.5 million. This was offset by additions during the year of SAR 2.8 million.

Intangible assets increased from SAR 13.1 million as at 31 December 2022G to SAR 15.3 million as at 31 December 2023G, due to an increase in the work in progress balance by SAR 1.8 million, in addition to an increase in programs by SAR 437 thousand.

Intangible assets decreased from SAR 15.3 million as at 31 December 2023G to SAR 14.9 million as at 30 June 2024G, mainly due to the amortization of SAR 3.7 million. This was offset by additions during the period of SAR 3.3 million.

### d- Investment Property, net

**Table (6.19): Investment Property, Net as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s                              | Land          | Buildings     | Total         |
|------------------------------------------|---------------|---------------|---------------|
| <b>Cost</b>                              |               |               |               |
| Additions during the period              | 22,915        | 51,499        | 74,413        |
| <b>As at 30 June 2024</b>                | <b>22,915</b> | <b>51,499</b> | <b>74,413</b> |
| <b>Accumulated depreciation</b>          |               |               |               |
| <b>Charge during the year</b>            |               |               |               |
| As at 30 June 2024                       | -             | 504           | 504           |
| <b>Net book value as at 30 June 2024</b> | <b>22,915</b> | <b>50,994</b> | <b>73,909</b> |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

During the period, the company purchased the investment property through an investment fund wholly owned by the company (through bidding), where the investment property consists of a residential complex located in the Eastern Province in Al-Aziziyah neighborhood in Al-Khobar.

As of June 30, 2024, the company appointed two appraisers to evaluate the investment property, with the fair value of the property determined at 74.28 million Saudi riyals by one appraiser and 74.26 million Saudi riyals by an external valuation Company. Additionally, the group did not hold any investment property as of December 31, 2023.



## e- Investment in associate - Bank D360

**Table (6.20): Investment in an associate as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s                         | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Investment as at 1 January          | -                                     | -                                     | 291,796                               | 263,852                            |
| Investment made during the year     | -                                     | 330,000                               | -                                     | -                                  |
| Share of loss during the year       | -                                     | (38,204)                              | (27,944)                              | (26,239)                           |
| <b>Investment as at 31 December</b> | <b>-</b>                              | <b>291,796</b>                        | <b>263,852</b>                        | <b>237,613</b>                     |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

**Table (6.21): Summary of the financial results of an associate company "D360 Bank" as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s                                | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|--------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Total Assets                               | -                                     | 1,495,190                             | 1,368,616                             | 1,296,404                          |
| Total Liabilities                          | -                                     | (36,211)                              | (49,356)                              | (109,134)                          |
| Net Assets                                 | -                                     | 1,458,979                             | 1,319,260                             | 1,187,270                          |
| <b>Company's share of net assets (20%)</b> | <b>-</b>                              | <b>291,796</b>                        | <b>263,852</b>                        | <b>237,613</b>                     |
| Net loss for the year                      | -                                     | (191,021)                             | (139,719)                             | (131,990)                          |
| <b>Company's share of net loss (20%)</b>   | <b>-</b>                              | <b>(38,204)</b>                       | <b>(27,944)</b>                       | <b>(26,239)</b>                    |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

The Company holds 20% equity in Bank D360. The investment was made during the year ending 31 December 2022, representing 137 million Saudi riyals invested directly and 193 million Saudi riyals contributed by other shareholders, as recognition of the company's efforts in developing Bank D360. The Company has determined that it has significant influence over D360 and has accounted for the investment using the equity method.

The main activities of Bank D360 are digital banking activities that include opening current accounts for certain specific clients, providing basic banking services and the ability to benefit from the SADAD system for local and international payments and transfers. The Bank also undertakes treasury management activities and owns investment portfolios to manage cash, liquidity and the general budget, including managing daily cash flows and maintaining sufficient reserves. The investment portfolio of Bank D360 includes Sharia-compliant securities and other financial instruments.

During the previous years, the Company bore the costs of establishing Bank D360, including signing contracts related to the Bank's business and the costs of employing, appointing and paying salaries to the Bank's initial team (74 employees were employed during the establishment phase), in addition to paying expenses related to purchasing the Bank's digital systems and everything related to establishing the Bank, as well as contracting with service providers related to its establishment. Bank D360 compensated the Company for all these costs after issuing the Commercial Registration certificate for Bank D360.

The Company owns 20% of the Bank, representing SAR 330 million at the time of the Bank's establishment in 2022G, through the following:

- infusion of a cash amount of approximately SAR 137 million;
- an amount of approximately SAR 194 million has been infused in the Bank by other shareholders on behalf of the Company in return for the efforts made by the Company in establishing the Bank and obtaining the necessary licenses and approvals. This amount included an amount of SAR 29 million, the vesting of which is contingent upon the achievement of Bank D360's KPIs in the coming period.

It is worth mentioning that Derayah provided a letter of guarantee amounting to SAR 29 million. This guarantee is considered repayment obligation in the event that the agreed upon performance indicators with the beneficiary are not met.

As of the date of this Prospectus, the Bank is still not fully operational, which has led to the Bank being unprofitable and incurring losses, resulting in a decrease in the value of the shareholders' stakes in the Bank, which includes the Company's shares in the Bank. It is also worth noting that the value of the Company's share in the Bank decreased from SAR 330 million as of the date of establishment to SAR 264 million as of the year ended 31 December 2023G, and further to SAR 238 million as of 30 June 2024G.

It is worth noting that during the procedures for establishing Bank D360, the Company entered into a joint venture agreement with the investors in Bank D360 to regulate the contractual relation between the shareholders. On 15/01/2022G, the Company concluded a commitment agreement with the Public Investment Fund, which includes a number of terms, conditions, statements, guarantees and pledges related to the establishment of Bank D360 and its business after establishment, including achieving a number of operational goals in specific years.

The Company also has an employee share program for employees who contributed to the establishment of Bank D360, under which the Company's ownership share in the Bank may be reduced. As of the date of this Prospectus, they are numbered at sixteen (16) employees, who moved to work for the Bank after its establishment. The Program stipulates the allocation of approximately 3.5% of the Bank's shares currently owned by the Company to these employees. On the vesting date, the Program gives each of these employees the right to obtain the shares allocated to them in accordance with the agreed terms, including that the employee continues to work at the Bank for a certain period. The employee may decide to receive a cash amount from the Company instead of the shares, based on the fair value of the shares on the vesting date. In the event that employees decide to obtain shares in Bank D360, the transfer of ownership of those shares to the concerned employee is conditional upon the end of a five-year lock-up period starting on the date on which the Company was registered in the Commercial Register on 03/02/1444H (corresponding to 30/08/2022G), in addition to obtaining all regulatory approvals, including the approval of the Saudi Central Bank ("**SAMA**"). In the event that the regulatory approvals required to transfer ownership of the shares are not obtained after the end of the three-year lock-up period, the Company is obligated to pay the fair value of those shares to the employees. As of 30 June 2024G, the Company allocated an amount equal to SAR 58.9 million as a provision in the event that any employees of Bank D360 request the fair value of the shares - in cash - instead of the shares. Accordingly, the Company's ownership in the Bank may decrease if the concerned employees decide to exercise their rights by choosing to obtain shares in the Bank, which will be subject to the approval of the Central Bank, instead of obtaining a similar cash amount, which will lead to a decrease in the future revenues generated from the Company's ownership and investment in the Bank, by calculating the present value of the obligations determined actuarially. It shall be noted that the current value of the obligations referred to in this paragraph, represented by the obligations included in the Employee Share Program, has been processed from an accounting perspective using actuarial valuation methods.

#### f- Investment at amortized cost, net

**Table (6.22): Investment at Amortized Cost, Net as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s                                     | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|-------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Investment at amortised cost                    | 22,410                                | 22,213                                | 30,244                                | 53,500                             |
| Allowance for expected credit losses            | (3)                                   | (1)                                   | (10)                                  | (6)                                |
| <b>Total</b>                                    | <b>22,407</b>                         | <b>22,212</b>                         | <b>30,235</b>                         | <b>53,493</b>                      |
| Sukuk with maturity date of less than 12 months | -                                     | 5,071                                 | 5,005                                 | 7,528                              |
| Sukuk with maturity date after 12 months        | 22,407                                | 17,141                                | 25,230                                | 45,965                             |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

The balance of investments at amortized cost increased from SAR 22 million as at 31 December 2021G and 2022G to SAR 30.2 million as at 31 December 2023G, driven by Derayah's strategy in investing in these Sukuk, in line with Muqassa's compliance regulations. According to these regulations, the company is required to maintain a cash reserve to determine the daily trading limit.

The investments as at 31 December 2023G relate to SAR 23 million Sukuk issued by the Government of Saudi Arabia, SAR 5 million Sukuk (unlisted) issued by Saudi Awwal Bank, and SAR 2 million Sukuk from Banque Saudi Fransi (unlisted). Sukuk generate commission income with profit rates ranging from 1.64% to 4.64%.

The balance of investments at amortized cost increased from SAR 30.2 million as at 31 December 2023G to SAR 53.5 million as at 30 June 2024G, where the balance is (1) an investment in government sukuk in Saudi Arabia by SAR 47.0 million, and (2) an investment of SAR 5 million in (unlisted) sukuk issued by Alawwal Bank, and (unlisted) sukuk issued by Banque Saudi Fransi by SAR 2 million.

As of December 31, 2023, the investments relate to (1) sukuk issued by the Government of the Kingdom of Saudi Arabia amounting to SAR 23 million, (2) sukuk amounting to SAR 5 million (unlisted) issued by Saudi Awwal Bank, and (3) sukuk amounting to SAR 2 million from Banque Saudi Fransi (unlisted). The sukuk generate commission revenues with profit rates ranging from 1.64% to 4.64%.

#### g- Investments at fair value through profit or loss

**Table (6.23): Investment at Fair Value through Profit or Loss as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s                              | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Real estate fund <sup>(1)</sup>          | 21,297                                | 13,923                                | 24,912                                | -                                  |
| Private equity fund <sup>(2)</sup>       | -                                     | 889                                   | 889                                   | -                                  |
| Equity securities                        | -                                     | -                                     | 121                                   | 18,044                             |
| <b>Total current investment at FVTPL</b> | <b>21,297</b>                         | <b>14,812</b>                         | <b>25,922</b>                         | <b>18,044</b>                      |
| Equity funds                             | -                                     | 15,125                                | 46,506                                | 54,638                             |
| Corporate sukuk <sup>(3)</sup>           | 7,000                                 | 7,000                                 | 42,186                                | 42,186                             |
| Money market funds                       | -                                     | 112,794                               | 35,012                                | 141,826                            |
| Equity securities <sup>(4)</sup>         | -                                     | 2,626                                 | 27,001                                | 27,001                             |

| SAR in 000s                                   | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|-----------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Venture capital and private equity funds      | -                                     | 11,360                                | 12,823                                | 14,156                             |
| Real estate funds                             | -                                     | -                                     | 2,056                                 | 1,435                              |
| Mutual funds                                  | 85,124                                | -                                     | -                                     | -                                  |
| <b>Total non-current investments at FVTPL</b> | <b>92,124</b>                         | <b>148,906</b>                        | <b>165,586</b>                        | <b>281,243</b>                     |
| <b>Total investments at FVTPL</b>             | <b>113,421</b>                        | <b>163,718</b>                        | <b>191,507</b>                        | <b>299,287</b>                     |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

Investments at fair value through profit or loss consist of investments in local, regional, and international funds, equity securities, and debt securities.

- (1) Investment in real estate fund represents 43,705 units (2022: 22,705 units) in the Company's managed unlisted Durat Al Khaleej Real Estate Fund, and investment in private equity fund represents 100,000 units (2022: 100,000 units) in the Company's managed Derayah Healthcare Fund. Both the funds are treated as current, as these are under liquidation.
- (2) The Company's managed unlisted Derayah Healthcare Fund has been liquidated and the underlying investment of the Fund, equity shares in Czech Rehabilitation Center ("investee"), transferred to the Unitholders in the agreed ratio. The Company has recorded full impairment against the investment.
- (3) The sukuk are earning commission income at profit rates ranging from 4.00% to 7.57% (2023G: 4.00% to 7.57%) per annum.
- (4) This includes investment of SR 15 million made by the Company in BwaTech (a related party) during the year.

#### Total non-traded investments at fair value through profit or loss

The investments have been classified as non-current based on the Company's investment model and management's intention to hold the investment for more than one year from the reporting date.

#### Total investments at fair value through profit or loss

This includes an investment in funds managed by the Company (related parties) of SAR 115.7 million (2022: SAR 147.9 million).

Investments at fair value through profit or loss amounted to SAR 191.5 million as at 31 December 2023G, constituting 80% of total investments. This portfolio primarily consists of investments in local, regional and international funds, corporate sukuk, securities, venture capital and private equity funds. Investments at fair value through profit or loss amounted to SAR 299.3 million as at 30 June 2024G, constituting 81% of the total investments.

#### 6.6.2.2 Investment at fair value through other comprehensive income

**Table (6.24): Investment at Fair Value through other comprehensive income as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s       | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|-------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Derayah REIT Fund | 32,976                                | 26,277                                | 21,422                                | 16,280                             |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

This item represents investments in REIT Fund by 2,596,559 units (2022: 2,596,559 units) in Derayah REIT Fund, which is a fund listed and managed by the Company (related party).

Investments at fair value through other comprehensive income constitute the Company's share of REIT as it owns 2.42% of the Fund at a value of SAR 21.4 million as at 31 December 2023G.

Investments at fair value through other comprehensive income decreased from SAR 33.0 million as at 31 December 2021G to SAR 26.2 million as at 31 December 2022G and further to SAR 21.4 million as at 31 December 2023G, due to the decline in the investment carrying value of Derayah REIT Fund during this period.

Investments at fair value through other comprehensive income decreased from SAR 21.4 million as at 31 December 2023G to SAR 16.3 million as at 30 June 2024G due to the impairment of Derayah REIT Fund during this period.

Derayah REIT is a Shariah-compliant real estate fund listed on Tadawul with a diversified portfolio consisting mainly of Smart Tower, Al Sulay Warehouse Complex and Al-Jubail Views Residential Complex.

- The fund owns 24 properties in its portfolio.
- Derayah owns 2.6 million units of funds with an average valuation of SAR 8.3 per unit.
- The fund distributes yearly dividends of no less than ninety percent (90%) of the net profits to the unit holders.

#### a- Current assets

**Table (6.25): Current Assets as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s                                      | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|--------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Due from related parties, net                    | 26,947                                | 32,830                                | 47,351                                | 22,082                             |
| Margin client receivables, net                   | 99,412                                | 85,854                                | 75,318                                | 65,983                             |
| Prepayments                                      | 945                                   | 4,689                                 | 8,175                                 | 9,533                              |
| Other current financial assets, net              | 303,988                               | 203,337                               | 324,551                               | 302,257                            |
| Investments at fair value through profit or loss | 21,297                                | 14,812                                | 25,922                                | 18,044                             |
| Investments at amortised cost, net               | -                                     | 5,071                                 | 5,005                                 | 7,528                              |
| Cash and cash equivalents, net                   | 94,150                                | 30,363                                | 20,888                                | 50,854                             |
| <b>Total</b>                                     | <b>546,739</b>                        | <b>376,957</b>                        | <b>507,210</b>                        | <b>476,281</b>                     |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

#### b- Due from related parties, net

**Table (6.26): Due from Related Parties, Net as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s                          | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Due from related parties             | 26,950                                | 32,832                                | 47,358                                | 22,086                             |
| Allowance for expected credit losses | (3)                                   | (1)                                   | (7)                                   | (3)                                |
| <b>Total</b>                         | <b>26,947</b>                         | <b>32,830</b>                         | <b>47,351</b>                         | <b>22,082</b>                      |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

The related parties of the Company consist of the Group companies including its sister companies, shareholders and funds managed by the Company. The Company and its related parties interact with each other in the ordinary course of business.

Amounts due from related parties consist of management fees and other receivables from the company's managed funds.

The due from related parties balance increased from SAR 26.9 million as at 31 December 2021G to SAR 32.8 million as at 31 December 2022G, followed by an increase to SAR 47.4 million as at 31 December 2023G, in line with the increase in the amounts receivable which are related to asset management fees, where the outstanding balances from the top 5 funds constituted 75% of the total receivables from related parties, as at 31 December 2023G.

The due from related parties balance decreased from SAR 47.4 million as at 31 December 2023G to SAR 22.1 million as at 30 June 2024G due to collections during the period.

It is worth noting that the full outstanding balance related to Durrat Al Khaleej Real Estate Fund was received after liquidating the properties of Durrat Al Khaleej Fund and the Global Venture Capital Fund during the six-month period ended 30 June 2024G.

During March 2024, the real estate assets of Durrat Al Khaleej Real Estate Fund, a fund managed by Derayah Financial, were sold for SAR 70 million to Derayah Gulf Real Estate Fund. After excluding the above-mentioned assets, Durrat Al Khaleej Real Estate Fund was liquidated in March 2024G.

### c- Margin client receivables, net

**Table (6.27): Margin Client Receivables, Net as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s                          | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Margin client receivables            | 103,852                               | 90,270                                | 77,340                                | 66,000                             |
| Allowance for expected credit losses | (4,440)                               | (4,416)                               | (2,022)                               | (17)                               |
| <b>Total</b>                         | <b>99,412</b>                         | <b>85,854</b>                         | <b>75,318</b>                         | <b>65,983</b>                      |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

The margin client's receivables arise within brokerage business as Shariah-compliant margin financing. Margin client's receivables are recognized with margin when cash/ limits are advanced to the customer including the related cost. These are derecognised when borrowers repay their obligation or the balance is sold off or written off, or substantially all the risks and rewards of ownership are transferred to other party. These margins are issued against the underlying financial assets/instruments.

Furthermore, the company initiates a margin call that requires the trader to deposit additional funds or securities into their margin account to meet the minimum maintenance margin requirements. This typically occurs when the value of the securities held in the margin account falls below a certain threshold, known as the maintenance margin requirement.

The margin client receivables' balance decreased from SAR 99.4 million as at 31 December 2021G to SAR 85.9 million as at 31 December 2022G and further to SAR 75.3 million as at 31 December 2023G and SAR 66.0 million as at 30 June 2024G, due to the liquidation of one of the margin financing products.

### d- Prepayments

**Table (6.28): Prepayments as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.**

| SAR in 000s         | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|---------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Data Consult        | -                                     | 3,107                                 | 5,811                                 | 2,906                              |
| Advent Software Inc | 394                                   | 380                                   | 421                                   | -                                  |
| Argaam              | 262                                   | -                                     | 375                                   | 162                                |
| Tawania Insurance   | -                                     | -                                     | 299                                   | 3,017                              |
| Oracle              | -                                     | 296                                   | 209                                   | -                                  |
| Others              | 289                                   | 906                                   | 1,060                                 | 3,448                              |
| <b>Total</b>        | <b>945</b>                            | <b>4,689</b>                          | <b>8,175</b>                          | <b>9,533</b>                       |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

The balance of prepayments primarily consists of advance payments to Tawuniya Insurance Company, which constitutes c. 32% of the total balance.

Data Consult provides IT support to Derayah, and prepayments primarily relate to 2024G. The balance of advance payments increased from SAR 945 thousand as at 31 December 2021G to SAR 4.7 million as at 31 December 2022G and SAR 8.2 million as at 31 December 2023G, due to the prepayments made to Data Consult related to the company's maintenance contracts.

The prepayments increased from SAR 8.2 million as at 31 December 2023G to SAR 9.5 million as at 30 June 2024G, primarily due to (1) an increase in the prepayments to Tawuniya Insurance Company by SAR 2.7 million and (2) other expenses by SAR 1.6 million. This was offset by a decrease in the prepayment to Data Consult related to the company's maintenance contracts by SAR 2.9 million.

#### e- Other current financial assets, net

**Table (6.29): Other Current Financial Assets, Net as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G**

| SAR in 000s                          | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Muqassa deposit                      | -                                     | 162,500                               | 231,436                               | 207,702                            |
| Accrued brokerage fees               | -                                     | 19,578                                | 61,085                                | 57,732                             |
| Other receivables                    | 13,826                                | 16,568                                | 27,012                                | 32,809                             |
| Employees' loans and advances        | 6,406                                 | 4,923                                 | 5,060                                 | 4,052                              |
| Due from D360                        | 146,958                               | -                                     | -                                     | -                                  |
| Advances paid against investments    | 136,811                               | -                                     | -                                     | -                                  |
| Allowance for expected credit losses | (14)                                  | (231)                                 | (43)                                  | (37)                               |
| <b>Total</b>                         | <b>303,988</b>                        | <b>203,337</b>                        | <b>324,551</b>                        | <b>302,257</b>                     |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

#### Muqassa deposit

This amount represents a deposit with Muqassa (The securities clearing center Company). The deposit is maintained through an omnibus client collateral account in compliance with mandatory requirements of the Muqassa clearing procedures.

The deposit with Muqassa increased from zero as at 31 December 2021G to SAR 162.5 million as at 31 December 2022G and further to SAR 231.4 million as at 31 December 2023G, driven by the increase in deposits paid to Muqassa to cover customer operations, and as such aligning the deposits with the number and operations of customers. Additionally, the company earned interest revenue of SAR 3.5 million on these deposits in the 2023G.

Deposit with Muqassa decreased from SAR 231.4 million as at 31 December 2023G to SAR 207.7 million as at 30 June 2024G as they were replaced by Sukuk issued by the Government of the Kingdom of Saudi Arabia.

#### Accrued brokerage fees

The accrued brokerage fees balance increased from nil as at 31 December 2021G to SAR 19.6 million as at 31 December 2022G, followed by a decrease to SAR 61.1 million as at 31 December 2023G, stemming from the accrued revenues before settlement, which are typically settled during the first week of the following month.

The accrued brokerage fees balance decreased from SAR 61.1 million as at 31 December 2023G to SAR 57.7 million as at 30 June 2024G, as some dues were received during this period.

#### **Other receivables**

This account includes receivables of SAR 4.3 million as at 31 December 2023G (2022: zero) from Derayah Technology Services Company (related party).

The balance of other receivables increased from SAR 13.8 million as at 31 December 2021G to SAR 16.6 million as at 31 December 2022G and further to SAR 27.0 million as at 31 December 2023G and SAR 32.8 million as at 30 June 2024G, due to the increase in the company's profit from special commission and asset management revenue.

#### **Employee loans and advances**

Relate to loans and advances granted to employees in accordance with the Company policy.

The balance of loans and employee advances decreased from SAR 6.4 million as at 31 December 2021G to SAR 4.9 million as at 31 December 2022G, due to employees settling their balances during this period. The balance stood at SAR 5.1 million as at 31 December 2023G.

The balance of loans and employee advances decreased from SAR 5.1 million as at 31 December 2023G to SAR 4.1 million as at 30 June 2024G due to employees settling their balances during this period.

#### **Due from Bank D360**

The amount due from Bank D360 was SAR 147 million as of December 31 2021G and nil as of December 31 2022G and 2023G as the company financed the capital expenditures and operating expenses during the formation of Bank D360, while the outstanding amounts were fully settled before the end of 2022G.

#### **Advances paid against investments**

Advances paid against investments (in D360 Bank) amounted to SAR 137 million as at 31 December 2021G and nil as at 31 December 2022G and as at 31 December 2023G.

#### **Allowance for expected credit losses**

The Company calculates impairment losses on the value of financial assets based on the expected credit loss model.

The provision for expected credit losses increased from SAR 14 thousand as at 31 December 2021G to SAR 231 thousand as at 31 December 2022G, due to an increase in the receivables balance and aging, in line with the Company's expected credit loss policy.

The provision for expected credit losses decreased from SAR 231 thousand as at 31 December 2022G to SAR 43 thousand as at 31 December 2023G, due to the decrease in the receivables balance and aging, in line with the company's expected credit loss policy.

The provision for expected credit losses decreased from SAR 43 thousand as at 31 December 2023G to SAR 37 thousand as at 30 June 2024G due to the decrease in the receivables balance, in line with the Company's expected credit loss policy.



#### f- Cash and cash equivalents, net

**Table (6.30): Cash and Cash Equivalents, Net as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G**

| SAR in 000s                                  | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|----------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Cash at banks – current account, gross       | 94,150                                | 30,364                                | 20,891                                | 50,860                             |
| Allowance for expected credit losses         | -                                     | (1)                                   | (3)                                   | (6)                                |
| <b>Cash at banks – current accounts, net</b> | <b>94,150</b>                         | <b>30,363</b>                         | <b>20,888</b>                         | <b>50,854</b>                      |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

Cash and cash equivalents consist of balances with banks, short-term deposits, amongst others. Bank balances are held with local banks in Saudi Arabia. The cash and cash equivalents balance decreased from SAR 94.2 million as at 31 December 2021G to SAR 30.4 million as at 31 December 2022G and further to SAR 20.9 million as at 31 December 2023G, where the company invested in Derayah funds. Cash and cash equivalents increased from SAR 20.9 million as at 31 December 2023G to SAR 50.9 million as at 30 June 2024G.

#### 6.6.2.3 Equity

**Table (6.31): Equity as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G**

| SAR in 000s         | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|---------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Share capital       | 161,090                               | 162,290                               | 162,290                               | 162,290                            |
| Statutory reserve   | 48,327                                | 48,687                                | 48,687                                | 48,687                             |
| Retained earnings   | 392,093                               | 511,334                               | 613,831                               | 768,810                            |
| Other reserves      | 2,916                                 | (3,994)                               | (13,000)                              | (18,408)                           |
| <b>Total equity</b> | <b>604,426</b>                        | <b>718,317</b>                        | <b>811,808</b>                        | <b>961,379</b>                     |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

#### Share capital

Share capital of SAR 499 million (31 December 2023G: SAR 162 million) is divided into 249,735,195 shares (31 December 2023G: 16,229,013 shares) of SAR 2 each (31 December 2023G: SAR 10 each), which is wholly paid.

During the period, the shareholders of the Company passed a resolution increasing the share capital of the Company from SAR 162 million to SAR 499 million by issuing 33,718,026 shares through capitalisation of retained earnings amounting to SAR 337 million. Additionally, the par value of the Company's shares was reduced from SAR 10 each to SAR 2 each.

#### Statutory reserve

In accordance with the Company's By-laws and the Saudi Arabian Regulations for Companies, 10% of annual net income is transferred to statutory reserve until such reserve reaches 30% of its share capital. The reserve is not available for distribution to the shareholders of the Company. Since the statutory reserve of the Company has already reached to 30% of its share capital, therefore, no transfer has been made to the statutory reserve during the year (2022: SR 360,000).

### Retained earnings

The retained earnings increased from SAR 392.1 million as at 31 December 2021G to SAR 511.3 million as at 31 December 2022G and further to SAR 613.8 million as at 31 December 2023G, due to the increase in profit for the year.

The balance of retained earnings increased from SAR 613.8 million as at 31 December 2023G to SAR 768.8 million as at 30 June 2024G due to increase in profit for the year.

### Other reserves

The other reserves decreased from SAR 2.9 million as at 31 December 2021G to negative SAR 4.0 million as at 31 December 2022G and further to negative SAR 13.0 million as at 31 December 2023G and SAR 18.4 million as at 30 June 2024, due to (1) the remeasurement of the employee equity award plan, (2) the remeasurement of the defined benefit plan, based on the actuarial valuation, during the historical period, and (3) net change in fair value of financial assets at fair value through other comprehensive income.

#### 6.6.2.4 Non-current liabilities

**Table (6.32): Non-Current Liabilities as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G**

| SAR in 000s                           | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Employees' defined benefit obligation | 18,379                                | 21,550                                | 24,968                                | 24,423                             |
| Employees' Equity Award Plan ('EEAP') | -                                     | 52,708                                | 57,954                                | 58,871                             |
| Unearned revenue                      | -                                     | 29,382                                | 29,382                                | 29,382                             |
| Lease liability                       | 6,927                                 | 5,089                                 | 3,221                                 | 3,385                              |
| <b>Total</b>                          | <b>25,306</b>                         | <b>108,729</b>                        | <b>115,525</b>                        | <b>116,061</b>                     |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

#### a- Employees' defined benefit obligation

**Table (6.33): Employees' defined benefit obligation as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G**

| SAR in 000s                                                                 | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|-----------------------------------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Balance at the beginning of the year/period                                 | 14,880                                | 18,379                                | 21,550                                | 24,968                             |
| Current service cost                                                        | 2,514                                 | 2,996                                 | 3,622                                 | 1,801                              |
| Interest cost                                                               | 446                                   | 597                                   | 916                                   | 593                                |
| <b>Amount recognized in the statement of comprehensive income</b>           | <b>2,961</b>                          | <b>3,594</b>                          | <b>4,538</b>                          | <b>2,394</b>                       |
| <b>(Profit)/loss from remeasurement fixed in other comprehensive income</b> |                                       |                                       |                                       |                                    |
| Experience assumptions                                                      | 1,106                                 | 211                                   | (187)                                 | 1,050                              |
| Benefits paid during the year/period                                        | (568)                                 | (633)                                 | (933)                                 | (3,989)                            |
| <b>Balance at year/period end</b>                                           | <b>18,379</b>                         | <b>21,550</b>                         | <b>24,968</b>                         | <b>24,423</b>                      |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

The employee defined benefit obligations increased from SAR 18.4 million as at 31 December 2021G to SAR 21.6 million as at 31 December 2022G and further to SAR 25.0 million as at 31 December 2023G, due to the increase in current service costs and interest charges. The balance decreased from SAR 25.0 million as at 31 December 2023G to SAR 24.4 million as at 30 June 2024G.

### b- Employees' Equity Award Plan ('EEAP')

**Table (6.34): Employees' Equity Award Plan ('EEAP') as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G**

| SAR in 000s                                            | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|--------------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Balance at beginning of the year                       | -                                     | -                                     | 52,708                                | 57,954                             |
| Current service cost                                   | -                                     | 51,970                                | -                                     | -                                  |
| Interest cost                                          | -                                     | 738                                   | 908                                   | 1,701                              |
| Demographic assumptions                                |                                       |                                       |                                       | (783)                              |
| Amount recognized in statement of comprehensive income | -                                     | 52,708                                | 908                                   | 918                                |
| <b>Remeasurement loss recognised in OCI</b>            |                                       |                                       |                                       |                                    |
| Financial assumptions                                  | -                                     | -                                     | 4,338                                 | -                                  |
| Balance at the end of the year                         | -                                     | 52,708                                | 57,954                                | 58,871                             |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

Employees' equity award plan represents the obligation in respect of benefits and is the amount of future benefit based on number of shares granted to eligible employees in return for their service in the current and prior periods. IFRS requires management to make further assumptions regarding variables such as discount rates, fair value of shares, and rate of attrition. The management uses an external actuary for performing this calculation. Changes in the key assumptions can have a significant impact on the projected service plan.

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

During 2022G, Derayah introduced an equity award plan for specific employees in exchange for the services they provided in developing Bank D360. Subject to completion of vesting period employees shall be granted specific number of shares of D360 as per the agreement signed amongst Derayah and the Eligible Employees, however the settlement of shares shall be made after 5 years of lock up period which is referenced from the month in which D360 has obtained registration from the Ministry of Commerce.

### c- Unearned revenue

During the period ended 31 December 2022G, the Company received compensation of SAR 193 million as a result of the successful establishment of D360 Bank. The Company recorded a profit of SAR 164 million out of SAR 193 million as performance obligations were met for the year ended 31 December 2022G. The remaining SAR 29 million was recorded as unrealized revenue related to the achievement of D360 Bank's performance indicators in the coming period.

#### d- Lease liability

**Table (6.35): Lease Liability as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G**

| SAR in 000s                     | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|---------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| At the beginning of the year    | 935                                   | 9,108                                 | 7,093                                 | 5,160                              |
| Additions during the year       | 10,056                                | 1,296                                 | 663                                   | 1,921                              |
| Payments during the year        | (2,475)                               | (3,725)                               | (2,913)                               | (1,382)                            |
| Finance cost on lease liability | 592                                   | 414                                   | 318                                   | 179                                |
| <b>At the end of the year</b>   | <b>9,108</b>                          | <b>7,093</b>                          | <b>5,160</b>                          | <b>5,878</b>                       |
| Current lease liability         | 2,181                                 | 2,004                                 | 1,939                                 | 2,494                              |
| Non-current lease liability     | 6,927                                 | 5,089                                 | 3,221                                 | 3,385                              |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the consolidated reviewed interim financial statements for the six-month period ended 30 June 2024G, and management information.

The lease liability primarily relates to the rental of a new office. The balance of the lease liability decreased from SAR 9.1 million as at 31 December 2021G to SAR 7.1 million as at 31 December 2022G and further to SAR 5.2 million as at 31 December 2023G, due to a decrease in additions.

The Lease liability increased from SAR 5.2 million as at 31 December 2023G to SAR 5.9 million as at 30 June 2024G, due to the increase in additions during the year.

#### 6.6.2.5 Current liabilities

**Table (6.36): Current Liabilities as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G**

| SAR in 000s                         | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Accrued expenses and other payables | 92,977                                | 68,565                                | 90,288                                | 93,537                             |
| Zakat payable                       | 21,345                                | 21,295                                | 24,143                                | 19,229                             |
| <b>Total</b>                        | <b>114,322</b>                        | <b>89,860</b>                         | <b>114,431</b>                        | <b>112,767</b>                     |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

#### a- Accrued expenses and other payables

**Table (6.37): Accrued Expenses and Other Payables as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G**

| SAR in 000s                            | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|----------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| Bonus payable                          | 32,934                                | 27,579                                | 39,000                                | 25,098                             |
| Accounts and other payables            | 22,052                                | 16,191                                | 27,340                                | 36,352                             |
| Commission payable                     | 20,246                                | 8,421                                 | 8,476                                 | 15,276                             |
| Accrued salaries and employee benefits | 5,325                                 | 6,275                                 | 3,057                                 | 4,025                              |
| VAT payable                            | 9,437                                 | 7,135                                 | 9,836                                 | 9,492                              |
| Current portion of lease liability     | 2,181                                 | 2,004                                 | 1,939                                 | 2,494                              |
| GOSI Payable                           | 752                                   | 960                                   | 640                                   | 801                                |
| <b>Total</b>                           | <b>92,977</b>                         | <b>68,565</b>                         | <b>90,288</b>                         | <b>93,537</b>                      |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

### **Bonus payable**

The outstanding bonus balance amounted to SAR 39.0 million as at 31 December 2023G and pertains to the obligations for bonuses payable to Derayah employees.

The outstanding bonus balance decreased from SAR 32.9 million as at 31 December 2021G to SAR 27.6 million as at 31 December 2022G, in line with the Company's bonus.

The outstanding bonus balance increased from SAR 27.6 million as at 31 December 2022G to SAR 39.0 million as at 31 December 2023G, resulting from the increase in employee bonuses due to the company's improved performance.

The outstanding bonus balance decreased from SAR 39.0 million as at 31 December 2023G to SAR 25.1 million as at 30 June 2024G, as c. SAR 38 million pertaining to the amounts due for 2023G were settled during this period, and accrued bonus provision amounting to SAR 24 million were recorded in the first quarter of 2024G.

### **Accounts and other payable**

The payables and other receivables balance relates to provision for legal cases, accrued dividends, outstanding board remuneration and others.

Accounts and other payable decreased from SAR 22.1 million as at 31 December 2021G to SAR 16.2 million as at 31 December 2022G, stemming from the provision for suppliers.

Accounts and other payables increased from SAR 16.2 million as at 31 December 2022G to SAR 27.3 million as at 31 December 2023G, and further to SAR 36.4 million as at 30 June 2024G, on the back of an increase in the legal provision, due to legal disputes and complaints submitted by customers in general and complaints related to managed funds.

### **Commission payable**

Commission payable decreased from SAR 20.2 million as at 31 December 2021G to SAR 8.5 million as at 31 December 2022G and 2023G, as a result of the change in commission structure and policy. Commission payable increased to SAR 15.3 million as at 30 June 2024G due to the high revenue from customers during the period.

### **Accrued salaries and employee benefits**

Accrued salaries and employee benefits consists of the employees' leave allowance.

Accrued salaries and employee benefits increased from SAR 5.3 million as at 31 December 2021G to SAR 6.3 million as at 31 December 2022G, in line with the increase in the number of employees, followed by a decrease to SAR 3.1 million as at 31 December 2023G, as the balances of accrued leave were settled under the new leave policy implemented during 2023G, noting that the new policy specifies the number of leave balances that can be carried over. The balance of salaries and employee benefits payable increased to SAR 4.0 million as of June 30, 2024.

### **VAT payable**

The outstanding VAT balance decreased from SAR 9.4 million as at 31 December 2023G to SAR 7.1 million as at 31 December 2022G, followed by an increase to SAR 9.8 million as at 31 December 2023G and decrease to SAR 9.5 million as at 30 June 2024G, in line with the Company's operations.

### **Current portion of lease liability**

The current portion of lease liability decreased from SAR 2.2 million as at 31 December 2021G to SAR 2.0 million as at 31 December 2022G and further to SAR 1.9 million as at 31 December 2023G, followed by an increase to SAR 2.5 million as at 30 June 2024G, due to the specialized office in Riyadh.

### **GOSI payable**

The balance relates to the social insurance of employees. The outstanding balance stood between SAR 0.6 million and SAR 0.9 million during the historical period.

## b- Zakat

**Table (6.38): Zakat as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G**

| SAR in 000s                   | As of 31 December<br>2021G<br>Audited | As of 31 December<br>2022G<br>Audited | As of 31 December<br>2023G<br>Audited | As of 30 June<br>2024G<br>Reviewed |
|-------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|
| At the beginning of the year  | 14,489                                | 21,345                                | 21,295                                | 24,143                             |
| Zakat charge for the year     | 12,788                                | 15,334                                | 18,242                                | 6,000                              |
| Paid during the year          | (5,931)                               | (15,384)                              | (15,394)                              | (10,914)                           |
| <b>At the end of the year</b> | <b>21,345</b>                         | <b>21,295</b>                         | <b>24,143</b>                         | <b>19,229</b>                      |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

The Company is domiciled in the Kingdom of Saudi Arabia. The Company is subject to Zakat in accordance with the Regulations of the Zakat, Tax and Custom Authority ("ZATCA") as applicable in the Kingdom of Saudi Arabia. The Zakat charge is computed on the Zakat base. An estimate of Zakat arising therefrom is provided by a charge to the statement of comprehensive income.

The outstanding Zakat balance stood at SAR 21 million as at 31 December 2021G and as at 31 December 2022G, while the balance increased to SAR 24.1 million as at 31 December 2023G.

The outstanding Zakat balance decreased from SAR 24.1 million as at 31 December 2023G to SAR 19.2 million as at 30 June 2024G.

The company has submitted its Zakat and tax returns for the years since its incorporation, and has settled the Zakat and tax obligations according to the returns. During 2023G, the company paid SAR 4.25 million for the years 2015-2018 and settled all its zakat obligations until 2018.

On the 2nd of July 2024G, the Company settled the assessment for the years 2019G - 2021G. Provision, amounting SAR 9 million, maintained by the Company against this assessment has accordingly been reversed. Except as mentioned above, there has been no change in the status of the Company's zakat assessments from the status disclosed in the annual financial statements of the Company for the year ended 31 December 2023G.

## 6.6.3 Cash Flow Statement

**Table (6.39): Statement of Cash Flows for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Six-Month Period Ended 30 June 2024G**

| SAR in 000s                                                                   | As of 31 De-<br>cember 2021G<br>(Audited) | As of 31 De-<br>cember 2022G<br>(Audited) | As of 31 De-<br>cember 2023G<br>(Audited) | As of 30<br>June 2023G<br>(Reviewed) | As of 30<br>June 2024G<br>(Reviewed) |
|-------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|--------------------------------------|--------------------------------------|
| <b>OPERATING ACTIVITIES</b>                                                   |                                           |                                           |                                           |                                      |                                      |
| Income before zakat                                                           | 378,267                                   | 322,844                                   | 347,946                                   | 143,309                              | 234,009                              |
| <b>Non-cash adjustment to reconcile income before zakat to net cash flows</b> |                                           |                                           |                                           |                                      |                                      |
| Provisions for employees' defined benefit obligations                         | 2,961                                     | 3,594                                     | 3,622                                     | 1,811                                | 1,801                                |
| Provision for employees' equity award plan                                    | -                                         | 52,708                                    | -                                         | -                                    | -                                    |
| Advisory services                                                             | -                                         | (163,806)                                 | -                                         | -                                    | -                                    |
| (Gain) / loss on investments, net                                             | (3,163)                                   | 5,315                                     | (16,966)                                  | (7,771)                              | (13,180)                             |
| Share of loss in an associate                                                 | -                                         | 38,204                                    | 27,944                                    | 13,133                               | 26,239                               |
| Depreciation and amortisation                                                 | 10,786                                    | 12,500                                    | 13,717                                    | 7,369                                | 9,771                                |
| Allowance for credit losses                                                   | 35                                        | 191                                       | 433                                       | (231)                                | (1,326)                              |

| SAR in 000s                                                               | As of 31 De-<br>cember 2021G<br>(Audited) | As of 31 De-<br>cember 2022G<br>(Audited) | As of 31 De-<br>cember 2023G<br>(Audited) | As of 30<br>June 2023G<br>(Reviewed) | As of 30<br>June 2024G<br>(Reviewed) |
|---------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|--------------------------------------|--------------------------------------|
| Amortisation of premium on investment at amortized cost                   | 197                                       | 197                                       | 172                                       | 91                                   | (89)                                 |
| <b>Finance cost</b>                                                       | <b>589</b>                                | <b>1,683</b>                              | <b>2,476</b>                              | <b>2,215</b>                         | <b>3,528</b>                         |
| Operating cash flows before working capital changes                       | 389,673                                   | 273,429                                   | 379,344                                   | 159,925                              | 260,754                              |
| Margin client receivables, net                                            | (57,145)                                  | 13,582                                    | 9,930                                     | 221                                  | 10,652                               |
| Other current financial assets, net                                       | (134,497)                                 | (36,241)                                  | (121,026)                                 | (14,695)                             | 22,300                               |
| Prepayments                                                               | 251                                       | (3,744)                                   | (3,486)                                   | (1,874)                              | (1,358)                              |
| Due from related parties, net                                             | (5,489)                                   | (6,018)                                   | (14,526)                                  | (3,442)                              | 25,272                               |
| Accrued expenses and other payables                                       | 29,491                                    | (22,525)                                  | 21,788                                    | (9,818)                              | 2,695                                |
| <b>Total</b>                                                              | <b>222,284</b>                            | <b>218,483</b>                            | <b>272,024</b>                            | <b>130,318</b>                       | <b>320,314</b>                       |
| Zakat paid                                                                | (5,931)                                   | (15,384)                                  | (15,394)                                  | (13,732)                             | (10,914)                             |
| End of service benefits paid                                              | (568)                                     | (633)                                     | (933)                                     | (544)                                | (3,989)                              |
| Finance cost paid                                                         | (589)                                     | (1,683)                                   | (334)                                     | (955)                                | (1,054)                              |
| <b>Cash generated from operating activities</b>                           | <b>215,195</b>                            | <b>200,782</b>                            | <b>255,363</b>                            | <b>115,087</b>                       | <b>304,357</b>                       |
| <b>INVESTING ACTIVITIES</b>                                               |                                           |                                           |                                           |                                      |                                      |
| <b>Purchase of financial assets at FVTPL</b>                              | <b>(129,075)</b>                          | <b>(202,574)</b>                          | <b>(218,387)</b>                          | <b>(96,946)</b>                      | <b>(148,319)</b>                     |
| Purchase of financial assets at amortized cost                            | -                                         | -                                         | (13,203)                                  | -                                    | (25,666)                             |
| Proceed from disposal of financial assets at FVPTL                        | 158,078                                   | 146,962                                   | 207,564                                   | 25,000                               | 53,719                               |
| Proceeds from redemption of financial assets at amortized cost            | -                                         | -                                         | 5,000                                     | -                                    | 2,500                                |
| Additions of property and equipment                                       | (16,046)                                  | (15,596)                                  | (9,852)                                   | (3,726)                              | (4,506)                              |
| Additions of intangible assets                                            | (11,767)                                  | (2,926)                                   | (5,839)                                   | (619)                                | (3,291)                              |
| Additions to investment property                                          | -                                         | -                                         | -                                         | -                                    | (74,413)                             |
| Sale of financial assets at fair value through other comprehensive income | 6,024                                     | -                                         | -                                         | -                                    | -                                    |
| Payments to invest in the associate                                       | (136,811)                                 | -                                         | -                                         | -                                    | -                                    |
| Cash used in investing activities                                         | (129,598)                                 | (74,134)                                  | (34,716)                                  | (76,292)                             | (199,975)                            |
| <b>FINANCING ACTIVITIES</b>                                               |                                           |                                           |                                           |                                      |                                      |
| Dividends paid                                                            | (40,273)                                  | (186,709)                                 | (227,206)                                 | (48,687)                             | (73,031)                             |
| Lease liability paid                                                      | (2,475)                                   | (3,725)                                   | (2,913)                                   | (1,349)                              | (1,382)                              |
| <b>Cash used in financing activities</b>                                  | <b>(42,747)</b>                           | <b>(190,434)</b>                          | <b>(230,120)</b>                          | <b>(50,036)</b>                      | <b>(74,413)</b>                      |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>          | <b>42,850</b>                             | <b>(63,786)</b>                           | <b>(9,473)</b>                            | <b>(11,240)</b>                      | <b>29,696</b>                        |
| Cash and cash equivalents at the beginning of the year                    | 51,300                                    | 94,150                                    | 30,364                                    | 30,364                               | 20,891                               |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>                   | <b>94,150</b>                             | <b>30,364</b>                             | <b>20,891</b>                             | <b>19,124</b>                        | <b>50,860</b>                        |

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month periods ended 30 June 2023G and 2024G.

### Cash flow generated from operating activities

Cash from operating activities decreased from SAR 215.2 million in 2021G to SAR 200.8 million in 2022G, mainly due to (1) a decrease in profit before zakat by SAR 55.4 million, (2) an increase in zakat paid by SAR 9.5 million, and (3) an increase in the cost of financing by SAR 1.1 million. This was offset by a decrease in working capital changes by SAR 112.4 million.

Cash generated from operating activities increased from SAR 200.8 million in 2022G to SAR 255.4 million in 2023G, mainly due to (1) an increase in profit before zakat by SAR 25.1 million and (2) a decrease in financing cost of SAR 1.3 million. This was offset by a decrease in working capital changes by SAR 52.4 million.

Cash from operating activities increased from SAR 115.1 million in the six-month period ended 30 June 2023G to SAR 304.4 million in the six-month period ended 30 June 2024G, mainly due to an increase in profit before zakat from SAR 143.3 million in the six-month period ended 30 June 2023G to SAR 234.0 million for the six-month period ended 30 June 2024G.

### Cash used in investment activities

Cash used in investment activities decreased from SAR 129.6 million in 2021G to SAR 74.1 million in 2022G, mainly due to the decrease in advance payments for investment in the associate company by SAR 136.8 million. This was offset by (1) an increase in the purchase of financial assets at fair value through profit or loss by SAR 73.5 million and (2) a decrease in proceeds from the disposal of financial assets at fair value through profit or loss by SAR 11.1 million.

Cash used in investment activities decreased from SAR 74.1 million in 2022G to SAR 34.7 million in 2023G. This was mainly due to the increase in proceeds from the disposal of financial assets at fair value through profit or loss amounting to SAR 60.6 million. This was offset by an increase in the purchase of financial assets at fair value through profit or loss of SAR 15.8 million, in addition to the purchase of financial assets at amortized cost of SAR 13.2 million.

Cash used in investment activities increased from SAR 76.3 million in the six-month period ended 30 June 2023G to SAR 200.0 million for the six-month period ended 30 June 2024G, mainly due to (1) additions to investment properties by SAR 74.4 million, (2) an increase in the purchase of financial assets at fair value through profit or loss by SAR 51.4 million, and (3) an increase in the purchase of financial assets at amortized cost by SAR 25.7 million. This was offset by an increase in proceeds from the disposal of financial assets at fair value through profit or loss by SAR 28.7 million.

### Cash used in financing activities

Cash used in financing activities increased from SAR 42.7 million in 2021G to SAR 190.4 million in 2022G, mainly due to an increase in dividends paid by SAR 146.4 million along with an increase in lease obligation payments of SAR 1.3 million.

Cash used in financing activities increased from SAR 190.4 million in 2022G to SAR 230.1 million in 2023G, mainly due to an increase in dividends paid by SAR 40.5 million. This was offset by a decrease in lease obligation payments of SAR 812 thousand.

Cash used in financing activities increased from SAR 50.0 million in the six-month period ended 30 June 2023G to SAR 74.4 million in the six-month period ended 30 June 2024G, mainly due to an increase in dividends paid by SAR 24.3 million.

### 6.6.4 Contingent liabilities and capital liabilities

Contingent liabilities against the letter of guarantee as at 30 June 2024G amounted to SAR 29.4 million (31 December 2023G: SAR 29.4 million).



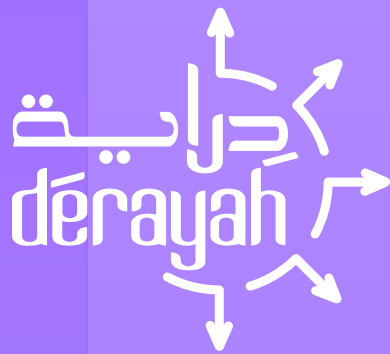
### 6.6.5 Assets held in fiduciary capacity

**Assets under management:**

The Company manages investment portfolios and investment funds on behalf of its customers which amounted to SAR 10,341 million as at 31 December 2023G (2022G: SAR 6,945 million). Such balances are not included in the Company's financial statements as these are held by the Company in fiduciary capacity.

**Customer Cash Accounts:**

The Company was holding client's cash accounts amounting to SAR 1,854 million as at 31 December 2023G (2022G: SAR 2,356 million) to be used for investments on client's instructions. Such balances are not included in the Company's financial statements as these are held in fiduciary capacity.



## 7. Dividend Distribution Policy

## 7. Dividend Distribution Policy

In accordance with Article 107 of the Companies Law, each shareholder is entitled to all rights attached to the shares, particularly the right to receive a portion of the net profits that are to be distributed. The Board of Directors shall recommend any dividend distribution for approval by the shareholders at a General Assembly meeting. Nevertheless, there is no guarantee of an actual distribution of dividends, nor there is any assurance as to the amounts that will be paid in any given year. Any decision to distribute dividends shall be subject to a number of factors, including the Company's past and projected earnings, cash flows, financing and capital requirements, any restrictions contained in financing agreements to which the Company is a party, general market conditions and economic factors, Zakat and tax, as well as other legal and regulatory considerations. For further information, please refer to Section 2.3.6 ("**Risks related to the Company's ability to distribute dividends**") of this Prospectus.

The Company's profits shall be distributed, after deducting all expenses, as follows:

- 1- The Ordinary General Assembly, when determining the portion of net profits to be allocated to shares, may resolve to form reserves in an amount that will serve the Company's interest or ensure, as far as possible, the distribution of fixed dividends to shareholders. The aforementioned assembly may also deduct from the net profits amounts to be used for social purposes benefiting the Company's employees.
- 2- The Company may distribute interim dividends to shareholders on a semi-annual or quarterly basis in accordance with the controls issued by the competent authority and pursuant to a resolution of the Board of Directors after the Board obtains authorization from the Ordinary General Assembly, to be renewed annually.
- 3- The General Assembly shall determine the percentage of net profits to be distributed to shareholders after deducting the reserves, if any.

The first entitlement of the Offer Shares to dividends declared by the Company shall be from the date of this Prospectus and for subsequent financial years.

A shareholder shall be entitled to their share of the profits in accordance with the General Assembly's resolution issued in this regard. The resolution shall set out the entitlement date and the distribution date. Shareholders whose names are registered in the shareholders' registers at the close of business on the entitlement date shall be entitled to dividends. The Board of Directors shall implement the General Assembly's resolution regarding the distribution of dividends to shareholders within fifteen (15) days from the entitlement date as specified in the General Assembly's resolution.

Below is a summary of the dividends declared and distributed by the Company since the beginning of 2021G:

**Table (7.1): Dividends Declared and Distributed in the Financial Years Ended 31 December 2021G, 2022G, and 2023G and the Six-Month Period Ended 30 June 2024G**

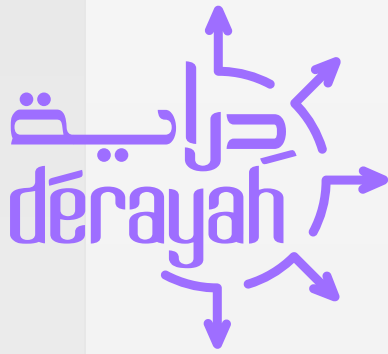
| SAR                                                                   | 31 December 2021G | 31 December 2022G | 31 December 2023G | 30 June 2024G |
|-----------------------------------------------------------------------|-------------------|-------------------|-------------------|---------------|
| Dividends declared for the period                                     | 40,452,533        | 186,708,651       | 227,206,182       | 73,030,559    |
| Dividends distributed for the period                                  | 40,272,533        | 186,708,651       | 227,206,182       | 73,030,559    |
| Net income for the distribution period                                | 365,479,072       | 307,509,453       | 329,704,033       | 228,009,238   |
| Ratio of declared dividends to net income for the distribution period | 11.02%            | 60.71%            | 68.91%            | 32.03%        |

Source: The audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the reviewed financial statements for the six-month period ended 30 June 2024G.

The Board of Directors resolved to distribute interim dividends to shareholders in proportion to their respective shareholdings in the Company's capital for the following periods:

- During 2021G, the Board of Directors decided to distribute dividends based on the authorization issued to it by the Company's General Assembly held on 06/05/2021G, as follows:
  - Pursuant to the Board of Directors' resolution issued on 05/09/2021G, the Company distributed interim dividends for the first half of 2021G amounting to SAR 1 per share, totaling SAR 16,109,013.
  - Pursuant to the Board of Directors' resolution issued on 15/12/2021G, the Company distributed interim dividends for the second half of 2021G amounting to SAR 1.5 per share, totaling SAR 24,343,519.5.
- During 2022G, the Board of Directors decided to distribute dividends based on the authorization issued to it by the Company's General Assembly held on 21/04/2022G, as follows:<sup>44</sup>
  - Pursuant to the Board of Directors' resolution issued on 18/04/2022G, the Company distributed interim dividends for the first quarter of 2022G amounting to SAR 1.5 per share, totaling SAR 24,343,519.5.
  - Pursuant to the Board of Directors' resolution issued on 03/07/2022G, the Company distributed interim dividends for the second quarter of 2022G amounting to SAR 1.5 per share, totaling SAR 24,343,519.5.
  - Pursuant to the Board of Directors' resolution issued on 06/10/2022G, the Company distributed interim dividends for the third quarter of 2022G amounting to SAR 1.5 per share, totaling SAR 24,343,519.5.
  - Pursuant to the Board of Directors' resolution issued on 15/12/2022G, the Company distributed interim dividends for the fourth quarter of 2022G amounting to SAR 7 per share, totaling SAR 113,603,091.
- During 2023G, the Board of Directors decided to distribute dividends based on the authorization issued to it by the Company's General Assembly held on 31/08/2023G, as follows:
  - Pursuant to the Board of Directors' resolution issued on 31/05/2023G, the Company distributed interim dividends for the first quarter of 2023G amounting to SAR 3 per share, totaling SAR 48,687,039.
  - Pursuant to the Board of Directors' resolution issued on 06/07/2023G, the Company distributed interim dividends for the second quarter of 2023G amounting to SAR 3 per share, totaling SAR 48,687,039.
  - Pursuant to the Board of Directors' resolution issued on 28/09/2023G, the Company distributed interim dividends for the third quarter of 2023G amounting to SAR 3 per share, totaling SAR 48,687,039.
  - Pursuant to the Board of Directors' resolution issued on 13/11/2023G, the Company distributed interim dividends for the fourth quarter of 2023G amounting to SAR 5 per share, totaling SAR 81,145,065.
- During 2024G, the Board of Directors decided to distribute dividends based on the authorization issued to it by the Company's General Assembly held on 31/08/2023G, as follows:
  - Pursuant to the Board of Directors' resolution issued on 25/03/2024G, the Company distributed interim dividends for the first quarter of 2024G amounting to SAR 4.5 per share, totaling SAR 73,030,558.5.
  - Pursuant to the Board of Directors' resolution issued on 01/07/2024G, the Company distributed interim dividends for the second quarter of 2024G amounting to SAR 4.5 per share, totaling SAR 73,030,558.5.
  - Pursuant to the Board of Directors' resolution issued on 30/09/2024G, the Company distributed interim dividends for the third quarter amounting to SAR 0.60 per share, totaling SAR 149,841,117.

44 Note that on 20 December 2021G the Extraordinary General Assembly approved the issuance of 120,000 shares, which were allocated to three of the Company's employees. Of these shares, 50,000 were allocated to one employee. Therefore, the Board of Directors approved the granting of dividends amounting to one and half Saudi Riyals (SAR 1.5) per share, totaling SAR 75,000, to the employee owning the 50,000 shares. Accordingly, the total value of the distributed dividends is equivalent to the amounts specified in the table.

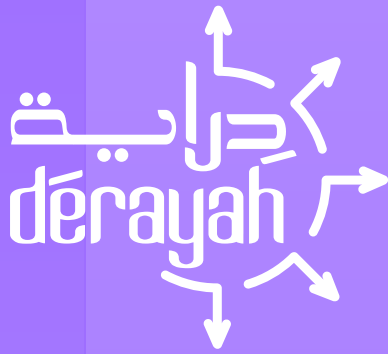


## 8. Use of the Offering Proceeds

## 8. Use of the Offering Proceeds

The total Offering Proceeds are estimated to be approximately SAR [●], of which an estimated amount of SAR 51,000,000 (exclusive of VAT) will be used to settle all expenses related to the Offering. These expenses include fees paid to the Saudi Exchange (Tadawul) and the Securities Depository Center Company (Edaa), as well as other costs related to listing the shares, the fees of the Financial Advisor, International Coordinator, Lead Manager, Underwriter, Legal Advisors, Auditors, Receiving Entities, Market Consultant, and other advisors as well as the fees of translation, marketing, printing, distribution, and other fees and expenses related to the Offering process. It is worth noting that the costs that the company may bear is approximately SAR 18,000,000 as of the date of the issuance of the prospectus, provided that it is collected and recovered from the selling shareholders from the offering proceeds.

The Net Offering Proceeds, estimated at approximately SAR [●], will be distributed to the Selling Shareholders in proportion to the number of Offer Shares sold by them in the Offering. The Company will not receive any portion of the Net Offering Proceeds. The Selling Shareholders will bear all fees, expenses and costs related to the Offering.



## 9. Capitalization and Indebtedness

## 9. Capitalization and Indebtedness

Prior to the Offering, the current shareholders own all of the Company's shares. Upon completion of the Offering, they will collectively own 80% of the Company's shares.

The following table shows the Company's capitalization as it appears in the Company's audited consolidated financial statements for the years ended 31 December 2021G, 2022G and 2023G and for the six-month period ended 30 June 2024G. The following table should be read in conjunction with the relevant financial statements, including the notes thereto, which are included in Section 19 ("Financial Statements and Auditor's Report") of this Prospectus.

**Table (9.1): Capitalization and Indebtedness of the Company**

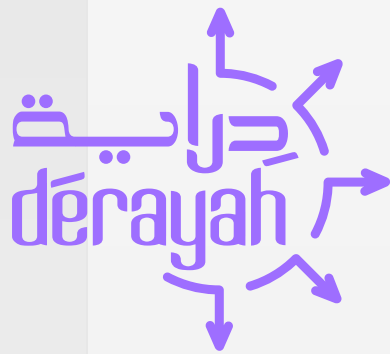
| (SAR'000)                                                              | 31 December 2021G<br>(Audited) | 31 December 2022G<br>(Audited) | 31 December 2023G<br>(Audited) | Six-Month Period<br>Ended 30 June 2024G |
|------------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------------------|
| Lease agreement obligation                                             | 9,108                          | 7,093                          | 5,160                          | 5,878                                   |
| Employee stock option plan                                             | -                              | 52,708                         | 57,954                         | 58,871                                  |
| <b>Total loans</b>                                                     | <b>6,927</b>                   | <b>59,801</b>                  | <b>63,114</b>                  | <b>61,749</b>                           |
| <b>Shareholders' equity</b>                                            |                                |                                |                                |                                         |
| Capital                                                                | 161,090                        | 162,290                        | 162,290                        | 162,290                                 |
| Statutory reserve                                                      | 48,327                         | 48,687                         | 48,687                         | 48,687                                  |
| Retained earnings                                                      | 392,093                        | 511,334                        | 613,831                        | 768,810                                 |
| Other reserves                                                         | 2,916                          | (3,994)                        | (13,000)                       | (18,408)                                |
| <b>Total shareholders' equity</b>                                      | <b>604,426</b>                 | <b>718,317</b>                 | <b>811,808</b>                 | <b>961,379</b>                          |
| <b>Total capitalization (total loans + total shareholders' equity)</b> | <b>613,534</b>                 | <b>778,118</b>                 | <b>874,922</b>                 | <b>1,026,128</b>                        |
| <b>Total loans/total capitalization</b>                                | <b>1.5%</b>                    | <b>7.7%</b>                    | <b>7.2%</b>                    | <b>6.3%</b>                             |

Source: The audited consolidated financial statements for the Group's financial years ended 31 December 2021G, 2022G and 2023G and the six-month period ended 30 June 2024G.

The Directors declare the following:

- 1- None of the Company's shares are subject to any option rights.
- 2- The Company does not have any debt instruments<sup>45</sup> as of the date of this Prospectus.
- 3- The Company's cash balance and cash flows are sufficient to cover its anticipated cash requirements for working capital and capital expenditures for at least twelve (12) months from the date of this Prospectus.

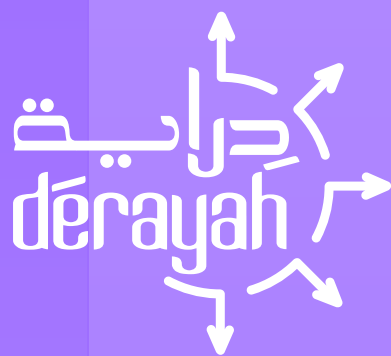




## 10. Expert Statements

## 10. Expert Statements

All of the Advisors and the Auditor, whose names are listed on pages (vii) to (viii) of this Prospectus, have provided their written consent to the inclusion of their names and logos, as well as the publication of their statements or reports (as applicable) in the form and context in which they appear in this Prospectus. None of the aforementioned have withdrawn their consent as of the date of this Prospectus. Furthermore, neither the Advisors, nor their employees forming part of the team providing services to the Company or their relatives hold any shares in the Company or its Subsidiaries, and none of them have any interest of any nature in the Company or its Subsidiaries as of the date of this Prospectus that could affect their independence.



## 11. Declarations

## 11. Declarations

The Directors declare the following:

- 1- Subject to the provisions of Section 4.14 ("**Material Business Disruptions**") of this Prospectus, there has been no disruption to the business of the Company or any of its Subsidiaries that has had or could reasonably be expected to have a material adverse effect on the financial position of the Company during the past 12 months.
- 2- Except for commissions and brokerage fees earned by the Company in its capacity as a Capital Market Institution, no commissions, discounts, brokerage fees or other non-cash consideration has been granted by the Company or any of its Subsidiaries during the three years immediately preceding the date of filing this application for the registration and offering of securities subject to this Prospectus in connection with the issuance or offering of any securities.
- 3- Other than as set forth in Section 4 ("**Company Section**") of this Prospectus, there has been no material adverse change in the financial or commercial position of the Company or any of its Subsidiaries during the three financial years immediately preceding the date of filing this application for the registration and offering of securities subject of this Prospectus and for the period covered by the report of the certified public accountant up to the date of this Prospectus.
- 4- Other than as stated in Section 5 ("**Ownership and Organizational Structure**") of this Prospectus, no Director or any of their immediate family members has any shares or interests of any kind in the Company or any of its Subsidiaries.
- 5- The Company, either alone or together with its Subsidiaries, has working capital sufficient for at least 12 months immediately following the date of this Prospectus.
- 6- None of the current or proposed Directors, Senior Executives, or Board Secretary have at any time been declared bankrupt or subject to bankruptcy proceedings.
- 7- No insolvency has been declared during the previous five years of a company in which any of the Directors, proposed Directors, Senior Executives or Board Secretary was appointed to a managerial or supervisory position.
- 8- Other than stated in Section 5.5 ("**Conflicts of Interest**"), neither the Board of Directors, nor any of the Senior Executives, the Board Secretary, or any of their relatives or affiliates have any interest in any existing contracts or arrangements, whether written or oral, or contracts or arrangements under consideration or intended to be concluded with the Company or its Subsidiaries as of the date of this Prospectus.
- 9- Other than as set forth in Section 5.5 ("**Conflicts of Interest**"), there are no conflicts of interest concerning any Director in connection with any contracts or transactions entered into with the Company.
- 10- Other than as stated in Section 4 ("**Company Section**") of this Prospectus, there is no intention to make any material change to the nature of the Company's business activity or that of its Subsidiaries.
- 11- Directors shall not participate in voting on decisions related to business or contracts in which they have a direct or indirect interest.
- 12- Other than as disclosed in Section 5.9 ("**Employee Share Programs**") of this Prospectus, there are no employee share programs in place that would allow employees to contribute to the Company's capital, nor are there any similar arrangements in existence as at the date of this Prospectus.
- 13- The Company does not hold any securities (contractual or otherwise) or any assets whose value is subject to fluctuations that could materially and adversely affect its financial position.
- 14- Other than as disclosed in Section 2 ("**Risk Factors**") and Section 6.6 ("**Key Factors Affecting the Company's Operations**"), the Company is not aware of any information regarding any governmental, economic, financial, monetary, or political policies or other factors that have or may have a material adverse effect, directly or indirectly, on the operations of the Company or its Subsidiaries.
- 15- Other than as set forth in Section 2 ("**Risk Factors**"), the Company is not aware of any seasonal factors or economic cycles related to the business that may have an impact on the business or financial condition of the Company or its Subsidiaries.

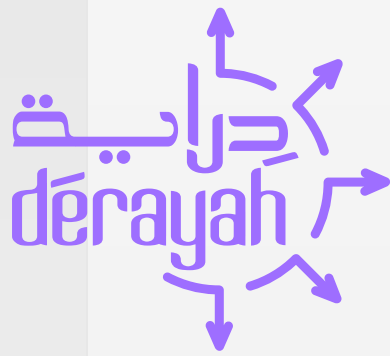
- 16- The statistical information used in Section 3 ("**Overview of the Market and Sector**") that was obtained from external sources represents the most recent data available from the respective source.
- 17- Other than as set forth in Section 2 ("**Risk Factors**"), the Company and its Subsidiaries maintain insurance policies with adequate coverage for the conduct of their business, and the Company and its Subsidiaries periodically renew such policies and insurance contracts to ensure there is continuous insurance coverage.
- 18- This Prospectus contains all information required to be included pursuant to the Rules on the Offer of Securities and Continuing Obligations, and there are no other facts that could affect the application for registration and offering of securities that have not been included in this Prospectus.
- 19- All contracts and agreements that the Company believes are important or material or that may affect investors' decisions to invest in the Offer Shares have been disclosed, and there are no other material contracts or agreements that have not been disclosed.
- 20- All terms and conditions that could reasonably influence an investor's decision to invest in the Offer Shares have been disclosed.
- 21- They have implemented procedures, controls, and systems that would enable the Company to fulfill all requirements of the applicable laws, regulations and directives, including the Companies Law, the Capital Markets Law and its implementing regulations, the Rules on the Offer of Securities and Continuing Obligations, and the Listing Rules.
- 22- All of the Company's non-Saudi employees are sponsored by the Company.
- 23- As of the date of this Prospectus, legal and beneficial ownership, both direct and indirect, of the Company's shares is held by the persons named in Section 4.19 ("**Ownership Structure of the Company and Shareholders**").
- 24- All increases to the Company's capital are in full compliance with the applicable laws and regulations of the Kingdom.
- 25- Other than as set forth in Section 2 ("**Risk Factors**"), to the best of their knowledge and belief, there are no other material risks that could reasonably have a material adverse effect on potential investors' decisions to invest in the Offer Shares.
- 26- Other than as set forth in Sections 2.2.2 ("**Risks related to licenses and regulatory permits**") and Section 12.7 ("**Government Approvals, Licenses and Certifications**"), the Company and its Subsidiaries hold all of necessary licenses and approvals to conduct their business.
- 27- Other than as set forth in Section 12.10 ("**Credit Facilities and Loans**"), neither the Company nor its Subsidiaries have issued any debt instruments or obtained any term loans or have any outstanding loans or debts.
- 28- Other than as set forth in Section 12.10 ("**Credit Facilities and Loans**"), the Board of Directors declares that there are no mortgages, liens, or encumbrances on the assets of the Company and its Subsidiaries as of the date of this Prospectus.
- 29- Other than as set forth in the "**Offering Summary**" section and Section 12.10 ("**Credit Facilities and Loans**"), none of the Company's shares or the shares or interests of its Subsidiaries are subject to any liens or option rights.
- 30- Neither the Company nor its Subsidiaries have a research and development policy, and the Company does not produce any products.
- 31- The Company is capable of preparing the required reports in a timely manner in accordance with the implementing regulations issued by the CMA.
- 32- All necessary approvals have been obtained to offer the Company's shares on the Stock Exchange and for the Company to become a publicly traded company.
- 33- As of the date of this Prospectus, there are no material contracts or transactions with Related Parties that have a significant impact on the Company's business, except as set forth in Section 12.9 ("**Material Agreements with Related Parties**"). The Company confirms that all applicable laws and regulations regulating Related Party transactions will be complied with and all necessary approvals will be obtained for any agreements or transactions concluded after the date of this Prospectus.

- 34- The information and data contained in this Prospectus that has been obtained from third parties, including information obtained from the market research report prepared by the Market Consultant, can be relied upon and there is no reason for the Company to believe that such information is materially inaccurate.
- 35- The internal control systems and controls have been prepared by the Company on sound bases, as a written policy has been developed to regulate conflicts of interest and deal with potential conflicts, including the misuse of the Company assets and misconduct resulting from dealings with related persons. In addition, the Company has confirmed the integrity of the financial and operational systems and the application of appropriate control systems to manage risks in accordance with the requirements of Chapter Five of the Corporate Governance Regulations. The Directors also annually review the Company's internal control procedures.
- 36- The internal, accounting control and information technology systems are adequate and appropriate.
- 37- Other than as set forth in Section 5.5 ("**Conflicts of Interest**"), as of the date of this Prospectus, none of the Directors participate in any activities similar to or competing with the Company or its Subsidiaries, and the Directors undertake to abide by this statutory requirement in the future in accordance with Articles 27 and 71 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations.
- 38- Directors are not permitted to have any direct or indirect interest in the Company's businesses and contracts except with authorization from the General Assembly.
- 39- Directors shall notify the Board of their personal direct or indirect interests in the business and contracts executed for the benefit of the Company, and this shall be recorded in the minutes of the Board of Directors meeting.
- 40- All Related Party transactions described in Section 12.9 ("**Material Agreements with Related Parties**"), including determination of financial consideration for the contract, have taken place in a regular and legal manner and on appropriate and fair commercial bases like those used with other third parties.
- 41- All dealings with Related Parties will be carried out on a commercial basis and all business and contracts with Related Parties will be voted on at the meetings of the Board of Directors and General Assembly of the Company, if the law requires, and Directors shall abstain from voting, whether in the Board of Directors or the General Assembly, on decisions related to business and contracts executed for the Company's benefit in which they have a direct or indirect interest, in accordance with Article 71 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations.
- 42- Except as provided in Section 12.18 ("**Claims and Lawsuits**"), the Issuer and its Subsidiaries are not subject to any lawsuits or legal proceedings that, individually or in the aggregate, could materially affect the business or financial condition of the Issuer or its Subsidiaries.
- 43- The Company undertakes to provide the latest interim financial statements to the CMA, to be included in the preliminary prospectus prior to commencement of the Company's share Offering process or in the final prospectus before listing the Company's shares (as applicable), in accordance with the periods stipulated in Article 81 of the Rules on the Offer of Securities and Continuing Obligations (Disclosure of Financial Information), and in compliance with the relevant ongoing obligations applicable to listed companies.
- 44- The Directors and the Chief Executive Officer do not have the right to vote on the fees and remunerations granted to them.
- 45- Neither the Directors nor the Chief Executive Officer have the right to vote on a contract or proposal in which they have an interest.
- 46- None of the Directors or Senior Executives may borrow from the Company or its Subsidiaries, and the Company may not guarantee any loan obtained by any of the Directors.
- 47- The Company is committed to all terms and conditions under the agreements concluded with lenders for all loans, facilities and financing.
- 48- As of the date of this Prospectus, there has been no breach of the contractual terms and conditions under the agreements with lenders for any loans, facilities and financing, and the Company is committed to all such terms and conditions.

- 49- All documents required pursuant to the Capital Market Law and the Rules on the Offer of Securities and Continuing Obligations have been submitted or will be submitted to the CMA.
- 50- The issuance does not violate the relevant laws and regulations in the Kingdom of Saudi Arabia.
- 51- The issuance does not constitute a breach of any contract or agreement to which the Issuer is a party.
- 52- All material legal information relating to the Issuer has been disclosed in the Prospectus.

The Directors undertake to perform the following:

- 1- Submit cases of conflict of interest that may be disclosed by the Directors for the General Assembly's approval in accordance with the requirements of the laws and regulations in force.
- 2- Record all Board resolutions and deliberations in the form of written meeting minutes to be signed by them.
- 3- Disclose the details of any transactions with Related Parties in accordance with the requirements of the Companies Law and the Corporate Governance Regulations.



## 12. Legal Information



## 12. Legal Information

### 12.1 Declarations Related to Legal Information

The Directors declare the following:

- The issuance does not violate the relevant laws and regulations in the Kingdom of Saudi Arabia.
- The issuance does not constitute a breach of any contract or agreement to which the Issuer is a party.
- All material legal information relating to the Issuer has been disclosed in the Prospectus.
- Except as provided in Section 12.18 ("**Claims and Lawsuits**"), the Issuer and its Subsidiaries are not subject to any lawsuits or legal proceedings that, individually or in the aggregate, could materially affect the business or financial condition of the Issuer or its Subsidiaries.
- The Directors are not subject to any lawsuits or legal procedures that, individually or collectively, materially affect the business or financial condition of the Issuer or its Subsidiaries.

### 12.2 The Company

Derayah Financial Company is an unlisted joint-stock company incorporated under Commercial Register No. 1010266977 dated 04/05/1430H (corresponding to 29/04/2009G) in Riyadh, licensed to be established under Ministry of Commerce Resolution No. 127/S dated 19/04/1430H (corresponding to 15/04/2009G). According to the Commercial Register, the address of its head office is Al-Olaya - Al-Takhassusi Street - P.O. Box 28654 - Postal Code 12331 - Riyadh - Kingdom of Saudi Arabia.

The Company's capital is four hundred and ninety-nine million, four hundred and seventy thousand, three hundred and ninety Saudi Riyals (SAR 499,470,390) divided into two hundred and forty-nine million, seven hundred and thirty-five thousand, one hundred and ninety-five (249,735,195) ordinary shares of equal value, each with a nominal value of two Saudi Riyals (SAR 2). The Company's main activities as stated in its Commercial Register Certificate include dealing, arranging, advising and custody of securities, investment management and fund operation.

### 12.3 Shareholding Structure

The following table sets out the structure of the shareholders' ownership in the Company before and after the Offering:

**Table (12.1): Company's Ownership Structure Before and After the Offering**

| #  | Shareholder                                   | Pre-Offering     |                     |                                 |                                   | Post-Offering    |                     |                          |                                   |
|----|-----------------------------------------------|------------------|---------------------|---------------------------------|-----------------------------------|------------------|---------------------|--------------------------|-----------------------------------|
|    |                                               | Number of Shares | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%) | Number of Shares | Nominal Value (SAR) | Ownership Percentage (%) | Indirect Ownership Percentage (%) |
| 1. | Taha Abdullah Al-Kuwaiz                       | 60,535,050       | 121,070,100         | 24.2%                           | N/A                               | 48,075,562       | 96,151,124          | 19.3%                    | N/A                               |
| 2. | Abdulaziz Ibrahim AlJammaz & Brothers Company | 23,823,525       | 47,647,050          | 9.5%                            | N/A                               | 18,920,102       | 37,840,204          | 7.6%                     | N/A                               |
| 3. | Sanad Investment Company                      | 23,121,015       | 46,242,030          | 9.3%                            | N/A                               | 18,362,185       | 36,724,370          | 7.4%                     | N/A                               |
| 4. | AlTouq Company Ltd.                           | 17,100,000       | 34,200,000          | 6.8%                            | N/A                               | 13,580,432       | 27,160,864          | 5.4%                     | N/A                               |
| 5. | Hashem Othman Al-Hekail                       | 12,003,555       | 24,007,110          | 4.8%                            | N/A                               | 9,532,951        | 19,065,902          | 3.8%                     | N/A                               |
| 6. | Abdulwahab Saeed Al-Sayed                     | 11,991,480       | 23,982,960          | 4.8%                            | N/A                               | 9,523,361        | 19,046,722          | 3.8%                     | N/A                               |

| #   | Shareholder                                           | Pre-Offering     |                     |                                 |                                   | Post-Offering    |                     |                          |                                   |
|-----|-------------------------------------------------------|------------------|---------------------|---------------------------------|-----------------------------------|------------------|---------------------|--------------------------|-----------------------------------|
|     |                                                       | Number of Shares | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%) | Number of Shares | Nominal Value (SAR) | Ownership Percentage (%) | Indirect Ownership Percentage (%) |
| 7.  | Derayat Alinma Trading Company*                       | 4,402,695        | 8,805,390           | 1.8%                            | N/A                               | 3,496,520        | 6,993,040           | 1.4%                     | N/A                               |
| 8.  | Mohammed Saeed Al-Shammasi                            | 5,479,110        | 10,958,220          | 2.2%                            | N/A                               | 4,351,385        | 8,702,770           | 1.7%                     | N/A                               |
| 9.  | Mishaal Khalid Al-Haqbani                             | 2,347,200        | 4,694,400           | 0.9%                            | N/A                               | 1,864,093        | 3,728,186           | 0.7%                     | N/A                               |
| 10. | Mohammed Ahmed Al-Yami                                | 802,500          | 1,605,000           | 0.3%                            | N/A                               | 637,327**        | 1,274,654           | 0.3%                     | N/A                               |
| 11. | Prince Fahd Saad Al Saud                              | 11,550,000       | 23,100,000          | 4.6%                            | N/A                               | 9,172,748        | 18,345,496          | 3.7%                     | N/A                               |
| 12. | Mubarak Abdullah Baarmah                              | 8,911,725        | 17,823,450          | 3.6%                            | N/A                               | 7,077,490        | 14,154,980          | 2.8%                     | N/A                               |
| 13. | Abdulaziz Ali Al-Showaier                             | 11,257,845       | 22,515,690          | 4.5%                            | N/A                               | 8,940,725        | 17,881,450          | 3.6%                     | N/A                               |
| 14. | Mohammed Mohammed Al-Rashid                           | 7,500,000        | 15,000,000          | 3.0%                            | N/A                               | 5,956,330        | 11,912,660          | 2.4%                     | N/A                               |
| 15. | Muawiya Hamad Al-Hanati                               | 7,500,000        | 15,000,000          | 3.0%                            | N/A                               | 5,956,330        | 11,912,660          | 2.4%                     | N/A                               |
| 16. | Abdul Aziz Mohammed Al-Mashal                         | 7,500,000        | 15,000,000          | 3.0%                            | N/A                               | 5,956,330        | 11,912,660          | 2.4%                     | N/A                               |
| 17. | Faisal Khalid Al-Hamdan                               | 3,750,000        | 7,500,000           | 1.5%                            | N/A                               | 2,978,165        | 5,956,330           | 1.2%                     | N/A                               |
| 18. | Kamal Abdullah Bahamdan                               | 2,625,000        | 5,250,000           | 1.1%                            | N/A                               | 2,084,715        | 4,169,430           | 0.8%                     | N/A                               |
| 19. | Fawzia Suleiman Al-Saeed                              | 2,608,710        | 5,217,420           | 1.0%                            | N/A                               | 2,071,778        | 4,143,556           | 0.8%                     | N/A                               |
| 20. | Dar Investment Company for Management and Development | 2,250,000        | 4,500,000           | 0.9%                            | N/A                               | 1,786,899        | 3,573,798           | 0.7%                     | N/A                               |
| 21. | Manar Talal Bakhsh                                    | 1,980,000        | 3,960,000           | 0.8%                            | N/A                               | 1,572,471        | 3,144,942           | 0.6%                     | N/A                               |
| 22. | Ahmed Mustafa Ben Halim                               | 1,500,000        | 3,000,000           | 0.6%                            | N/A                               | 1,191,266        | 2,382,532           | 0.5%                     | N/A                               |
| 23. | Faisal Mohammed Al-Suhaili                            | 1,630,440        | 3,260,880           | 0.7%                            | N/A                               | 1,294,858        | 2,589,716           | 0.5%                     | N/A                               |
| 24. | Saad Mohammed Al-Suhaili                              | 1,630,440        | 3,260,880           | 0.7%                            | N/A                               | 1,294,858        | 2,589,716           | 0.5%                     | N/A                               |
| 25. | Fahd Mohammed Al-Suhaili                              | 1,630,425        | 3,260,850           | 0.7%                            | N/A                               | 1,294,846        | 2,589,692           | 0.5%                     | N/A                               |
| 26. | Thamer Saleh Al-Shuaibi                               | 1,193,700        | 2,387,400           | 0.5%                            | N/A                               | 948,009          | 1,896,018           | 0.4%                     | N/A                               |
| 27. | Hind Mohammed Al-Suhaili                              | 815,220          | 1,630,440           | 0.3%                            | N/A                               | 647,429          | 1,294,858           | 0.3%                     | N/A                               |
| 28. | Haifa Mohammed Al-Suhaili                             | 815,220          | 1,630,440           | 0.3%                            | N/A                               | 647,429          | 1,294,858           | 0.3%                     | N/A                               |

| #            | Shareholder                    | Pre-Offering       |                     |                                 |                                   | Post-Offering      |                     |                          |                                   |
|--------------|--------------------------------|--------------------|---------------------|---------------------------------|-----------------------------------|--------------------|---------------------|--------------------------|-----------------------------------|
|              |                                | Number of Shares   | Nominal Value (SAR) | Direct Ownership Percentage (%) | Indirect Ownership Percentage (%) | Number of Shares   | Nominal Value (SAR) | Ownership Percentage (%) | Indirect Ownership Percentage (%) |
| 29.          | Talal Mohammed Al-Nasiri       | 750,000            | 1,500,000           | 0.3%                            | N/A                               | 595,633            | 1,191,266           | 0.2%                     | N/A                               |
| 30.          | Mansour Abdulaziz Kaaki        | 750,000            | 1,500,000           | 0.3%                            | N/A                               | 595,633            | 1,191,266           | 0.2%                     | N/A                               |
| 31.          | Fahd Ali Al-Suhaili            | 750,000            | 1,500,000           | 0.3%                            | N/A                               | 595,633            | 1,191,266           | 0.2%                     | N/A                               |
| 32.          | Ibrahim Mohammed Al-Harabi     | 675,000            | 1,350,000           | 0.3%                            | N/A                               | 536,070            | 1,072,140           | 0.2%                     | N/A                               |
| 33.          | Abdulhadi Ali Shayif           | 652,185            | 1,304,370           | 0.3%                            | N/A                               | 517,951            | 1,035,902           | 0.2%                     | N/A                               |
| 34.          | Thamer Rashid Al-Dosari        | 330,000            | 660,000             | 0.1%                            | N/A                               | 262,079            | 524,158             | 0.1%                     | N/A                               |
| 35.          | Ahmed Abdulrahman Al-Omar      | 225,000            | 450,000             | 0.1%                            | N/A                               | 178,690            | 357,380             | 0.1%                     | N/A                               |
| 36.          | Abdul Mohsen Ibrahim Al-Hekail | 150,000            | 300,000             | 0.1%                            | N/A                               | 119,127            | 238,254             | 0.0%                     | N/A                               |
| 37.          | Abdul Aziz Rashid Al-Ashban    | 133,155            | 266,310             | 0.1%                            | N/A                               | 105,746            | 211,492             | 0.0%                     | N/A                               |
| 38.          | Treasury shares***             | 7,065,000          | 14,130,000          | 2.8%                            | N/A                               | 7,065,000          | 14,130,000          | 2.8%                     | N/A                               |
| 39.          | Public****                     | N/A                | N/A                 | N/A                             | N/A                               | 49,947,039         | 99,894,078          | 20%                      | N/A                               |
| <b>Total</b> |                                | <b>249,735,195</b> | <b>499,470,390</b>  | <b>100%</b>                     | <b>-</b>                          | <b>249,735,195</b> | <b>499,470,390</b>  | <b>100%</b>              | <b>-</b>                          |

Source: The Company

\* An agreement was concluded between the Company and Alinma Investment to establish Derayat Alinma Trading Company for the purpose of holding the shares granted to Company employees through the Previous Employee Share Program. Ownership of the shares granted to the Company's employees that vested under the Previous Employee Share Program, amounting to 4,402,695 shares as of the date of this Prospectus, will be transferred from Derayat Alinma Trading Company to the employees entitled thereto upon completion of the procedures for Listing the Company's shares.

\*\* Before the Offering, Derayat Alinma Trading Company holds 114,000 shares in the Company on behalf of Mohammed Ahmed Saud Al-Yami, and the remaining 90,537 shares will be transferred to Mohammed Ahmed Saud Al-Yami to be held directly after Listing. He was also granted 14,400 shares before the Offering through the Previous Employee Share Program, which will vest in 2026G after meeting the relevant conditions. These shares are part of the Treasury Shares referred to in the table above. It should be noted that all shares owned by Mohammed Ahmed Saud Al-Yami upon listing will be subject to the Lock-up Period.

\*\*\* On 01/01/1446H (corresponding to 07/07/2024G), the Extraordinary General Assembly approved: (1) issuing 1,260,000 new shares with a nominal value of SAR 10 per share (which became 6,300,000 shares after the reduction of the nominal value and the division of shares pursuant to the decision of said Assembly) and keeping them as treasury shares to be used in the New Employee Share Program, and (2) recovering 51,000 shares (which became 765,000 shares after the capital increase and the division of shares pursuant to the decision of said Assembly) of the shares that were owned by Derayat Alinma Trading Company and that were not granted to any employee, in order for the Company to keep them as treasury shares for the purposes of the New Employee Share Program. For further details, please refer to Section 5.9 ("Employee Share Programs") of this Prospectus.

\*\*\*\* Includes only Subscribers to the Offer Shares, noting that a number of current shareholders meet the definition of the "Public" according to the CMA regulations and as explained in Section 1 ("Definitions and Abbreviations") of this Prospectus. It is worth noting that the public owns 81,064,080 of the Issuer's ordinary shares, representing 32.5% of the Issuer's capital before the Offering.

After the completion of the Offering and the listing procedures, the shares of Derayat Alinma Trading Company, amounting to 3,496,520 shares, will be transferred to the shareholders entitled thereto and granted to the Company's current and former employees, as they were entitled thereto under the previous Employee Share Program, provided that the shares are transferred to the shareholders referred to below:

**Table (12.2): Transfer of Derayat Alinma Trading Company Shares Post-Listing**

|              | Shareholder Name                 | Post-Listing     |                         |
|--------------|----------------------------------|------------------|-------------------------|
|              |                                  | Number of Shares | Shareholding Percentage |
| 1.           | Mohammed Ahmed Al-Yami           | 90,537           | 0.0%                    |
| 2.           | Khalid Kamal Ahmed Faqiha        | 148,908          | 0.0%                    |
| 3.           | Saud Nasser Abdulrahman Al-Rayes | 47,651           | 0.0%                    |
| 4.           | Bilal Khalid Mahmoud Bushnaq     | 968,201          | 0.4%                    |
| 5.           | Hossam El-Din Mohammed Badr      | 83,389           | 0.0%                    |
| 6.           | Fatima Mohamed Al-Kathiri        | 23,825           | 0.0%                    |
| 7.           | Mohamed Hussein Al-Qawsi         | 23,825           | 0.0%                    |
| 8.           | Omar Abdulrahman Al-Othman       | 25,314           | 0.0%                    |
| 9.           | Yasser Abdulrahman Al-Hawas      | 23,825           | 0.0%                    |
| 10.          | Reema Saud Al-Harbi              | 11,913           | 0.0%                    |
| 11.          | Mohammed Lardi                   | 59,563           | 0.0%                    |
| 12.          | Mohamed Yasser Maqbool           | 59,563           | 0.0%                    |
| 13.          | Emad Naqrash                     | 1,870,443        | 0.7%                    |
| 14.          | Abdulrahman Al-Rumaih            | 59,563           | 0.0%                    |
| <b>Total</b> |                                  | <b>3,496,520</b> | <b>1.4%</b>             |

## 12.4 Company Branches

The Company has two branches in the cities of Jeddah and Dammam to provide customer service. The table below shows the details of the registered branches as of the date of this Prospectus:

**Table (12.3): Company Branches**

| No. | Branch Name               | Register No. | Issue Date  | Expiration Date | Location | Branch Activity According to the Commercial Register                                                                                              |
|-----|---------------------------|--------------|-------------|-----------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.  | Derayah Financial Company | 4030286122   | 13/02/1437H | 13/02/1447H     | Jeddah   | Dealing, arranging, advising and custody of securities, managing investments and operating funds under CMA License No. 08109-27 dated 20/07/1435H |
| 2.  | Derayah Financial Company | 2050101980   | 23/10/1435H | 18/02/1449H     | Dammam   | Dealing, arranging, advising and custody of securities, managing investments and operating funds under CMA License No. 08109-27 dated 20/07/1435H |

## 12.5 Subsidiaries

As of the date of this Prospectus, the Company directly owns two (2) subsidiaries in the Kingdom of Saudi Arabia and the Arab Republic of Egypt. D360 Bank is the only material subsidiary of the Company. The following table shows all Subsidiaries owned by the Company:

**Table (12.4): Subsidiaries**

| No. | Subsidiary Name                    | Company Activities                                                                                                                                                     | Country of Establishment | Year of Establishment | Shareholding Percentage |
|-----|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------------|-------------------------|
| 1.  | Derayah Technology Services Egypt* | Production, analysis and design of computer systems, software, databases and other types of systems, in addition to providing technical services and technical support | Arab Republic of Egypt   | 2023G                 | 99.5%                   |
| 2.  | D360 Bank**                        | Undertaking all types of banking and investment activities (except for securities) for its own account and for the account of others inside and outside the Kingdom.   | Kingdom of Saudi Arabia  | 2022G                 | 20%                     |

\* The Director Taha Al-Kuwaiz, owns the remaining share, which is equivalent to 0.05% of the capital of Derayah Technology Services Egypt only for the purpose of meeting the requirements of the laws in force in Egypt.

\*\* D360 Bank has been classified as a subsidiary due to the Company's right to appoint more than 30% of the Bank's board of directors according to the CMA's definition of a subsidiary. For further details on the Bank's classification from an accounting perspective, please refer to Section 6 ("Management Discussion and Analysis of Financial Position and Results of Operations"). D360 Bank is deemed a material subsidiary because it constitutes 5% or more of the Company's total assets, liabilities, revenues, profits or potential obligations.

## 12.6 Company Investments

The Company has investments in a number of companies and investment funds, as follows:

**Table (12.5): Company Investments as of 29 October 2024G**

| No. | Investee                                   | Country of Establishment | Legal Entity               | Ownership                |             |
|-----|--------------------------------------------|--------------------------|----------------------------|--------------------------|-------------|
|     |                                            |                          |                            | Ownership Percentage (%) | Value (SAR) |
| 1.  | Derayah Trading Fund                       | Kingdom of Saudi Arabia  | Investment fund            | 4.68%                    | 68,996,468  |
| 2.  | Derayah Money Market Fund                  | Kingdom of Saudi Arabia  | Investment fund            | 42.26%                   | 35,074,143  |
| 3.  | Derayah Saudi Equity Fund                  | Kingdom of Saudi Arabia  | Investment fund            | 5.52%                    | 27,679,307  |
| 4.  | Derayah Gulf Growth and Income Equity Fund | Kingdom of Saudi Arabia  | Investment fund            | 18.61%                   | 26,774,467  |
| 5.  | Derayah Sukuk Fund                         | Kingdom of Saudi Arabia  | Investment fund            | 20.26%                   | 22,295,420  |
| 6.  | Derayah REIT                               | Kingdom of Saudi Arabia  | Investment fund            | 2.42%                    | 19,084,708  |
| 7.  | Bwa for Information Technology Company     | Kingdom of Saudi Arabia  | Closed joint-stock company | 6.87%                    | -           |
| 8.  | Derayah USD Trade Finance Fund             | Kingdom of Saudi Arabia  | Investment fund            | 6.03%                    | 15,290,684  |
| 9.  | Malaa Holding Company Limited              | Cayman Islands           | Holding company            | 7.91%                    | 9,375,000   |
| 10. | Fintech Ventures Fund Middle East Market   | Cayman Islands           | Investment fund            | 3%                       | 6,214,008   |
| 11. | Derayah Global Ventures Fund               | Kingdom of Saudi Arabia  | Investment fund            | 6.94%                    | 3,685,610   |
| 12. | Missaan (Dawul)                            | Kingdom of Saudi Arabia  | Joint-stock company        | 5.83%                    | 2,626,400   |
| 13. | Derayah Private Equity Fund                | Kingdom of Saudi Arabia  | Investment fund            | 2.59%                    | 2,532,222   |
| 14. | Derayah Real Estate Income Fund III        | Kingdom of Saudi Arabia  | Investment fund            | 1.32%                    | 1,434,828   |
| 15. | Derayah Ventures Asian Fund                | Kingdom of Saudi Arabia  | Investment fund            | 2.72%                    | 474,010     |

| No. | Investee                        | Country of Establishment | Legal Entity               | Ownership                |             |
|-----|---------------------------------|--------------------------|----------------------------|--------------------------|-------------|
|     |                                 |                          |                            | Ownership Percentage (%) | Value (SAR) |
| 16. | Derayah Ventures Fund           | Kingdom of Saudi Arabia  | Investment fund            | 0.52%                    | 1,050,436   |
| 17. | Al Yusr Murabaha and Sukuk Fund | Kingdom of Saudi Arabia  | Investment fund            | 0.16%                    | 164,608     |
| 18. | ADES Holding Company            | Kingdom of Saudi Arabia  | Listed joint-stock company | 0.01%                    | 121,164     |
| 19. | AlpacaDB, Inc.                  | United States of America | LLC                        | 2%                       | 37,499,995  |
| 20. | Moyasar Financial Company       | Kingdom of Saudi Arabia  | Closed joint-stock company | 4.9%                     | 18,481,196  |

Source: The Company

It is worth noting that from time to time the Company invests in various investment companies and funds as part of its regular activities. As of the date of this Prospectus, the Company is considering investing approximately SAR 97 million in a number of investment opportunities. Such investments are in their initial stages and subject to discussions with the relevant parties and legislative authorities.

## 12.7 Government Approvals, Licenses and Certifications

The Company was established pursuant to Ministry of Commerce Resolution No. 127/S dated 19/04/1430H (corresponding to 15/04/2009G), and in accordance with CMA License No. 27-08109 dated 19/06/1429H (corresponding to 23/06/2008G). As of the date of this Prospectus, the Company's licensed activities include dealing as a principal, dealing as an agent, underwriting, managing investment funds, managing client portfolios, arranging and providing advice and custody in the securities business.

The CMA supervises the Company and its business as a licensed Capital Market Institution whose activities are subject to the laws and regulations issued by the CMA, which include, but are not limited to, the Capital Market Institutions Regulations, the Investment Funds Regulations, the Real Estate Investment Funds Regulations, the Prudential Rules and other relevant regulations applicable in the Kingdom. The Company, as a Capital Market Institution, must comply with a number of regulatory requirements and ongoing obligations set forth in the relevant regulations, which include, for example, the minimum capital requirements for each of the securities activities carried out by the Company, the requirements for keeping records and submitting periodic reports to the CMA and the public, and the notification requirements, which include, for example, any change in the material information submitted to the CMA in the basic registration application or in the event of establishing, owning, selling or dissolving any subsidiary and in case of accepting or rejecting any application or canceling or granting any license to undertake securities, banking or insurance business outside the Kingdom. Given the nature of the Company's business, the CMA imposes a number of rules regarding the funds received by the Capital Market Institution from its clients. These rules include, but are not limited to, the requirement to hold client funds in a client's account at a local bank and the segregation of clients' assets and funds from the assets and funds of the Capital Market Institution. The Company shall also conclude a number of agreements with third parties associated with the Saudi Capital Market to undertake its activities, which are represented by providing the Company's services and products to its clients, such as brokerage services in local markets and others. They include for example, but are not limited to, the Company's agreement with the Saudi Tadawul for the purposes of licensing the use of Saudi Capital Market information, in addition to the Company's memberships with the Saudi Exchange (Tadawul), the Securities Clearing Center (Muqassa) and the Securities Depository Center Company (Edaa). For further details on the risks related to these agreements and memberships, please refer to Section 2.2.2 ("Risks related to licenses and regulatory permits") of this Prospectus.

In addition to the Company's license as a Capital Market Institution, the Company and its Subsidiaries have obtained several regulatory and operational licenses and certificates from the competent authorities. The licenses and certificates that require renewal or updating are periodically renewed in a timely manner. The Directors acknowledge that the Company and its Subsidiaries have obtained all necessary licenses and approvals to conduct their business.

The following are the details of the main licenses and approvals of the Company and D360 Bank:

**Table (12.6): Details of the Company's Licenses and Approvals**

| No. | Type of License                                       | Purpose                                                                                                                                                                                 | License No.     | Issue Date                                  | Expiration Date                            | Issuer                                             |
|-----|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------------------------------|--------------------------------------------|----------------------------------------------------|
| 1.  | Commercial Registration Certificate                   | Registration of the Company in the Commercial Register                                                                                                                                  | 1010266977      | 04/05/1430H (corresponding to 29/04/2009G)  | 04/05/1450H (corresponding to 23/09/2028G) | Ministry of Commerce                               |
| 2.  | Capital Market Authority License                      | Dealing as a principal, dealing as an agent, underwriting, managing investment funds, managing client portfolios, arranging and providing advice and custody in the securities business | 27-08109        | 19/06/1429H (corresponding to 23/06/2008G)  | Unspecified                                | Capital Market Authority                           |
| 3.  | General Organization for Social Insurance Certificate | Company's compliance with General Organization for Social Insurance requirements                                                                                                        | 502853236       | 20/07/1445H (corresponding to 01/02/ 2024G) | 20/08/1445H (corresponding to 01/03/2024G) | General Organization for Social Insurance (GOSI)   |
| 4.  | Valuer Certificate                                    | Company's compliance with valuer requirements                                                                                                                                           | 7001591499      | -                                           | -                                          | Ministry of Interior                               |
| 5.  | Saudization Certificate                               | Company's compliance with Saudization requirements                                                                                                                                      | 64922169-872297 | 01/05/1445H (corresponding to 15/11/2023G)  | 21/10/1445H (corresponding to 30/04/2024G) | Ministry of Human Resources and Social Development |
| 6.  | Zakat Certificate                                     | The Company's compliance with Zakat requirements for the period ended 18/06/1445H (corresponding to 31/12/2023G)                                                                        | 1112223352      | 20/10/1445H (corresponding to 29/04/2024G)  | 02/11/1446H (corresponding to 30/04/2025G) | Zakat, Tax and Customs Authority (ZATCA)           |

Source: The Company

**Table (12.7): Details of D360 Bank's Licenses and Approvals**

| No. | Type of License                                                         | Purpose                                                                          | License No.     | Issue Date                                 | Expiration Date                            | Issuer                                                     |
|-----|-------------------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------|--------------------------------------------|--------------------------------------------|------------------------------------------------------------|
| 1.  | Commercial Registration Certificate                                     | Registration of the Company in the Commercial Register                           | 1010822737      | 03/02/1444H (corresponding to 30/08/2022G) | 03/02/1450H (corresponding to 26/06/2028G) | Ministry of Commerce                                       |
| 2.  | Letter of notification of the license to engage in the banking business | Engaging in the banking business in the Kingdom                                  | 43064596        | 22/07/1443H (corresponding to 23/02/2022G) | -                                          | Saudi Central Bank                                         |
| 3.  | Service investment license                                              | Business license                                                                 | 102114309146159 | 15/09/1443H (corresponding to 17/04/2022G) | 11/09/1446H (corresponding to 11/03/2025G) | Ministry of Investment for Saudi Arabia (MISA)             |
| 4.  | General Organization for Social Insurance Certificate                   | Company's compliance with General Organization for Social Insurance requirements | 634677682       | 26/10/1445H (corresponding to 05/05/2024G) | 26/11/1445H (corresponding to 03/06/2024G) | General Organization for Social Insurance (GOSI)           |
| 5.  | Saudization Certificate                                                 | Company's compliance with Saudization requirements                               | 442944-41929936 | 23/10/1445H (corresponding to 02/05/2024G) | 25/01/1446H (corresponding to 31/07/2024G) | Ministry of Human Resources and Social Development (MHRSD) |

Source: The Company

## 12.8 Material Agreements

The Company enters into a number of contractual arrangements in the course of its normal business related to its commercial activities. This section summarizes the agreements that the Company deems to be material or significant or that would affect a decision to invest in the Offer Shares. The Company has included in this section a summary of the most important agreements. There are no material agreements in the context of the Company's business that have not been disclosed in this section (except for the material agreements concluded with Related Parties mentioned in Section 12.9 ("**Material Agreements with Related Parties**"), the credit facilities and loans included in Section 12.10 ("**Credit Facilities and Loans**") and the material licensing agreements mentioned in Section 12.14 ("**Intellectual Property and Intangible Assets Owned by the Company**"). The Company has not breached any of the terms and conditions stipulated in those agreements.

It is worth noting that the total value of the material agreements referenced below which include the unified templates and contracts for the provision of services and material agreements related to the Management of Investment Funds, amounted to SAR 575,068,755 for the financial year ended 31 December 2021G, (Which represents 97% of the company's revenues for the financial period referred to) SAR 613,736,916 for the financial year ended 31 December 2022G, SAR (Which represents 95% of the company's revenues for the financial period referred to) 470,033,627 for the financial year ended 31 December 2023G (Which represents 75% of the company's revenues for the financial period referred to) and SAR 311,835,246 for the financial period ended 30 June 2024G. (Which represents 72% of the company's revenues for the financial period referred to) Amounts paid by the Company under the material agreements with suppliers were SAR 13,732,690 for the financial year ended 31 December 2021G, (Which represents 6,30% of the company's expenses for the financial period referred to) SAR 21,457,217 for the financial year ended 31 December 2022G, (Which represents 7,60% of the company's expenses for the financial period referred to) SAR 32,768,501 for the financial year ended 31 December 2023G (Which represents 12,70% of the company's expenses for the financial period referred to) and SAR 18,962,439 for the financial period ended 30 June 2024G (Which represents 10,60% of the company's expenses for the financial period referred to).

Note that the summary of the agreements and contracts referred to below does not include all the terms and conditions and the summary cannot be considered an alternative to the terms and conditions contained in those agreements, as it includes the material terms and conditions related to the Company's business or that may affect investors' decision to subscribe to the Offer Shares. The Company's contracts and agreements are classified as follows: (1) standardized forms for service agreements and contracts, (2) terms and conditions of investment funds, (3) supplier agreements, and (4) other material agreements.

### 12.8.1 Standardized forms for service agreements and contracts

In the course of its business, the Company has adopted six (6) standardized forms for service agreements and contracts that the Company concludes on a frequent and regular basis for some of the main services provided by the Company, as shown in the table below.

The forms contain, by their nature, the usual terms and conditions and information that the client must provide to the Company, including, but not limited to, information about the client requesting services and the services provided, investment objectives and responsibilities of the parties, fees and methods of payment, conditions related to maintaining confidential information, provisions for terminating the agreement, the applicable law and the competent authorities in resolving disputes.

The following table shows a summary of the number and size of the contract and agreement forms that the Company concludes on a frequent and regular basis according to their nature. This summary does not include all the terms and conditions and cannot be considered an alternative to the terms and conditions contained in the aforementioned contracts and agreements.



**Table (12.8): Summary of the Standard Form Contracts and Agreements Concluded by the Company**

| #  | Nature of the Contract or Agreement                          | Purpose of the Contract or Agreement                                                                                                          | Service                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Fees                                                                                                                                                                                                                                     | Type of Fees                                                                                             | Number of Signed Agreements as of 31 December 2023G | Number of Signed Agreements as of 30 June 2024G | Total Annual Income for 2023G (SAR) | Total Income as of 30 June 2024 (SAR) |
|----|--------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|-------------------------------------|---------------------------------------|
| 1. | Form for a private investment portfolio management agreement | A service whereby the Company provides the client with investment portfolio management services.                                              | Investment management services, which include portfolio asset investment operations management services and implementing investment decisions, preparing portfolio performance reports, acting as an investment custodian, providing portfolio-related services, participating in subscriptions and subscribing for priority rights shares on behalf of the client, investing in investment fund units, communicating with secondary custodians, asset managers and banks and any other services deemed necessary to implement the investment. | The Company charges management fees at a percentage set out for the client when signing the agreement and fees are calculated at the end of each month or quarter. Performance fees calculated at the end of the month, quarter or year. | Monthly and quarterly.                                                                                   | 251                                                 | 279                                             | 22,876,722                          | 29,358,713                            |
| 2. | Dealing Terms Agreement Form*                                | The Terms and Conditions Agreement concluded by the Company with all its clients, under which it opens an investment account for its clients. | Services for investment in investment funds and execution deals, investment advisory services, investment management and custody services.                                                                                                                                                                                                                                                                                                                                                                                                     | The Company imposes fees according to the type of product the client subscribes to.                                                                                                                                                      | Subscription fees: once. Administrative fees: monthly or quarterly. Execution deals fees: execution day. | 393,739                                             | 446,226                                         | 470,033,491                         | 311,835,246                           |

| #  | Nature of the Contract or Agreement                                                           | Purpose of the Contract or Agreement                                                                                    | Service                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Fees                                                                                                            | Type of Fees | Number of Signed Agreements as of 31 December 2023G | Number of Signed Agreements as of 30 June 2024G | Total Annual Income for 2023G (SAR) | Total Income as of 30 June 2024 (SAR) |
|----|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|--------------|-----------------------------------------------------|-------------------------------------------------|-------------------------------------|---------------------------------------|
| 3. | Form for the supplementary agreement to provide services through the "Derayah Smart" platform | Supplementary agreement to the Terms of Dealing Agreement to benefit from the services of the "Derayah Smart" platform. | Investment services in investment fund units and execution deals, management of the portfolio asset investment process, implementation of investment decisions for and on behalf of the client, preparation of monthly reports for the client on the performance of the portfolio, acting as a custodian of investments, communication with secondary custodians, asset managers and banks employed by the investment manager, participation in initial subscriptions and subscribing for priority rights shares on behalf of the client and performing any other services that may be required in relation to the implementation of the aforementioned services through the "Derayah Smart" platform. | Management fees: 48 basis points.<br>"Smart Invest" fees: 17 basis points.<br>Performance fees: 0 basis points. | Monthly      | 4,310                                               | 5,568                                           | 109,125                             | 62,468                                |

| #  | Nature of the Contract or Agreement                                                       | Purpose of the Contract or Agreement                                                                                                                                                                                                                                                                       | Service                                              | Fees                                                                                    | Type of Fees | Number of Signed Agreements as of 31 December 2023G | Number of Signed Agreements as of 30 June 2024G | Total Annual Income for 2023G (SAR) | Total Income as of 30 June 2024 (SAR) |
|----|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------|-----------------------------------------------------|-------------------------------------------------|-------------------------------------|---------------------------------------|
| 4. | Forms for margin trading agreements                                                       | Agreements concluded by the Company with all its clients, whereby the Company grants its clients the ability to trade on margin in securities or FOREX contracts and they enable the Company to pledge the securities available for the margin trading account for its benefit when lending money to them. | Margin trading services                              | The Company imposes fees according to the type of services it provides to the client.   | N/A          | 2,321                                               | 2,654                                           | 14,428,938                          | 13,811,803                            |
| 5. | Individual Account Opening Agreement Form - Derayah Financial                             | A form the Company uses to open accounts for its clients                                                                                                                                                                                                                                                   | Individual account opening services at the Company   | N/A                                                                                     | N/A          | 393,133                                             | 447,404                                         | N/A                                 | N/A                                   |
| 6. | Form for the Subscription, Investment and Trading Agreement on the Parallel Market (Nomu) | An agreement concluded by the Company with all its clients, whereby the Company enables the client to subscribe, invest and trade on the parallel market (Nomu)                                                                                                                                            | Underwriting, investment and trading services (Nomu) | The Company imposes fees according to the type of services to be provided to the client | N/A          | 4,244                                               | 4,800                                           | 873,394                             | 604,564                               |

Source: The Company

\* The Company concludes supplementary agreements to the Terms of Dealing Agreement with some of its clients, and these clients are included in the number of agreements signed with the Company.

## 12.8.2 Material agreements related to investment funds

The Company manages a number of public, private, closed and open investment funds that invest in various fields including real estate and public and private stocks, through which the Company intends to create investment opportunities for various shareholders. The Company manages twenty-eight (28) funds as of 30 June 2024G, as shown in the following table:

**Table (12.9): Summary of Investment Funds Managed by the Company as of 30 June 2024G:**

| #  | Fund Name                           | Fund Type                                                          | Fund Objectives                                                                                                           | Number of Units   | Fund Term                                                                                                                                                  | Total Company Revenue from Investment Funds (SAR) |                         |                         |                     | Company Ownership in the Fund |             |
|----|-------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-------------------------|-------------------------|---------------------|-------------------------------|-------------|
|    |                                     |                                                                    |                                                                                                                           |                   |                                                                                                                                                            | As of 31 December 2021G                           | As of 31 December 2022G | As of 31 December 2023G | As of 30 June 2024G | Owner-ship Percentage (%)     | Value (SAR) |
| 1. | Derayah REIT                        | A publicly-offered closed-end real estate investment fund.         | Achieving income by investing in a range of real estate opportunities in the Kingdom.                                     | 107,507,035 units | 99 years, starting from 06/12/2017G, extendable for a similar period after obtaining CMA approval.                                                         | 7,775,890                                         | 7,629,098               | 9,357,961               | 3,650,094           | 2.42%                         | 19,084,708  |
| 2. | Derayah Real Estate Income Fund III | A privately-placed closed-end real estate investment fund.         | Achieving income by investing in a range of real estate opportunities in the Kingdom.                                     | 23,730,000 units  | 4 years starting from 21/05/2019G, extended for two additional years.*                                                                                     | 3,877,957                                         | 3,895,500               | 4,265,375               | 1,514,786           | 1.32%                         | 1,434,828   |
| 3. | Derayah Ventures Fund               | A privately-placed closed-end venture capital investment fund.     | Investing in technology companies and newly established companies in various fields.                                      | 11,500,000 units  | 10 years, starting from 04/12/2018G, extendable for an additional two years after obtaining the approval of the unit holders.                              | 1,613,437                                         | 1,591,963               | 1,680,051               | 741,276             | 0.52%                         | 1,050,436   |
| 4. | Al Waha Real Estate Fund            | A privately-placed closed-end private real estate investment fund. | Addition to the periodic income from the expected profit from investing in assets in the Eastern Province of the Kingdom. | 1,500,000 units   | 10 years, starting from 14/05/2023G, extendable for two additional periods of one year each after obtaining the approval of the Fund's Board of Directors. | 250,000                                           | N/A                     | N/A                     | N/A                 | N/A                           | N/A         |
| 5. | Tawafuq Real Estate Fund            | A privately-placed closed-end private real estate investment fund. | Addition to the periodic income from the expected profit from investing in real estate assets in the Kingdom.             | ..****            | 20 years, starting from 26/11/2024G, extendable for a similar period after obtaining the approval of the Fund's Board of Directors.                        | N/A                                               | N/A                     | N/A                     | N/A                 | N/A                           | N/A         |

| #   | Fund Name                   | Fund Type                                                                          | Fund Objectives                                                                                                               | Number of Units | Fund Term                                     | Total Company Revenue from Investment Funds (SAR) |                         |                         |                     | Company Ownership in the Fund |             |
|-----|-----------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------------------------------|---------------------------------------------------|-------------------------|-------------------------|---------------------|-------------------------------|-------------|
|     |                             |                                                                                    |                                                                                                                               |                 |                                               | As of 31 December 2021G                           | As of 31 December 2022G | As of 31 December 2023G | As of 30 June 2024G | Owner-ship Per-centage (%)    | Value (SAR) |
| 6.  | Derayah Private Fund No. 15 | An open-end multi-asset private investment fund.                                   | Long-term capital growth and periodic cash dividend distribution through investing in securities.                             | 318,830 units   | Indefinite term, starting from 08/06/2022G.   | N/A                                               | 7,758                   | 140,517                 | 68,965              | N/A                           | N/A         |
| 7.  | Derayah Private Fund No. 20 | An open private investment fund for Saudi shares.                                  | Capital development through investing in companies listed on Tadawul, local money market instruments and Murabaha funds.      | 116,036 units   | Indefinite term, starting from 01/12/2020G.   | 376,484                                           | 736,210                 | 494,255                 | 72,523              | N/A                           | N/A         |
| 8.  | Derayah Private Fund No. 25 | An open-end multi-asset private investment fund.                                   | Capital development through investing primarily in companies listed on Saudi Tadawul and in the Middle East and North Africa. | 135,681 units   | Indefinite term, starting from 01/12/2020G.   | N/A                                               | 17,787                  | 152,932                 | 103,289             | N/A                           | N/A         |
| 9.  | Derayah Private Fund No. 30 | A privately-placed closed-end private equity investment fund in the retail sector. | Achieving a return on capital through investing in a group of opportunities selected by the fund manager.                     | 540,000 units   | 10 calendar years, starting from 19/10/2022G. | N/A                                               | N/A                     | 251,724                 | 110,961             | N/A                           | N/A         |
| 10. | Derayah Private Fund No. 35 | An open-end multi-asset private investment fund.                                   | Capital development through investing in all types of securities and in shares of companies listed on global capital markets. | 298,284 units   | Indefinite term, starting from 27/09/2023G.   | N/A                                               | N/A                     | N/A                     | 119,142             | N/A                           | N/A         |

| #   | Fund Name                                  | Fund Type                                                              | Fund Objectives                                                                                                                                                         | Number of Units | Fund Term                                                                                                                                                                                                                   | Total Company Revenue from Investment Funds (SAR) |                         |                         |                     | Company Ownership in the Fund |             |
|-----|--------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-------------------------|-------------------------|---------------------|-------------------------------|-------------|
|     |                                            |                                                                        |                                                                                                                                                                         |                 |                                                                                                                                                                                                                             | As of 31 December 2021G                           | As of 31 December 2022G | As of 31 December 2023G | As of 30 June 2024G | Owner-ship Per-centage (%)    | Value (SAR) |
| 11. | Derayah Private Fund No. 40                | A private equity investment fund, offered as a private offering.       | Achieving a return on capital through investing primarily in shares of Al-Asr Advertising and Publicity.                                                                | 3,000,000 units | 10 calendar years, starting from 27/12/2023G, extendable for two additional periods of one year each by the fund manager.                                                                                                   | N/A                                               | N/A                     | N/A                     | 147,446             | N/A                           | N/A         |
| 12. | Derayah Gulf Real Estate Fund              | A privately-placed closed-end private real estate investment fund.     | Achieving returns on capital through acquiring income-generating real estate in the Kingdom.                                                                            | 7,437,500 units | 7 years, starting from 11/01/2024G, extendable for two additional periods of one year each after obtaining the approval of the fund's board of directors.                                                                   | N/A                                               | N/A                     | N/A                     | N/A                 | 100%                          | 74,375,000  |
| 13. | Derayah Gulf Growth and Income Equity Fund | A general investment fund for Saudi and Gulf shares with open capital. | Capital development and distribution of cash dividends periodically by investing primarily in securities of companies listed on Saudi Tadawul and Gulf capital markets. | 7,853,284 units | Indefinite term, starting from 11/02/2021G.                                                                                                                                                                                 | N/A                                               | 568,946                 | 409,374                 | 1,369,727           | 18.61%                        | 26,774,467  |
| 14. | Derayah Al Rimal Real Estate Fund          | A privately-placed closed-end private real estate investment fund.     | Achieving increased capital through acquiring, developing, operating and selling real estate assets in the Kingdom.                                                     | *****           | Two years, starting from 18/12/2023G, and the fund manager has the right, after obtaining the approval of the fund's board of directors, to extend the fund's term for two additional periods, each of which is one year.** | N/A                                               | N/A                     | N/A                     | N/A                 | N/A                           | N/A         |

| #   | Fund Name                                | Fund Type                                                      | Fund Objectives                                                                                                                                             | Number of Units  | Fund Term                                                                                                                                                                                        | Total Company Revenue from Investment Funds (SAR) |                         |                         |                     | Company Ownership in the Fund |             |
|-----|------------------------------------------|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-------------------------|-------------------------|---------------------|-------------------------------|-------------|
|     |                                          |                                                                |                                                                                                                                                             |                  |                                                                                                                                                                                                  | As of 31 December 2021G                           | As of 31 December 2022G | As of 31 December 2023G | As of 30 June 2024G | Owner-ship Per-centage (%)    | Value (SAR) |
| 15. | Derayah Financial Investment Fund No. 10 | An open-end private investment fund.                           | Capital development through investing in companies listed on Saudi Tadawul, Gulf stock markets, real estate exchange-traded funds and global stock markets. | 367,613 units    | Indefinite term, starting from 16/07/2018G.                                                                                                                                                      | 543,338                                           | 602,678                 | 554,966                 | 226,813             | N/A                           | N/A         |
| 16. | Derayah Saudi Equity Freestyle Fund      | A public investment fund with open capital.                    | Capital development through investing in companies listed on Saudi Tadawul and the capital markets of other states.                                         | 26,239,398 units | Indefinite term, starting from 11/01/2016G.                                                                                                                                                      | 673,927                                           | 1,077,779               | 13,613,722              | 14,912,208          | N/A                           | N/A         |
| 17. | Derayah Global Ventures Fund             | A privately-placed closed-end venture capital investment fund. | Achieving a return on capital by investing in venture capital company shares and venture capital funds.                                                     | 1,586,082 units  | 8 years, starting from 15/04/2021G, extendable for two additional periods of one year each after notifying the CMA and unit holders and obtaining the approval of the fund's board of directors. | 1,613,437                                         | 2,800,989               | 2,894,322               | 1,345,512           | 6.94%                         | 3,685,610   |
| 18. | Derayah Ventures Asian Fund              | An open-end private venture capital investment fund.           | Achieving increased capital through investing in the holding company that owns Gojek, now known as GoTo.                                                    | 3,676,574 units  | Indefinite term, starting from 02/09/2019G.                                                                                                                                                      | 2,774,747                                         | 2,586,395               | 135,917                 | N/A                 | 2.72%                         | 474,010     |

| #   | Fund Name                      | Fund Type                                                                             | Fund Objectives                                                                                                            | Number of Units    | Fund Term                                                                                                                                                                                           | Total Company Revenue from Investment Funds (SAR) |                         |                         |                     | Company Ownership in the Fund |             |
|-----|--------------------------------|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-------------------------|-------------------------|---------------------|-------------------------------|-------------|
|     |                                |                                                                                       |                                                                                                                            |                    |                                                                                                                                                                                                     | As of 31 December 2021G                           | As of 31 December 2022G | As of 31 December 2023G | As of 30 June 2024G | Owner-ship Per-centage (%)    | Value (SAR) |
| 19. | Derayah Trading Fund           | An open-end fund registered for private offering.                                     | Providing high levels of liquidity, the fund invests in asset-backed financing operations for clients of the fund manager. | 8,935,678          | Indefinite term, starting from 05/02/2013G.                                                                                                                                                         | 5,818,769                                         | 5,721,346               | 5,743,323               | 3,097,323.3         | 4.68%                         | 68,996,468  |
| 20. | Derayah Saudi Equity Fund      | A public equity fund with open capital.                                               | Long-term capital development through investing primarily in companies listed on Saudi Tadawul.                            | 24,145,898 units   | Indefinite term, starting from 02/10/2023G.                                                                                                                                                         | N/A                                               | N/A                     | 975,120                 | 5,667,103           | 5.52%                         | 27,679,307  |
| 21. | Derayah Retail Fund            | A private equity investment fund in the retail sector, offered as a private offering. | Achieving long-term capital return through investing in private equity in the retail sector.                               | 11,363,930 units   | 4 years, starting from 09/01/2022G, extendable for two additional periods of one year each after notifying the CMA and unit holders and obtaining the approval of the fund's board of directors.*** | N/A                                               | 1,018,362               | 1,698,241               | 845,694             | N/A                           | N/A         |
| 22. | Derayah USD Trade Finance Fund | An open-end private investment fund.                                                  | Investing in Skybound Trade Finance Fund.                                                                                  | 2,606,683.38 units | Indefinite term, starting from 24/07/2019G.                                                                                                                                                         | 3,202,351                                         | 3,527,907               | 2,432,913               | 1,371,394           | 6.03%                         | 15,290,684  |
| 23. | Derayah Sukuk Fund             | Open private debt instrument fund.                                                    | Achieving long-term returns by investing in Sharia-compliant debt instruments.                                             | 2,811,664 units    | Indefinite, starting from 04/06/2023G.                                                                                                                                                              | N/A                                               | N/A                     | 1,004,222               | 477,308             | 20.26%                        | 22,295,420  |



| #   | Fund Name                               | Fund Type                                                          | Fund Objectives                                                                                                                                       | Number of Units | Fund Term                                                                                                                                                                                                           | Total Company Revenue from Investment Funds (SAR) |                         |                         |                     | Company Ownership in the Fund |             |
|-----|-----------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-------------------------|-------------------------|---------------------|-------------------------------|-------------|
|     |                                         |                                                                    |                                                                                                                                                       |                 |                                                                                                                                                                                                                     | As of 31 December 2021G                           | As of 31 December 2022G | As of 31 December 2023G | As of 30 June 2024G | Owner-ship Per-centage (%)    | Value (SAR) |
| 24. | Derayah Private Equity Fund             | A privately offered, closed private equity investment fund.        | Investing in private equity.                                                                                                                          | 7,709,805 units | 10 years, starting from 21/01/2021G, extendable for two additional periods of one year each after notifying the CMA.                                                                                                | N/A                                               | 4,942,087               | 3,150,458               | 1,837,766           | 2.5%                          | 2,532,222   |
| 25. | Wadi Mashariee Fund                     | A privately-placed closed-end private real estate investment fund. | Achieving long-term capital appreciation in addition to periodic income from expected profits through investing in real estate assets in the Kingdom. | 4,850,000 units | 5 years, starting from 17/05/2023G. The fund manager has the right, after obtaining the approval of the fund's board of directors, to extend the fund's term for two additional periods, each of which is one year. | N/A                                               | N/A                     | 4,850,000               | N/A                 | N/A                           | N/A         |
| 26. | Derayah Opportunistic Saudi Equity Fund | Open public equity fund                                            | It aims to grow capital by investing in public shares, including IPO shares in the main Saudi stock market, Nomu and global markets.                  | -               | N/A, starting from 12/08/2024G                                                                                                                                                                                      | N/A                                               | N/A                     | N/A                     | N/A                 | N/A                           | N/A         |
| 27. | Derayah Private Fund No. 45             | Open-end private investment fund                                   | The Fund aims to achieve long-term capital development.                                                                                               | -               | N/A, starting from 19/05/2024G.                                                                                                                                                                                     | N/A                                               | N/A                     | N/A                     | N/A                 | N/A                           | N/A         |

| #   | Fund Name                 | Fund Type                       | Fund Objectives                    | Number of Units | Fund Term                       | Total Company Revenue from Investment Funds (SAR) |                         |                         |                     | Company Ownership in the Fund |             |
|-----|---------------------------|---------------------------------|------------------------------------|-----------------|---------------------------------|---------------------------------------------------|-------------------------|-------------------------|---------------------|-------------------------------|-------------|
|     |                           |                                 |                                    |                 |                                 | As of 31 December 2021G                           | As of 31 December 2022G | As of 31 December 2023G | As of 30 June 2024G | Owner-ship Per-centage (%)    | Value (SAR) |
| 28. | Derayah Money Market Fund | Open-end public investment fund | The Fund aims to preserve capital. | -               | N/A, starting from 19/02/2024G. | N/A                                               | N/A                     | N/A                     | N/A                 | 42.26%                        | 35,074,143  |

Source: The Company

\* According to the fund's terms and conditions, the fund's term began after the fund's board of directors approved the commencement of operations on 22/11/1440H (corresponding to 25/07/2019G).

\*\* According to the fund's terms and conditions, the fund's term began after the end of the limited initial offering on 24/12/1445H (corresponding to 30/06/2024G), noting that the fund has not yet started operating.

\*\*\* According to the fund's terms and conditions, the fund's term began after collecting the minimum capital contributions on 13/11/1443H (corresponding to 02/06/2022G).

\*\*\*\* As of the date of this Prospectus, the fund is still in the offer period.

With respect to investment funds managed by the Company, each of these funds is subject to the relevant terms and conditions regulating the relationship of the Company (as fund manager) with unit holders. The table below summarizes the terms and conditions relating to investment funds that are material to the Company based on the total revenues generated by those funds as of the six months ended 30 June 2024G.

**Table (12.10): Material Investment Fund Agreements**

| #  | Investment Fund                     | Fund Type                                                                                                                                              | Parties                                          | Terms and Conditions Issue Date            | Fund Term                                                            | Company's Total Revenues from the Fund (SAR) |                     |
|----|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------|----------------------------------------------------------------------|----------------------------------------------|---------------------|
|    |                                     |                                                                                                                                                        |                                                  |                                            |                                                                      | As of 31 December 2023G                      | As of 30 June 2024G |
| 1. | Derayah REIT                        | A closed-end real estate investment fund. The fund's units were offered publicly and are traded on the market. The fund complies with Sharia controls. | The Company (fund manager) and fund unit holders | 22/03/1439H (corresponding to 10/12/2017G) | Ninety-nine (99) years, starting from the date the units are listed. | 9,357,961                                    | 3,650,094           |
| 2. | Derayah Saudi Equity Freestyle Fund | Open public investment fund                                                                                                                            | The Company (fund manager) and fund unit holders | 16/05/1437H (corresponding to 25/02/2016G) | Indefinite term.                                                     | 13,613,722                                   | 14,912,208          |

Source: The Company

\* For more information about the material funds managed by the Company, please visit the following pages on the Saudi Exchange website (Derayah REIT Fund Profile) and (Derayah Saudi Equity Freestyle Fund Profile).

**Table (12.11): Summary of Derayah REIT Fund Terms and Conditions**

| Derayah REIT Fund Terms and Conditions      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overview of the Terms and Conditions</b> | The terms and conditions of Derayah REIT Fund were issued on 22/03/1439H (corresponding to 10/12/2017G), and the Company manages the fund based on them.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Investment Objectives</b>                | The fund aims to generate income on investors' capital by investing in existing income-generating real estate opportunities in the Kingdom. The fund aims to distribute annual profits of not less than 90% of net profits to unit holders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Term</b>                                 | These terms and conditions shall be effective for a period of ninety-nine (99) years, starting from 09/07/1439H (corresponding to 26/03/2018G), which is the date the units were listed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Termination</b>                          | The fund shall be delisted upon the expiration of its term and liquidated immediately upon delisting. The fund may be terminated before its expiration date if (1) the fund (through the fund manager) disposes of all investments and distributes all proceeds of such dispositions to the unit holders, (2) a material event occurs, whether in the systems related to the fund and its business or those related to the economic environment in the Kingdom, that the fund manager believes constitutes a valid reason for terminating the fund before the end of its term, and (3) if CMA decides to terminate the fund pursuant to a resolution of the CMA Board of Directors. In cases (1) and (2) above, the fund manager shall obtain prior approval from the fund's board of directors, its unit holders, and the CMA. |
| <b>Liability and Indemnity</b>              | The fund manager declares that it will take all necessary steps in the interest of the unit holders according to its knowledge and belief and will work with the custodian, the Sharia Advisor and the fund's board of directors to exercise reasonable diligence and effort and act in good faith in the interests of the unit holders. In the event that the fund suffers any losses in any form due to an unauthorized action taken by the fund manager in relation to the management of the fund, then it shall not assume any liability for that loss provided that good faith is established and the action does not involve gross negligence, fraud or intentional misconduct.                                                                                                                                           |
| <b>Value</b>                                | The fund constitutes SAR 9,357,961 of the Company's total revenues for the financial year ended 31 December 2023G and SAR 3,650,094 of the Company's total revenues as of 30 June 2024G.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Governing Law and Dispute Resolution</b> | The terms and conditions are subject to and construed in accordance with the applicable laws in the Kingdom of Saudi Arabia, and any disputes or conflicts shall be settled by the Committee for Resolution of Securities Disputes in the Kingdom of Saudi Arabia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

**Table (12.12): Summary of Derayah Saudi Equity Freestyle Fund Terms and Conditions**

| Derayah Saudi Equity Freestyle Fund Terms and Conditions |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overview of the Terms and Conditions</b>              | The terms and conditions of Derayah Saudi Equity Freestyle Fund were issued on 16/05/1437H (corresponding to 25/02/2016G), and the Company manages the fund based on them.                                                                                                                                                                                                                                                                                 |
| <b>Investment Objectives</b>                             | The fund aims to achieve long-term capital development by primarily investing in companies listed on Tadawul and the Saudi Parallel Market (Nomu), priority rights shares issued in the Kingdom, and capital markets in other countries. The fund will not distribute profits to its unit holders and all profits will be reinvested by the fund.                                                                                                          |
| <b>Term</b>                                              | These terms and conditions shall apply for a period similar to the term of the fund, noting that the fund is of an indefinite term.                                                                                                                                                                                                                                                                                                                        |
| <b>Termination</b>                                       | The fund manager may terminate the fund if it becomes clear to it that the value of the fund's assets under management does not meet the minimum required for the fund's size or is insufficient to justify the economic operation of the fund, or in the event of any change in the law or regulation or any other circumstances that the fund manager deems sufficient reason to terminate the fund, after obtaining CMA approval to terminate the fund. |
| <b>Liability and Indemnity</b>                           | The Company, as fund manager, determines the value of the fund's total assets, and in the event of an error in valuation and pricing by the fund manager, it shall compensate all affected unit holders (including former unit holders) for all valuation or pricing errors without delay.                                                                                                                                                                 |
| <b>Value</b>                                             | The fund constitutes SAR 13,613,722 of the Company's total revenues for the financial year ended 31 December 2023G and SAR 14,912,208 of the Company's total revenues for the six-month period ended 30 June 2024G.                                                                                                                                                                                                                                        |
| <b>Governing Law and Dispute Resolution</b>              | The terms and conditions are subject to and construed in accordance with the applicable laws in the Kingdom of Saudi Arabia, and any disputes or conflicts shall be settled by the Committee for Resolution of Securities Disputes in the Kingdom of Saudi Arabia.                                                                                                                                                                                         |

### 12.8.3 Material Agreements with Suppliers

In the ordinary course of its activities, the Company enters into agreements with a number of suppliers to provide the services and products it requires for its daily operations, including consulting, insurance and software agreements.

Below are details of the Company's top five suppliers for the financial years ended 31 December 2021G, 2022G and 2023G and the six-month period ended 30 June 2024G:

**Table (12.13): Details of the Company's Top Five Suppliers for the Financial Years ended 31 December 2021G, 2022G and 2023G and the Six-Month Period Ended 30 June 2024G:**

| Supplier                                      | Description<br>(Leasing/Provision of Manpower/<br>Technological Services, etc.) | Procurement<br>Volume<br>(SAR) | Percentage of<br>Total Purchases | Country      | Type of Transaction<br>(Contractual/Non-<br>Contractual) |
|-----------------------------------------------|---------------------------------------------------------------------------------|--------------------------------|----------------------------------|--------------|----------------------------------------------------------|
| <b>Financial year ended 31 December 2021G</b> |                                                                                 |                                |                                  |              |                                                          |
| Supplier 1                                    | Technical services                                                              | 10,317,599                     | 13.21%                           | Saudi Arabia | Contractual                                              |
| Supplier 2                                    | Providing information about the Exchange                                        | 6,223,416                      | 7.97%                            | Saudi Arabia | Contractual                                              |
| Supplier 3                                    | Technical services                                                              | 5,000,000                      | 6.40%                            | Saudi Arabia | Contractual                                              |
| Supplier 4                                    | Technical services                                                              | 4,756,735                      | 6.09%                            | Saudi Arabia | Contractual                                              |
| Supplier 5                                    | Insurance services                                                              | 4,215,813                      | 5.40%                            | Saudi Arabia | Contractual                                              |
| Total top 5 suppliers                         | -                                                                               | 30,513,564                     | 39.06%                           | -            | -                                                        |
| <b>Financial year ended 31 December 2022G</b> |                                                                                 |                                |                                  |              |                                                          |
| Supplier 4                                    | Technical services                                                              | 12,927,431                     | 11.74%                           | Saudi Arabia | Contractual                                              |
| Supplier 2                                    | Providing information about the Exchange                                        | 7,494,415                      | 6.80%                            | Saudi Arabia | Contractual                                              |
| Supplier 6                                    | Contracting and implementation services                                         | 6,720,322                      | 6.10%                            | Saudi Arabia | Contractual                                              |
| Supplier 7                                    | Technical services                                                              | 5,933,109                      | 5.39%                            | Saudi Arabia | Contractual                                              |
| Supplier 5                                    | Insurance services                                                              | 5,488,511                      | 4.98%                            | Saudi Arabia | Contractual                                              |
| Total top 5 suppliers                         | -                                                                               | 38,563,789                     | 35.01%                           | -            | -                                                        |
| <b>Financial year ended 31 December 2023G</b> |                                                                                 |                                |                                  |              |                                                          |
| Supplier 4                                    | Technical services                                                              | 12,381,395                     | 11.21%                           | Saudi Arabia | Contractual                                              |
| Supplier 2                                    | Providing information about the Exchange                                        | 7,725,627                      | 6.94%                            | Saudi Arabia | Contractual                                              |
| Supplier 8                                    | Technical services                                                              | 5,169,931                      | 4.64%                            | Saudi Arabia | Contractual                                              |
| Supplier 5                                    | Insurance services                                                              | 4,759,636                      | 4.28%                            | Saudi Arabia | Contractual                                              |
| Supplier 9                                    | Consulting services                                                             | 3,992,063                      | 3.59%                            | Saudi Arabia | Contractual                                              |
| Total top 5 suppliers                         | -                                                                               | 34,028,652                     | 30.57%                           | -            | -                                                        |
| <b>Six-month period ended 30 June 2024G</b>   |                                                                                 |                                |                                  |              |                                                          |
| Supplier 5                                    | Insurance services                                                              | 5,614,536                      | 8.14%                            | Saudi Arabia | Contractual                                              |
| Supplier 4                                    | Technical services                                                              | 4,797,974                      | 6.95%                            | Saudi Arabia | Contractual                                              |
| Supplier 2                                    | Providing information about the Exchange                                        | 3,747,335                      | 5.43%                            | Saudi Arabia | Contractual                                              |
| Supplier 10                                   | Real estate auction services                                                    | 3,500,000                      | 5.07%                            | Saudi Arabia | Contractual                                              |
| Supplier 1                                    | Technical services                                                              | 3,475,525                      | 5.04%                            | Saudi Arabia | Contractual                                              |
| Total top 5 suppliers                         | -                                                                               | 21,135,370                     | 30.63%                           | -            | -                                                        |

Source: The Company

The table below shows a summary of the material agreements concluded by the Company with major suppliers:

**Table (12.14): Summary of IT Infrastructure Maintenance and Support Services Agreement Concluded with Data Consult Saudi**

| IT Infrastructure Maintenance and Support Services Agreement Concluded with Data Consult Saudi |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overview of the Agreement</b>                                                               | The Company entered into an agreement with Data Consult Saudi on 01/01/2024G, for the purpose of Data Consult Saudi providing services in the field of maintenance and support for the Company's IT infrastructure and equipment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Agreement Term and Renewal Mechanism</b>                                                    | The term of the agreement is one Gregorian year, automatically renewed for a similar period or periods unless one party notifies the other party in writing of its desire not to renew.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Agreement Termination</b>                                                                   | Each party shall have the right to terminate the agreement immediately in each of the following cases:<br>1- In the event that one of the parties commits a material breach of the terms and conditions of the agreement and fails to remedy that breach within forty-five (45) days from the date of receiving a written notice from the non-breaching party.<br>2- In the event that a creditor seizes, or a party is appointed to receive, all or a substantial portion of the assets of the other party.<br>3- In the event of bankruptcy or execution in favor of creditors or in the event of voluntary liquidation in accordance with the relevant bankruptcy laws.                                                                                                                           |
| <b>Key Rights and Obligations</b>                                                              | <ul style="list-style-type: none"> <li>Data Consult Saudi shall provide replacement and engineering services for the Company's hardware and accessories and provide related reports and tests.</li> <li>Data Consult Saudi shall provide support and maintenance services for IT infrastructure.</li> <li>The Company shall pay Data Consult Saudi for its services, including any additional services outside the specified framework in accordance with the agreement.</li> <li>If moving any of its equipment, the Company shall notify Data Consult Saudi one week prior to the date of the move.</li> <li>None of the parties have the right to assign the agreement to a third party, except for the Company's right to assign the agreement to its Subsidiaries and Group members.</li> </ul> |
| <b>Liability and Indemnity</b>                                                                 | Data Consult Saudi shall indemnify and hold harmless the Company from and against any claims, losses, damages or liabilities to which it may become subject as a result of or in connection with the provision of the Services.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Agreement Value</b>                                                                         | The value of the agreement is represented by the purchases arising therefrom in accordance with Payment Mechanism Clause stated below and in accordance with the special price list. As of 30 June 2024G, the agreement constituted SAR 4,797,974 of the Company's total purchases.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Payment Mechanism</b>                                                                       | The Company shall pay the support fees due in advance starting from the date of the agreement and shall pay all other fees within 15 days from the date of issuance of the relevant invoice.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Governing Law and Dispute Resolution</b>                                                    | The agreement shall be subject to and construed in accordance with the laws applicable in the Kingdom of Saudi Arabia. Furthermore, any conflicts or disputes shall be settled by the Arbitration Center of the Chamber of Commerce in the city of Riyadh, in accordance with its rules.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

**Table (12.15): Summary of the Agreement for the Implementation and Maintenance of Telecommunications and Network Solutions Concluded with Integrated Telecom Company (Salam)**

| Agreement for the Implementation and Maintenance of Telecommunications and Network Solutions Concluded with Integrated Telecom Company (Salam) |                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overview of the Agreement</b>                                                                                                               | The Company entered into an agreement with Integrated Telecom Company (Salam) on 03/09/2023G, for the purpose of implementing and maintaining the Company's telecommunications and network solutions in accordance with the terms and conditions of the agreement. |
| <b>Agreement Term and Renewal Mechanism</b>                                                                                                    | The term of the agreement is one Gregorian year, automatically renewed on a monthly basis unless both parties agree in writing to terminate the agreement. The agreement was renewed for a period of one year on 03/09/2024G.                                      |

| Agreement for the Implementation and Maintenance of Telecommunications and Network Solutions Concluded with Integrated Telecom Company (Salam) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Agreement Termination</b>                                                                                                                   | <p>a- Either party shall have the right to terminate the agreement in the following cases:</p> <ul style="list-style-type: none"> <li>In the event that the other party commits a material breach of the terms and conditions of the agreement and fails to remedy such breach within thirty (30) days from the date of receiving a written notice from the other party.</li> <li>With immediate effect, in the event that a liquidator or receiver is appointed for all or a portion of the assets and/or liabilities of the other party, or if the other party enters into an arrangement or composition with its creditors, or commences liquidation.</li> <li>In the event that force majeure continues for a period of thirty (30) days within one hundred and twenty (120) days, the affected party shall have the right to terminate this agreement by providing written notice to the other party.</li> </ul> <p>b- Salam has the right to terminate the agreement by providing a written notice six (6) months in advance without liability for the consequences of such.</p> <p>c- The Company has the right to terminate the agreement by providing a written notice thirty (30) days in advance, without prejudice to Salam's compensation for the remaining term of the contract.</p> |
| <b>Key Rights and Obligations</b>                                                                                                              | <p>The agreement includes a number of rights and obligations, including the following:</p> <ul style="list-style-type: none"> <li>In the event of the Company's delay in paying the amounts due under the agreement, Salam shall have the right to impose an annual late fee of 2% of the total amount overdue or disputed.</li> <li>The Company shall use Salam's equipment in accordance with the relevant instructions and guidelines, including those of the Communications, Space and Technology Commission.</li> <li>The Company shall not modify any equipment or software provided by Salam in the context of the agreement.</li> <li>Salam shall promptly provide the Company with any relevant or requested information necessary to adequately prepare the sites for the receipt and installation of Salam's equipment.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Liability and Indemnity</b>                                                                                                                 | <ul style="list-style-type: none"> <li>The agreement includes standard provisions regarding indemnifying the party damaged by a breach by one of the parties.</li> </ul> <p>Salam's liability for damages is limited to no more than one million Saudi Riyals or the amounts received by Salam during the twelve months prior to the losses.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Intellectual Property Rights</b>                                                                                                            | All intellectual property rights belong to Salam, and their use shall not affect Salam's intellectual property rights.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Agreement Value/ Payment Mechanism</b>                                                                                                      | The Company shall pay a fee for each service provided to it by Salam as requested by the Company. The agreement accounted for SAR 1,015,771 of the Company's total purchases for the financial year ended 31 December 2023G. As of 30 June 2024G, the agreement accounted for SAR 334,442 of the Company's total purchases.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Assignment of the Agreement and Subcontracting</b>                                                                                          | Neither party may assign the agreement, and neither party may assign or dispose, in any other way, of any or all of its rights or obligations under the agreement to a third party without the prior written consent of the other party, except that Salam may otherwise assign the agreement to any of its affiliates.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Governing Law and Dispute Resolution</b>                                                                                                    | The agreement shall be governed by and construed in accordance with the laws of the Kingdom of Saudi Arabia, and any disputes or differences shall be settled by the competent court in the Kingdom of Saudi Arabia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

#### 12.8.4 Other Material Agreements

The other material agreements entered into by the Company are as follows:

**Table (12.16): Summary of Joint Venture Agreement for D360 Bank:**

| Joint Venture Agreement for D360 Bank |                                                                                                                                                        |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overview of the Agreement</b>      | The Company entered into an agreement with a number of investors on 12/06/1443H (corresponding to 15/01/2022G) with the aim of establishing D360 Bank. |
| <b>Agreement Term</b>                 | Indefinite term.                                                                                                                                       |
| <b>Agreement Termination</b>          | The agreement shall expire if the Saudi Central Bank cancels the issued license.                                                                       |

| Joint Venture Agreement for D360 Bank                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Key Rights and Obligations</b>                     | <ul style="list-style-type: none"> <li>The Company contributed SAR 136,811,183.84 in exchange for an 8.29% ownership stake in D360 Bank. The Company was also granted an 11.71% stake for its efforts in establishing the Bank, bringing the Company's total ownership to 20% of the capital of D360 Bank.</li> <li>The investors contributed SAR 193,188,816 to the Company in exchange for its efforts in establishing D360 Bank and obtaining the license from the Saudi Central Bank.</li> <li>The Company is entitled to appoint three (3) members to the board of directors of D360 Bank.</li> <li>The Company may transfer any of its shares at any time without the consent of the other shareholders of D360 Bank, provided that the transfer does not result in another party owning a stake exceeding 5% of the Bank's capital.</li> <li>No transfer of shares of D360 Bank by any other shareholders shall result in decreasing the Company's ownership below 20% of D360 Bank's capital.</li> <li>Neither the Company nor the other shareholders may directly or indirectly own or control a company that competes with the business of D360 Bank, except with the approval of shareholders representing 50% of the shares of D360 Bank. This non-competition clause is exempted for ownership in any of the banks listed on Tadawul and subject to the provisions of the Saudi Central Bank.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Lock-up Period</b>                                 | <ul style="list-style-type: none"> <li>Shareholders of D360 Bank are subject to a lock-up period, and no shareholder may transfer any of their shares in D360 Bank until after D360 Bank has published its audited financial statements for five full years from the date of the issuance of the Commercial Register (i.e., from 03/02/1444H (corresponding to 30/08/2022G) to 22/07/1448H (corresponding to 31/12/2026G)) (the "<b>Lock-up Period</b>").</li> <li>Shareholders may transfer their shares in the following cases: <ol style="list-style-type: none"> <li>Shareholders owning 1% or more of the capital may transfer shares to a current shareholder or a third party after the end of the Lock-up Period, provided that the Company and the fund shall have a priority right to purchase it.</li> <li>Shareholders owning less than 1% of the capital may transfer shares to a current shareholder or a third party after the end of the Lock-up Period, subject to the approval of the Board of Directors of D360 Bank and after abiding by the priority right to purchase granted to other shareholders.</li> <li>The Company may not sell its shares to a third party before offering the shares for sale to the fund or, if the fund does not wish to purchase, obtaining an independent offer from a buyer to be submitted to the fund to transfer its shares with the Company.</li> <li>By offering and listing D360 Bank shares or selling all or most of the Bank's shares or assets.</li> <li>Transferring the shares at any time (whether before or after the end of the Lock-up Period) if any shareholder breaches the provisions set forth in the agreement, in accordance with the procedures specified in the agreement.</li> <li>A shareholder may transfer its shares to a company wholly and directly owned by them.</li> </ol> </li> </ul> |
| <b>Liability and Indemnity</b>                        | The agreement includes standard provisions regarding indemnifying the party damaged by a breach by one of the parties. Breaches include any breach by an investor of its material obligations under this agreement or any breach of the representations made by such investor, if such investor fails to remedy such breach or violation, if remediable, within forty (40) days of the date they are notified of the violation or breach. Breaches shall result in the concerned investor being deprived of the preemption rights established in the agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Assignment of the Agreement and Subcontracting</b> | Neither party to the agreement shall assign or otherwise dispose of any or all of its rights or obligations thereunder to any third party without the consent of the other party.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Governing Law and Dispute Resolution</b>           | The agreement shall be governed by and construed in accordance with the laws of the Kingdom of Saudi Arabia, and any disputes or differences shall be settled by the Saudi Center for Commercial Arbitration in accordance with its rules.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

Table (12.17): Summary of the Commitment Agreement with the Public Investment Fund:

| Commitment Agreement with the Public Investment Fund |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overview of the Agreement</b>                     | On 12/06/1443H (corresponding to 15/01/2022G), the Company entered into a commitment agreement with the Public Investment Fund (the " <b>Fund/PIF</b> ") relating to D360 Bank. Under this agreement, the Company shall pay PIF a specified amount if certain agreed-upon targets are not met. Such targets include for example D360 Bank's clients, assets, and total financing assets reaching a certain value or number in the third and fifth operating years. |

| Commitment Agreement with the Public Investment Fund |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Agreement Term</b>                                | Indefinite term.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Agreement Termination</b>                         | Neither party may withdraw, cancel or terminate this agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Key Rights and Obligations</b>                    | <ul style="list-style-type: none"> <li>If D360 Bank fails to achieve the agreed-upon targets, the Company shall pay SAR 15,131,888.16 to PIF after the completion of the third operational year. The Company has provided an unconditional bank guarantee letter in this amount as a guarantee for this commitment, and the guarantee shall expire on 08/01/2026G.</li> <li>In the event that D360 Bank fails to achieve the agreed-upon targets, the Company shall pay SAR 14,250,455.84 to PIF after the completion of the fifth operational year. The Company has provided an unconditional bank guarantee letter in this amount as a guarantee for this commitment, and the guarantee shall expire on 08/01/2028G.</li> <li>PIF shall transfer 844,737 shares in D360 Bank to the Company without consideration if the agreed-upon additional targets for the fifth operating year are achieved.</li> </ul> |
| <b>Liability and Indemnity</b>                       | <ul style="list-style-type: none"> <li>The Company acknowledges that each shareholder in D360 Bank meets the applicable “fit and proper” criteria as required by the Saudi Central Bank and that there are no cases, pleadings or claims relating to the establishment of the Bank as of the date of this agreement. The Company further acknowledges that it has established adequate policies and procedures, which comply with international and regulatory standards, for the conduct of the Bank’s business and that there are appropriate and adequate systems in place in accordance with best practices in the banking industry.</li> <li>The guarantee provided by the Company shall remain in force for a period not exceeding five (5) years from the date of this agreement, and the Company’s maximum aggregate liability for any compensation shall be limited to SAR 48,297,204.</li> </ul>      |
| <b>Governing Law and Dispute Resolution</b>          | The agreement shall be governed by and construed in accordance with the laws of the Kingdom of Saudi Arabia, and any disputes or differences shall be settled by the Saudi Center for Commercial Arbitration in accordance with its rules.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

Table (12.18): Summary of Services Agreement with Smart Money Capital Management

| Services Agreement with Smart Money Capital Management |                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overview of the Agreement</b>                       | The Company entered into an agreement with Smart Money Capital Management (“Smart Money”) on 09/02/1441H (corresponding to 08/10/2019G) for the purpose of creating and maintaining the Company’s website and online portal to enable the Company to provide investment advice and wealth management services.                                                                            |
| <b>Agreement Term</b>                                  | The agreement is of indefinite term and shall continue until terminated by either party.                                                                                                                                                                                                                                                                                                  |
| <b>Agreement Termination</b>                           | Either party may terminate the agreement after one hundred eighty (180) days from the date of notifying the other party. The agreement may also be terminated if either party breaches any provision thereof and fails to rectify such breach within thirty (30) days of written notice or in the event of the bankruptcy, reorganization, insolvency, or similar events of either party. |
| <b>Intellectual Property Rights</b>                    | Smart Money owns all intellectual property rights related to the services provided by it or by a third party on its behalf pursuant to the agreement.                                                                                                                                                                                                                                     |
| <b>License</b>                                         | Smart Money grants the Company a license to use its intellectual property rights under the agreement, noting that the license is non-exclusive and non-transferable, the Company may not grant any third party a sub-license and Smart Money provides this license without charging the Company any additional fees or amounts.                                                           |
| <b>Key Rights and Obligations</b>                      | <ul style="list-style-type: none"> <li>Under the agreement, the Company shall pay the specified fees for the service provided.</li> <li>Smart Money shall use all commercially reasonable efforts to make maintenance services available twenty-four (24) hours a day, seven days a week, except for the cases specified in the agreement.</li> </ul>                                     |



| Services Agreement with Smart Money Capital Management |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Liability and Indemnity</b>                         | <p>The agreement includes standard provisions regarding indemnifying the party damaged by a breach or negligence committed by the other party. Those provisions include:</p> <ul style="list-style-type: none"> <li>Neither party shall be liable to the other party for any inability to use, or for any loss of revenues or profits, loss of data or decrease in value or for any damages suffered by the other party in connection with the provisions of this agreement.</li> <li>Neither party shall be excluded or limited in their liability in case of death or personal injury resulting from negligence of the relevant party or any of its employees as a result of negligence or fraud on their part.</li> <li>In any such case, the maximum amount of compensation payable on Smart Money shall not exceed the total amount paid or payable by the Company to Smart Money for its services.</li> </ul> |
| <b>Payment Mechanism</b>                               | The Company shall pay Smart Money fees on a recurring basis for its services. Such fees shall be calculated daily and shall be payable monthly. The Company shall pay these fees by bank transfer to Smart Money's account within thirty (30) days of the invoice date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Governing Law and Dispute Resolution</b>            | This agreement shall be governed by and construed in accordance with the laws of Ontario, Canada, and any disputes shall be settled by the courts of Ontario, Canada.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

**Table (12.19): Summary of the Agreement for Presentation and Provision of Market Information with the Dubai Financial Market**

| Agreement for Presentation and Provision of Market Information with the Dubai Financial Market |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overview of the Agreement</b>                                                               | The Company entered into an agreement with the Dubai Financial Market on 10/02/1436H (corresponding to 02/12/2014G), pursuant to which the Dubai Financial Market provides the Company with information related to shares, bonds, and indices. The Dubai Financial Market grants the Company a non-exclusive license to use this information, as well as information related to future securities, allowing the Company to store, process, reproduce, distribute, and make this information publicly available.                                                                                                                                                                                                                                                                                                                      |
| <b>Agreement Term</b>                                                                          | The agreement is of indefinite term and shall continue until terminated by either party.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Agreement Termination</b>                                                                   | Either party may terminate this agreement by providing the other party at least three (3) months' prior written notice. Either party may terminate this agreement in the event that the other party breaches any provisions of this agreement and such breach is not remedied thirty (30) days after written notice thereof, or in the event of the insolvency of either party.                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Key Rights and Obligations</b>                                                              | <ul style="list-style-type: none"> <li>The Company shall have a non-exclusive right to use, store, process, and reproduce its clients' information.</li> <li>The Company shall be entitled to collect the information provided by the Dubai Financial Market in accordance with the terms and conditions specified by it.</li> <li>The Company shall have the right to redistribute the information subject to this agreement and make it available to its clients in accordance with the terms of this agreement.</li> <li>The Company shall exert reasonable efforts to ensure that its clients use the information in accordance with the terms of this agreement.</li> <li>The Company shall pay fees for the information provided and for the license granted by the Dubai Financial Market to use such information.</li> </ul> |

| Agreement for Presentation and Provision of Market Information with the Dubai Financial Market |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Liability and Indemnity</b>                                                                 | <ul style="list-style-type: none"> <li>The Company shall be responsible for ensuring that its hardware and software are capable of receiving the information subject to this agreement and for rectifying any malfunctions or interruptions. The Dubai Financial Market shall not be liable for any losses or costs arising from any mechanical, electrical, or other failures that may affect the provision of the services subject to this agreement.</li> <li>Dubai Financial Market shall be liable to indemnify the Company for any direct losses, damages, costs or expenses (including legal fees) arising from (1) any claims or proceedings relating to the possession, use or exploitation of the information provided by the Company that result in the infringement of the intellectual property rights of third parties, or (2) any negligence or misconduct.</li> <li>The Company shall indemnify and hold harmless Dubai Financial Market from and against any claims or proceedings by third parties arising out of or in connection with the Company's provision of inaccurate or incomplete information, provided that such inaccuracy or incompleteness is not due to causes beyond the Company's control.</li> <li>The Company shall not be liable for any loss, damage or cost incurred by Dubai Financial Market as a result of any delay or errors in the storage, processing, reproduction or distribution of information, unless such delay or error is caused by the Company's gross negligence or willful misconduct.</li> <li>Neither party shall be liable towards the other party for any indirect or consequential loss or damage, such as loss of profits, revenues or goodwill, arising out of or in connection with this Agreement.</li> </ul> |
| <b>Value</b>                                                                                   | The Company paid SAR 78,859 for the financial year ended 31 December 2023G and SAR 78,905.4 for the period ended 30 June 2024G for the services provided under this agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Governing Law and Dispute Resolution</b>                                                    | This agreement shall be governed by and construed in accordance with the laws of Dubai, United Arab Emirates, and any disputes or controversies shall be settled in accordance with the arbitration rules of the Dubai Chamber of Commerce and Industry.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

Table (12.20): Executive Summary of the Master Service Agreement with Advansys-ESC, Egypt

| Master Service Agreement with Advansys-ESC, Egypt |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overview of the Agreement</b>                  | The Company entered into an agreement with Advansys-ESC, Egypt ("Advansys") on 01/02/2019G, for the purpose of providing robotic process automation services in accordance with the terms and conditions of the agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Agreement Term and Renewal Mechanism</b>       | The term of this agreement shall be 24 months from the date of its execution, and either party may terminate this agreement upon ninety (90) days' prior written notice. The agreement has been renewed four times, most recently on 31/01/2023G.                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Agreement Termination</b>                      | Either party has the right to terminate this agreement in the event that the other party commits a material breach of this agreement and fails to remedy such breach within forty-five (45) days of receipt of written notice from the non-breaching party.                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Key Rights and Obligations</b>                 | <ul style="list-style-type: none"> <li>If the works performed under this agreement by Advansys for the Company include any third-party intellectual property rights, Advansys shall grant to the Company and its Subsidiaries a royalty-free, irrevocable, worldwide, non-exclusive, perpetual license to use and exploit such intellectual property, with full rights to sub-license the same, but only to the extent necessary to use the works in accordance with the rights granted under this agreement.</li> <li>The Company shall provide or pay for any special training required to enable Advansys or any of its employees to perform the work under this agreement.</li> </ul>                 |
| <b>Liability and Indemnity</b>                    | Neither party shall be liable to the other for any indirect, incidental, special, or consequential damages arising out of or in connection with the performance of this agreement, regardless of the cause of action and even if such party has been advised of the possibility of such damages, including, without limitation, loss of profits, revenue, or anticipated profits. The Company shall, to the fullest extent permitted by law, indemnify and hold harmless Advansys from and against any and all claims, damages, losses, costs, and expenses, including reasonable attorneys' fees, incurred by Advansys arising out of or in connection with any breach of this agreement by the Company. |
| <b>Intellectual Property Rights</b>               | <ul style="list-style-type: none"> <li>Upon full payment of all amounts due under this agreement, the Company shall own all work products developed, prepared, conceived, created or suggested by Advansys' employees or contractors as part of or in connection with any project performed under this agreement.</li> <li>Advansys retains ownership of all information owned by it prior to the date of this agreement and identified in the Statement of Work as 'owned by the Service Provider'.</li> </ul>                                                                                                                                                                                           |

| Master Service Agreement with Advansys-ESC, Egypt     |                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>License</b>                                        | The agreement does not include provisions for licensing.                                                                                                                                                                                                                    |
| <b>Agreement Value</b>                                | This agreement accounted for SAR 5,169,931 of the Company's total purchases for the financial year ended 31 December 2023G. As of 30 June 2024G, the agreement accounted for SAR 1,446,176.26 of the Company's total purchases.                                             |
| <b>Payment Mechanism</b>                              | The Company shall pay a fixed monthly fee for each type of service or resources provided to it. The fee amount shall increase by 5% in the subsequent year of the agreement, and the parties shall agree on the amount of the fees in the event of the agreement's renewal. |
| <b>Assignment of the Agreement and Subcontracting</b> | Advansys shall not assign this agreement without the prior written consent of the Company.                                                                                                                                                                                  |
| <b>Governing Law and Dispute Resolution</b>           | This agreement shall be governed by and construed in accordance with the laws of the Kingdom, and any dispute or controversy arising therefrom shall be settled by the competent courts of the Kingdom.                                                                     |

Table (12.21): Summary of the Service Agreement with Bloomberg Finance L.P.

| Service Agreement with Bloomberg Finance L.P. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overview of the Agreement</b>              | The Company entered into an agreement with Bloomberg Finance L.P. ("Bloomberg") on 06/10/2013G with the purpose of granting the Company a non-exclusive, non-transferable right to use the Bloomberg Professional service and its data, software, and equipment, enabling the Company to monitor and analyze real-time financial market data and execute trades in accordance with the terms and conditions of the agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Agreement Term and Renewal Mechanism</b>   | This agreement is effective as of 06/11/2013G. The agreement was renewed on 06/11/2024G and ends two years after the date on which services are first provided, unless terminated earlier in accordance with its provisions. The term shall be automatically renewed for successive two-year periods unless either party notifies the other party in writing of its intention not to renew at least sixty (60) days prior to the expiration of the current term.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Agreement Termination</b>                  | <ul style="list-style-type: none"> <li>The Company may terminate this agreement at any time by providing at least sixty (60) days' prior written notice to Bloomberg and upon payment of any fees due under this agreement.</li> <li>Bloomberg may terminate this agreement at any time upon written notice to the Company if the Company breaches any provision of this agreement.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Key Rights and Obligations</b>             | <ul style="list-style-type: none"> <li>The Company may not distribute the data to other users of the services through the services or refer to Bloomberg or any of its affiliates in any printed, electronic or other medium without the prior written consent of Bloomberg.</li> <li>If the Company contributes or provides prices or valuations to Bloomberg or its affiliates or on any product or services offered by Bloomberg or its affiliates, the Company shall grant Bloomberg and its affiliates a worldwide, non-exclusive license to use such prices or valuations.</li> <li>In the event of termination of this agreement due to a breach by the Company, the Company shall pay all amounts due up to the date of termination, plus an additional amount equal to 50% of the total amount due under this agreement.</li> </ul>                                                                                                          |
| <b>Liability and Indemnity</b>                | <ul style="list-style-type: none"> <li>The Company shall indemnify, defend, and hold harmless Bloomberg and its affiliates from and against any loss, claim, or request, including reasonable attorneys' fees arising in connection with a breach of this agreement by the Company or the Company's use of the services. The Company's liability shall be limited to the amounts paid by the Company for services under the agreement.</li> <li>The Company shall protect the intellectual property rights of Bloomberg and all other persons who have intellectual property rights in the services provided under this agreement, both during and after the term of this agreement.</li> <li>Bloomberg is committed to indemnify, hold harmless and defend the Company at its own expense against any claim that the software, data, information and other items provided by Bloomberg infringe any copyright, trademark or other rights.</li> </ul> |
| <b>Intellectual Property Rights</b>           | The agreement does not include provisions related to intellectual property rights.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>License</b>                                | The Company shall have a non-exclusive, non-transferable right to use the Bloomberg Professional service information in accordance with the terms and conditions of this agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

| Service Agreement with Bloomberg Finance L.P.         |                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Agreement Value</b>                                | This agreement accounted for SAR 853,186 of the Company's total purchases for the financial year ended 31 December 2023G. As of 30 June 2024G, the agreement accounted for SAR 401,614.91 of the Company's total purchases.                                                                                                                     |
| <b>Payment Mechanism</b>                              | Fees are payable on a quarterly basis                                                                                                                                                                                                                                                                                                           |
| <b>Assignment of the Agreement and Subcontracting</b> | The Company shall have the right to assign this agreement or any of its rights hereunder only with the prior written consent of Bloomberg, which consent, in the case of an assignment by the Company to any of its Subsidiaries that is substantially engaged in the same line of business as the Company, shall not be unreasonably withheld. |
| <b>Governing Law and Dispute Resolution</b>           | This agreement shall be governed by and construed in accordance with the laws of the State of New York, and any disputes or controversies arising hereunder shall be settled in the state or federal courts in the State of New York.                                                                                                           |

Table (12.22): Summary of the Company's Agreement with AI-Elm Information Security Co.

| Service Agreement with AI-Elm Information Security Co. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overview of the Agreement</b>                       | The Company entered into a Service Agreement with AI-Elm Information Security Co. ("Elm") dated 22/08/2017G, pursuant to which Elm agreed to provide data validation and auditing services for the Company's client data, with the purpose of verifying the data of clients who utilize the Company's products and services.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Agreement Term and Renewal Mechanism</b>            | This agreement commenced on 22/08/2017G for a period of one year. It was last renewed on 22/08/2024G, and automatically renews for successive one-year periods on the same terms and conditions unless either party provides the other party with at least thirty (30) days' prior written notice of its intention to terminate the agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Agreement Termination</b>                           | <ul style="list-style-type: none"> <li>Either party may terminate this agreement at any time upon fifteen (15) days' prior written notice to the other party.</li> <li>Elm shall have the right to terminate this agreement in the event of the Company's breach of its obligations under this agreement relating to the confidentiality and security of data and information.</li> <li>Elm shall have the right to terminate this agreement if so requested by the Ministry of Interior's Information Center.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Key Rights and Obligations</b>                      | <ul style="list-style-type: none"> <li>In the event of any breach of the terms of service use, Elm shall have the right to notify the Company to rectify the breach. If the Company fails to rectify the breach within ten (10) days, Elm shall have the right to suspend the provision of services until such time as the required rectification has been completed.</li> <li>Elm shall comply with the terms of this agreement, including the confidentiality and privacy of information, and shall use its best efforts to provide the information required under this agreement.</li> <li>Elm shall use its best efforts to provide the Yaqeen service and ensure its uninterrupted continuity. In the event of force majeure, the service shall be provided in the form of batch files. Elm shall not be liable for any service interruption caused by the telecommunications service provider or for routine or emergency maintenance.</li> <li>The Company shall be liable for all errors or privacy violations committed by its employees or service users in the course of their use of the service.</li> </ul>                                                           |
| <b>Liability and Indemnity</b>                         | <ul style="list-style-type: none"> <li>Neither party shall under any circumstances be liable to the other party for any losses (direct or indirect), whether in profits, volume of business, anticipated savings, lost expenses, or any other damage whatsoever arising out of or in connection with this agreement;</li> <li>Elm shall not be liable for any misuse of the service by Derayah or its employees, or by any third party who obtained information from Derayah's systems in an unauthorized manner, or for any damage caused to a third party as a result of Derayah's breach of any of its obligations stipulated under this agreement;</li> <li>Elm's liability shall be limited to ten percent (10%) of the value of this agreement, provided that such liability is determined by virtue of a ruling issued by the judicial authorities.</li> <li>Elm shall not be held liable for the accuracy of data or information to be obtained, as its sole responsibility is limited to transmitting the data as it is available from the source (the National Information Center of the Ministry of Interior), based on the information provided by Derayah.</li> </ul> |
| <b>Intellectual Property Rights</b>                    | The agreement does not include provisions related to intellectual property rights.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

| Service Agreement with Al-Elm Information Security Co. |                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>License</b>                                         | The agreement does not include provisions for licensing.                                                                                                                                                                                                                                                                                                                                                          |
| <b>Agreement Value</b>                                 | The total amounts paid under this agreement for the financial year ended 31 December 2023G was SAR 2,032,566. The agreement accounted for SAR 393,052 of the Company's total purchases for the six-month period ended 30 June 2024G.                                                                                                                                                                              |
| <b>Payment Mechanism</b>                               | The Company shall pay annual fees consisting of the following: (1) SAR 180,000 for the annual subscription to the service, and (2) SAR 1.8 for each successful transaction. If the number of unsuccessful transactions exceeds 30% of the total number of transactions, SAR 0.50 shall be paid for each unsuccessful transaction in excess of this percentage.                                                    |
| <b>Assignment of the Agreement and Subcontracting</b>  | The agreement does not include provisions for assignment or subcontracting.                                                                                                                                                                                                                                                                                                                                       |
| <b>Governing Law and Dispute Resolution</b>            | This agreement shall be governed by the laws applicable in the Kingdom. Any discrepancies or disputes arising from the execution or application of this agreement shall be settled by negotiation between the parties. If the parties are unable to resolve the dispute within the notice period specified in this agreement, the dispute or discrepancy shall be referred to the competent court in the Kingdom. |

Table (12.23): Summary of the Service Agreement with S&amp;P Co.

| Service Agreement with S&P Co.                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overview of the Agreement</b>                      | On 01/05/2015, the Company entered into a Master Subscription Agreement with S&P Co., pursuant to which the Company obtains a license for index data services.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Agreement Term and Renewal Mechanism</b>           | This agreement shall remain in full force and effect until terminated by either party. Each purchase order issued pursuant to this agreement shall be valid for the term specified in such purchase order (this period is referred to as the " <b>Base Period</b> ").                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Agreement Termination</b>                          | Either party shall have the right to terminate this agreement in the event that the other party breaches any of its obligations hereunder or becomes insolvent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Key Rights and Obligations</b>                     | <ul style="list-style-type: none"> <li>S&amp;P Co. shall have the right to increase the fees imposed for obtaining the license after the base period.</li> <li>The Company shall retain service usage data for a period of 36 months during the term of the Agreement and for 24 months post-termination.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Liability and Indemnity</b>                        | The agreement provides that S&P Co. shall be indemnified by the Company and held harmless from and against any and all damages, costs, or losses of any kind (including attorneys' fees) as a result of any claim, action or procedure arising out of or in connection with the customized indices, except to the extent caused by S&P Co.'s breach of any of its representations or warranties contained in the relevant agreement. The agreement also includes customary provisions under which S&P Co. disclaims liability with respect to product suitability, marketing, etc., which includes, but is not limited to, S&P Co.'s disclaimer of liability for the suitability of the indices account or relevant data, and it also disclaims liability related to the precision and adequacy of the on-demand indices. |
| <b>Intellectual Property Rights</b>                   | S&P Co. shall have the right to license the creation of similar customized indices to other parties without prejudice to the Company's rights under this agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>License</b>                                        | Under this agreement, S&P Co. grants the Company a limited, non-exclusive and non-transferable license to access and use the customized indices and underlying data for its internal business purposes, subject to the terms and conditions of this agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Agreement Value</b>                                | The Company shall pay an annual fee of USD 50,000.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Payment Mechanism</b>                              | The Company shall pay the fees under this agreement within thirty (30) days of the date of receipt of the invoice from S&P Co.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Assignment of the Agreement and Subcontracting</b> | The Company shall not assign or transfer the license or the rights granted hereunder to any other party without the prior written consent of S&P Co.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

| Service Agreement with S&P Co.              |                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Governing Law and Dispute Resolution</b> | This agreement shall be governed by the applicable laws of the State of New York. Any discrepancies or disputes arising out of the execution or application of this agreement shall be settled through negotiation between the parties. If such dispute or discrepancy cannot be resolved within the notice period specified in this agreement, it shall be referred to the competent court in the State of New York. |

**Table (12.24): Summary of the Letter Providing Shariah Consulting and Audit Services with the Shariyah Review Bureau**

| Letter Providing Shariah Consulting and Audit Services with the Shariyah Review Bureau |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overview of the Agreement</b>                                                       | The Company entered into an agreement with the Shariyah Review Bureau ("Shariyah Review Bureau") on 10/09/2013G for the provision of Shariah advisory and audit services, subject to the terms and conditions of the agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Agreement Term and Renewal Mechanism</b>                                            | The agreement has a term of twelve (12) months from the date of execution and is automatically renewed. Either party may terminate this agreement upon thirty (30) days' prior written notice. The agreement was last renewed on 10/09/2024G.                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Agreement Termination</b>                                                           | Either party can terminate this agreement by providing thirty (30) days' prior written notice to the other party. Termination shall not preclude the provision of all services that have been commenced, nor the right of the Shariyah Review Bureau to its dues in consideration of the services rendered up to this date.                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Key Rights and Obligations</b>                                                      | <ul style="list-style-type: none"> <li>Both parties shall, during the term of this agreement, refrain from employing or appointing any employee of the other party without the prior written consent of the other party.</li> <li>The Company is committed to provide the Shariyah Review Bureau with complete and accurate data and information, and access to resources that may be reasonably required to perform the services.</li> </ul>                                                                                                                                                                                                                                                        |
| <b>Liability and Indemnity</b>                                                         | <ul style="list-style-type: none"> <li>The Company undertakes to indemnify and hold harmless the Shariyah Review Bureau, its Shariah scholars, consultants and employees from and against any and all claims, losses, damages, or liabilities to which it may become subject as a result of or in connection with the provision of the services, unless a final court judgment is issued stating that this is due to fraud or willful misconduct on the part of the Shariyah Review Bureau.</li> <li>The Shariyah Review Bureau shall not be liable for any indirect, incidental or punitive damages, including damages arising from lost profits, lost opportunities or any other deals.</li> </ul> |
| <b>Intellectual Property Rights</b>                                                    | The Shariyah Review Bureau shall own all copyrights and other intellectual property rights in all materials developed, designed, or created by it pursuant to this agreement and in all reports, certificates, or consultations of any kind provided to the Company in any form whatsoever during the term of this agreement.                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Agreement Value</b>                                                                 | USD 19,000 (equivalent to SAR 250,071). As of 30 June 2024G, the agreement accounted for SAR 79,700 of the Company's total purchases.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Payment Mechanism</b>                                                               | <ul style="list-style-type: none"> <li>The Company undertakes to pay the amount of USD 12,000 in two payments, the first of which was USD 10,800 upon the signing of this agreement, in consideration for the services of issuing Shariah compliance certificates.</li> <li>The Company is committed to pay USD 7,000 in two equal payments, the first of USD 3,500 upon signing the agreement for Shariah advisory services.</li> </ul>                                                                                                                                                                                                                                                             |
| <b>Assignment of the Agreement and Subcontracting</b>                                  | The agreement did not contain provisions relating to the assignment of the agreement and subcontracting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Governing Law and Dispute Resolution</b>                                            | This agreement shall be governed by and construed in accordance with the laws of the Kingdom, and any discrepancies or disputes shall be settled by the competent courts in the Kingdom.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

**Table (12.25): Summary of the License Agreement with NYFIX USA LLC**

| License Agreement with NYFIX USA LLC                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overview of the Agreement</b>                      | The Company entered into an agreement with NYFIX USA LLC ("NYFIX") on 10/09/2013G, for the purpose of licensing the Company to use NYFIX products and services, consisting of NYFIX software, in accordance with the terms and conditions of the agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Agreement Term and Renewal Mechanism</b>           | The term of this agreement shall commence on the date on which the last party signs this agreement and shall continue for an indefinite period unless terminated in accordance with the terms of this agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Agreement Termination</b>                          | <ul style="list-style-type: none"> <li>Each party shall have the right to terminate this agreement in the event that the other party commits a material breach of the terms and conditions of this agreement and fails to remedy such breach within thirty (30) days of receipt of a written notice from the non-breaching party.</li> <li>If the Company fails to fulfill any of its obligations to pay the amounts due for the license fees under this agreement, and fails to remedy such default within 7 days after written notice, NYFIX shall have the right to terminate this agreement and remove the licensed product, and all outstanding amounts shall become immediately due and payable by the Company.</li> <li>Either party shall have the right to terminate this agreement upon written notice in the event that the other party ceases to carry on business as a going concern, or makes an assignment for the benefit of its creditors, or if it becomes insolvent or is subject to receivership, or in the event that a substantial part of its assets is subject to any levy, seizure, assignment or sale for the benefit of or by any creditor or government authority without being discharged within 10 days.</li> <li>The Company may terminate this agreement at any time and for any reason after the expiration of the initial maintenance period upon six (6) months prior written notice.</li> </ul> |
| <b>Key Rights and Obligations</b>                     | <ul style="list-style-type: none"> <li>In the event that the Company fails to pay the invoices issued for the services within 15 days from the due date (i.e., 30 days from the date of receipt of the invoices), a financial penalty of 1.5% for each month or any other amount permitted under the applicable regulations shall be applied.</li> <li>The Company shall be responsible for all matters related to ensuring the installation, modification and management of the necessary equipment and systems and that the licensed products are compatible with its systems.</li> <li>The Company shall, during the term of this agreement and for a period up to 12 months after its termination, not employ or hire any employee of NYFIX.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Liability and Indemnity</b>                        | The agreement includes standard provisions regarding indemnifying the party damaged by a breach by one of the parties.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Intellectual Property Rights</b>                   | The Company acknowledges and agrees that NYFIX owns all rights, title and interest in and to the licensed products, source code, ideas, know-how and intellectual property rights. The Company further agrees to reproduce NYFIX's copyright notice on any and all copies of the licensed products, as well as on any other documents or software that incorporate any part of the licensed products.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>License</b>                                        | NYFIX grants the Company a non-exclusive, non-transferable license for the term of this agreement to use the products and agreements that are the subject of this agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Payment Mechanism</b>                              | NYFIX may issue monthly invoices for the services provided under this agreement. In such case, the Company shall pay the invoices within a maximum period of 30 days from the date the Company receives the invoices.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Assignment of the Agreement and Subcontracting</b> | Neither party shall assign this agreement or any part thereof without the prior written consent of the other party. NYFIX shall have the right to assign this agreement as part of any internal reorganization, private purchase of its securities or assets, NYFIX public offering, or as a result of the sale of intellectual property rights related to the licensed products.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Governing Law and Dispute Resolution</b>           | This agreement shall be governed by and construed in accordance with the laws of the State of New York, and any controversies or disputes arising hereunder shall be settled by the competent courts in the State of New York.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |



**Table (12.26): Summary of the Interactive Broker Unified Account Agreement with Interactive Brokers LLC**

| Interactive Broker Unified Account Agreement with Interactive Brokers LLC |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overview of the Agreement</b>                                          | On 04/08/2016G, the Company entered into an agreement with Interactive Brokers LLC. for the purpose of execution and clearing services for transactions conducted through the Company's accounts with Interactive Brokers LLC, enabling the Company to offer securities trading services to its clients in global markets, subject to the terms and conditions of the agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Agreement Term and Renewal Mechanism</b>                               | Indefinite term.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Agreement Termination</b>                                              | Either party may terminate this agreement and/or the Company's use of the Interactive System at any time, at its sole discretion. In the event of termination of this agreement, the Company shall immediately close all open unified account positions or make mutually agreeable arrangements to transfer such positions. The Company may not terminate this agreement as long as there are any outstanding transactions or open positions in any unified account.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Key Rights and Obligations</b>                                         | <ul style="list-style-type: none"> <li>Interactive Brokers LLC may lend to itself or to others loans through the securities or assets of the Company held in the Company's accounts with Interactive Brokers LLC. Interactive Brokers LLC may also pledge or repledge the securities and assets of the Company, either separately or together with those of other clients, for any amounts due on any of the Company's accounts with Interactive Brokers LLC.</li> <li>The Company is committed to establishing alternative trading arrangements in addition to those with Interactive Brokers LLC for the execution of the Company's orders in the event that the Interactive Brokers LLC system is unavailable.</li> <li>All of the Company's assets of any kind held by Interactive Brokers LLC for the benefit of the Company are pledged to Interactive Brokers LLC as security for the performance of the Company's obligations and liabilities to Interactive Brokers LLC arising under this agreement.</li> </ul> |
| <b>Liability and Indemnity</b>                                            | The agreement includes standard provisions regarding indemnifying the party damaged by a breach by one of the parties.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Intellectual Property Rights</b>                                       | Ownership of the software and updates shall remain with Interactive Brokers LLC, including all patents, copyrights, and trademarks. The Company may not sell, transfer, or use Interactive Brokers LLC's software to create a derivative work without the prior written consent of Interactive Brokers LLC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>License</b>                                                            | Interactive Brokers LLC grants to the Company a non-exclusive, non-transferable license to use its software solely as provided for in this agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Agreement Value</b>                                                    | It is agreed that the value of the agreement between the Company and Interactive Brokers LLC shall be determined based on a revenue sharing agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Payment Mechanism</b>                                                  | Indefinite.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Assignment of the Agreement and Subcontracting</b>                     | Neither party may assign this agreement or any part thereof without the prior written consent of the other party. Interactive Brokers LLC may assign this agreement to another registered broker upon providing notice to the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Governing Law and Dispute Resolution</b>                               | This agreement shall be governed by and construed in accordance with the laws of the State of New York, and any controversies or disputes arising hereunder shall be settled by arbitration centers in the jurisdiction in which a claim is filed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

#### 12.8.4.1 Non-binding Memorandum of Understanding with Alpaca

The Company entered into a non-binding Memorandum of Understanding with Alpaca on 03/06/1446H (corresponding to 4/12/2024G) for the purpose of discussing the possibility of access and trading in the Saudi market for international investors. Under this Agreement, the Company will provide advanced trading solutions to investors in local and international financial markets and make trading in the Saudi financial market available to non-resident foreigners. The parties agreed to create a pilot product related to the availability of trading through the Company's platforms, within six (6) months from the date of signing the Memorandum of Understanding, provided that the commercial terms will be agreed upon at a later stage in the event that the parties decide to proceed with signing a subsequent contract.



### 12.8.5 D360 Bank's Material Agreements

The following is a summary D360 Bank's material agreements:

**Table (12.27): Summary of D360 Bank's Material Agreements:**

| No. | Contracting Party                         | Type of Agreement                                                                         | Date of Agreement | Term and Renewal Mechanism                                                                                                                                       | Agreement Value | Applicable Law                      |
|-----|-------------------------------------------|-------------------------------------------------------------------------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------------------------|
| 1.  | Accenture Saudi Arabia Limited            | Master Service Agreement                                                                  | 02/12/2021G       | Indefinite                                                                                                                                                       | 6,728,500       | Laws and regulations of the Kingdom |
| 2.  | Advance Card Technology Factory           | Service Agreement                                                                         | 30/10/2023G       | 12 months, renewable with the mutual consent of both parties                                                                                                     | 5,000,000       | Laws and regulations of the Kingdom |
| 3.  | Saudi Cloud Computing Company             | Cloud Computing Service Agreement                                                         | 29/02/2024G       | Indefinite                                                                                                                                                       | 8,810,506       | Laws and regulations of the Kingdom |
| 4.  | Majorel Saudi for Business Services Co.   | Master Service Agreement (Contract Center Agreement)                                      | 16/08/2023G       | Indefinite                                                                                                                                                       | 5,000,000       | Laws and regulations of the Kingdom |
| 5.  | Murex S.A.S.                              | License and Service Agreement                                                             | 21/09/2023G       | 5 years from the date of signing the agreement                                                                                                                   | 6,000,000       | Laws of France                      |
| 6.  | NourNet                                   | Co-location Agreement                                                                     | 02/01/2022G       | 12 months from the date of its execution, automatically renewable for a similar period, last renewed on 02/01/2024G                                              | 1,117,200       | Laws and regulations of the Kingdom |
| 7.  | Oracle Saudi Arabia Limited               | Basic Cloud Computing Services                                                            | 04/01/2022G       | 5 years from the date of signing the agreement                                                                                                                   | 8,884,543       | Laws of the United Kingdom          |
| 8.  | Paymentology Limited                      | Agreement for the Supply of Hosted Card Issuance and Processing Services in Cloud Systems | 12/05/2022G       | 5 years from the date of signing, automatically renewable for 12 months                                                                                          | 49,660,327      | Laws of the United Kingdom          |
| 9.  | Luna Space Communications (Skyband)       | Service Agreement                                                                         | 01/09/2022G       | 12 months from the date of Skyband's notice to D360 Bank of the readiness of services, automatically renewable for a similar period, last renewed on 01/10/2024G | 8,461,40        | Laws and regulations of the Kingdom |
| 10. | Transferto Mobile Financial Services Ltd. | Transmission Services Agreement                                                           | 30/05/2023G       | 2 years from the date of signing, automatically renewable for one year                                                                                           | Indefinite      | Laws of the United Kingdom          |
| 11. | Incat Sp. z o.o.                          | Master Services and License Agreement                                                     | 01/06/2023G       | The agreement shall remain in effect until the completion of the last statement of work under the agreement or a license schedule submitted under the agreement  | 20,000,000      | Laws and regulations of the Kingdom |

Source: The Company

## 12.9 Material Agreements with Related Parties

The Company has entered into a number of agreements with Related Parties pertaining to its business, including the shareholders' agreement for Bwa for Information Technology Company and the terms and conditions of investment funds managed by the Company. Revenues generated from dealings with Related Parties constituted 11% of the Company's total operating revenues for the financial year ended 31 December 2023G.

The total revenues generated by the Company from Related Parties, according to the consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the six-month period ended 30 June 2024G was SAR 120,302,113 (representing 20% of the Company's total operating revenues for 2021G), SAR 93,376,064 (representing 14% of the Company's total operating revenues for 2022G), SAR 69,893,896 (representing 11% of the Company's total operating revenues for 2023G) and SAR 55,711,845 (representing 12.8% of the Company's total operating revenues for the six-month period ended 30 June 2024G). The volume of costs from transactions with Related Parties was SAR 151,125,000 in the financial year ended 31 December 2021G (representing 69% of the Company's expenses for the aforementioned financial period), SAR 142,357,000 in the financial year ended 31 December 2022G (representing 50% of the Company's expenses for the aforementioned financial period), SAR 76,381,000 in the financial year ended 31 December 2023G (representing 30% of the Company's expenses for the aforementioned financial period) and SAR 139,187,000 in the six-month period ended 30 June 2024G (representing 78% of the Company's expenses for the aforementioned financial period) according to the consolidated financial statements prepared in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The Company's Directors declare that none of the contracts and agreements entered into with Related Parties include any preferential terms, and all such contracts and agreements have been concluded in a lawful and legal manner and on appropriate and fair commercial bases. The Directors also agree to abide by Articles 27 and 71 of the Companies Law and the instructions of Article 46 of the Corporate Governance Regulations issued by the CMA regarding contracts and agreements concluded with Related Parties in which any of the Directors has an interest. For further details on these contracts and agreements, please refer to Section 5.5.1 ("**Interests of Directors and Senior Executives in contracts and agreements concluded with the Company or its Subsidiaries**") of this Prospectus.

This section summarizes the agreements concluded with Related Parties that the Company considers to be material or important or that would affect the decision to invest in the Offer Shares. Note that this is not a summary of all contracts and agreements concluded by the Company with Related Parties and does not include all the terms and conditions of each agreement and cannot be considered an alternative to the terms and conditions contained in the aforementioned contracts and agreements.

### 12.9.1 Joint Venture Agreement for D360 Bank

The Company entered into an agreement with several investors (including Mr. Taha Abdullah Ibrahim Al-Kuwaiz, Mr. Zaki Abdulaziz Al-Showaier, Mr. Faisal Hamad Abdullah Al-Sugair, Mr. Yasser Abdulaziz Mohamed Al-Qadi, Mr. Khaled Mohammed Ali Aba Al-Khail, Mr. Abdullah Abdulrahman Abdulrazzaq Al-Saeed and Mr. Ibrahim Abdulaziz Al-Jammaz), dated 12/06/1443H (corresponding to 15/01/2022G), for the purpose of establishing D360 Bank. It is also worth noting that the agreement does not include any preferential terms, and was concluded in a lawful and legal manner and on appropriate and fair commercial bases under the same conditions and terms that the Company follows with all contractors and clients. For further details on the summary of the agreement, please refer to Table 12.15 ("**Summary of the Joint Venture Agreement for D360 Bank**") of this Prospectus.

### 12.9.2 Summary of the Shareholders' Agreement for Bwa for Information Technology Company

The Company entered into the Shareholders Agreement for Bwa for Information Technology Company on 14/01/1445H (corresponding to 01/08/2023G) with Mr. Hashem bin Othman Al-Hekail, Mr. Abdullah bin Abdul Latif Al-Fawzan and Anova Investment Company, for the purpose of the Company contributing 7.5% of the total capital of Bwa for Information Technology Company in consideration for SAR 15,000,000.

### 12.9.3 Summary of the Client Agreement with Bwa for Information Technology Company

The Company entered into the Client Agreement with Bwa for Information Technology Company on 22/01/1445H (corresponding to 09/08/2023G), under which the Company is granted the right to access Bwa for Information Technology Company's application interface providing open banking services, which include viewing monthly and daily account statements, providing payment notifications through the website and applications and linking the Company's systems to bank systems to obtain account statements. It also provides managed services, which include executing payments on the Company's accounts and linking its systems to execute payments on the Company's bank accounts. The term of the agreement is one calendar year, calculated from the date of actual use of the services provided. The agreement term automatically renews for a period equal to the basic term of the agreement unless either party provides written notice thirty (30) days before the end of the term in effect at the time. The Company pays fees in exchange for being able to use the services provided. The Company has not paid any fees for the services provided for the financial year ended 31 December 2023G and for the six-month period ended 30 June 2024G.

### 12.9.4 Investment Funds Distribution Agreement with Bwa for Investment Company

On 22/01/1445H (corresponding to 09/08/2023G), the Company entered into an investment funds distribution agreement with Bwa for Investment Company. Bwa for Investment Company is authorized by the CMA within the Financial Technology Laboratory to provide investment fund and real estate investment fund distribution services. Bwa for Investment Company provides the Company with electronic services related to the distribution of funds, and the Company uses Bwa for Investment Company's platform to distribute the units of the funds managed by it. The term of the agreement commences from the date of its conclusion and is valid for one year. The agreement term automatically renews for a term equal to the basic term of the agreement unless either party provides written notice to the other ninety (90) business days prior to expiration. Bwa for Investment Company is entitled to fees agreed upon separately for each fund managed by the Company.

### 12.9.5 Information Use License Agreement with Saudi Exchange (Tadawul)

The Company entered into an information use license agreement on 16/12/1431H (corresponding to 22/11/2010G) with the Saudi Exchange (Tadawul), under which the Company is licensed by Tadawul to use market information for its clients. The Director Hashem Othman Al-Hekail has an indirect interest therein due to his membership on the board of Tadawul Holding Group. Accordingly, the provisions of Article 27 and Article 71 of the Companies Law apply to this agreement, which require obtaining permission from the Company's General Assembly. The Company's Ordinary General Assembly approved this agreement at its meeting held on 20/07/1446H (corresponding to 20/01/2025G). For further details, please refer to Section 2.1.13 ("**Risks related to transactions and contracts with Related Parties**") of this Prospectus.

### 12.9.6 Lease Agreement with Al-Showaier Real Estate Investment and Development Company

On 27/05/2024G, the Company also entered into a lease agreement with Al-Showaier Real Estate Investment and Development Company, pursuant to which warehouses are leased to the Company. Zaki Al-Showaier, a Director, has an indirect interest in the company due to his ownership of shares and his position as a member of its board. Accordingly, the provisions of Article 27 and Article 71 of the Companies Law apply to this agreement, which require obtaining permission from the Company's General Assembly. The Company's Ordinary General Assembly approved this agreement at its meeting held on 20/07/1446H (corresponding to 20/01/2025G). The total costs incurred by the Company under the agreement amount to SAR 131,100 for the six-month period ended 30 June 2024G (representing 0.19% of the Company's total costs for the period). For further details, please refer to Section 2.1.13 ("**Risks related to transactions and contracts with Related Parties**") of this Prospectus.

### 12.9.7 Derayah Private Fund 45 Terms and Conditions

The Director Abdulwahab Saeed Al-Sayed and a number of his relatives hold all units of Derayah Private Fund 45. Consequently, Director Abdulwahab Saeed Al-Sayed has a direct interest in the terms and conditions agreed upon between the Company, in its capacity as fund manager, and the Director and his relatives. The Company did not obtain any consideration for the six-month period ended 30 June 2024G. Accordingly, the provisions of Article 27 and Article 71 of the Companies Law apply to this agreement, which require obtaining permission from the Company's General Assembly. The Company's Ordinary General Assembly approved this agreement at its meeting held on 20/07/1446H (corresponding to 20/01/2025G).

### 12.9.8 Terms and Conditions of Certain Investment Funds Managed by the Company

It is worth noting that as of the date of this Prospectus, a number of Directors and Senior Executives own units in investment funds managed by the Company, including Derayah REIT Fund, Derayah Saudi Equity Freestyle Fund (for further details, please refer to Table 12.12 (“**Summary of the Terms and Conditions of Derayah REIT Fund**”) of Section 12.8.2 (“**Material Agreements Related to Investment Funds**”) of this Prospectus), Derayah Retail Fund, Derayah Trading Fund, Derayah Ventures Asian Fund, Derayah Real Estate Income Fund III, Derayah Saudi Equity Fund, Derayah Gulf Growth and Income Equity Fund and Derayah Ventures Fund. By virtue of the Company’s role as the fund manager and its approval of the terms and conditions of those funds agreed to by the relevant Directors and Senior Executives, these arrangements are considered transactions with Related Parties.

It is worth noting that they do not include any preferential terms, were made in a lawful and legal manner on appropriate and fair commercial bases and under the same conditions and terms that the Company follows with all contractors and clients. This is in accordance with the Company’s Discount Policy.

The following is a summary of the terms and conditions of the funds managed by the Company, in which a number of Directors and Senior Executives own units:

#### 12.9.8.1 Terms and Conditions of Derayah Retail Fund

The terms and conditions of Derayah Retail Fund were issued on 01/06/1443H (corresponding to 04/01/2022G) and the Company manages the fund based on them. The fund is an investment fund with a closed capital. Its units were privately placed and it aims to invest in private equity in the retail sector to achieve a return on invested capital in the long term. The fund’s term is four (4) years starting from the date of commencement of business (noting that the fund has not commenced its business) and is extendable for two additional periods of one year each after notifying the CMA and obtaining the approval of the fund’s board of directors. The Company’s total revenues from the fund constituted SAR 1,018,362 for the financial year ended 31 December 2022G, a total of SAR 1,698,241.88 for the financial year ended 31 December 2023G, and a total of SAR 845,694 for the six-month period ended 30 June 2024G.

#### 12.9.8.2 Terms and Conditions of Derayah Trading Fund

The terms and conditions of Derayah Trading Fund were issued on 24/03/1434H (corresponding to 05/02/2013G) and the Company manages the fund based on them. The fund is an investment fund with an open capital, whose units were privately placed in compliance with the provisions of Islamic Sharia. It is intended to provide high levels of liquidity and investment in asset-backed financing operations for the fund manager’s clients. The fund is an open public fund with an indefinite term. The Company’s total revenues from the fund constitute SAR 5,818,769 for the financial year ended 31 December 2021G, a total of SAR 5,721,346 for the financial year ended 31 December 2022G, a total of SAR 5,743,323 for the financial year ended 31 December 2023G and a total of SAR 17,508.87 for the six-month period ended 30 June 2024G.

#### 12.9.8.3 Terms and Conditions of Derayah Ventures Asian Fund

The terms and conditions of Derayah Ventures Asian Fund were issued on 27/11/1440H (corresponding to 30/07/2019G) and the Company manages the fund based on them. The fund is an open Sharia-compliant venture capital fund that aims to achieve increased capital by investing in the holding company that owns Gojek, now known as GoTo. The fund’s term is indefinite. The Company’s total revenues from the fund constituted SAR 2,774,747 for the financial year ended 31 December 2021G, a total of SAR 2,586,395 for the financial year ended 31 December 2022G, a total of SAR 135,917 for the financial year ended 31 December 2023G and there was no revenue for the six-month period ended 30 June 2024G.

#### 12.9.8.4 Terms and Conditions of Derayah Real Estate Income Fund III

The terms and conditions of Derayah Real Estate Income Fund III were issued on 17/08/1440H (corresponding to 22/04/2019G) and the Company manages the fund based on them. The fund is a real estate investment fund with a closed capital, placed in a private offering in compliance with the provisions of Islamic Sharia. The fund aims to generate income by investing in a group of real estate opportunities in the Kingdom. The term of the fund is four (4) years starting from the date of commencement of business on 22/11/1440H (corresponding to 25/07/2019G). Such term may be extended for a maximum of two additional periods of one year each starting at the end of the fund's term. The Company's total revenues from the fund constituted SAR 3,877,957 for the financial year ended 31 December 2021G, a total of SAR 3,895,500 for the financial year ended 31 December 2022G, a total of SAR 4,265,375.10 for the financial year ended 31 December 2023G and revenue for the six-month period ended 30 June 2024G was SAR 1,514,786.

#### 12.9.8.5 Terms and Conditions of Derayah Saudi Equity Fund

The terms and conditions of Derayah Saudi Equity Fund were issued on 17/03/1445H (corresponding to 02/10/2023G) and the Company manages the fund based on them. The fund is an open public equity fund that aims to grow capital in the long term by investing primarily in companies listed on Saudi Tadawul. The fund's term is indefinite. The Company's total revenues from the fund constituted SAR 3,895,500 for the financial year ended 31 December 2022G, a total of SAR 975,120.39 for the financial year ended 31 December 2023G, and revenue for the six-month period ended 30 June 2024G was SAR 5,667,103.

#### 12.9.8.6 Terms and Conditions of Derayah Gulf Growth and Income Equity Fund

The terms and conditions of Derayah Gulf Growth and Income Equity Fund were issued on 02/07/1442H (corresponding to 14/02/2021G) and the Company manages the fund based on them. The fund is an open investment fund, whose units were placed in a Sharia-compliant private offering. It aims to grow capital and distribute cash dividends periodically by investing primarily in the securities of companies listed on the Saudi Exchange (Tadawul) and in Gulf capital markets. The fund's term is indefinite. The Company's total revenues from the fund constituted SAR 568,946 for the financial year ended 31 December 2022G, a total of SAR 409,374.70 for the financial year ended 31 December 2023G and revenue for the six-month period ended 30 June 2024G was SAR 1,369,727.

#### 12.9.8.7 Terms and Conditions of Derayah Ventures Fund

The terms and conditions of Derayah Ventures Fund were issued on 06/03/1440H (corresponding to 14/11/2018G). The Company manages the fund based on them. The fund is a closed venture capital investment fund whose units were placed in a Sharia-compliant private offering. The fund aims to invest in technology companies and newly established companies in various fields. The fund's term is ten (10) years, extendable for an additional two years after obtaining the approval of the unit holders. The Company's total revenues from the fund constituted SAR 1,613,437 for the financial year ended 31 December 2021G, a total of SAR 1,591,963 for the financial year ended 31 December 2022G, a total of SAR 1,680,051.76 for the financial year ended 31 December 2023G and revenue for the six-month period ended 30 June 2024G was SAR 741,276.

#### 12.9.9 Other services provided to the Directors and Company employees

From time to time, the Company provides a number of its services (such as asset management services, brokerage and trading services) to the Directors and its employees, including the Senior Executives. These services are provided by the Company under the same conditions and terms that the Company follows with all contractors and clients and these services are part of the Company's usual business and contracts. The Directors and Senior Executives may obtain certain discounts on the Company's fees in accordance with the Company's Discount Policy, which applies to all its clients, including the Directors and Company employees. These services constituted SAR 5,714,466 for the financial year ended 31 December 2021G (representing 0.99% of the Company's total revenues for the period), SAR 4,289,394 for the financial year ended 31 December 2022G (representing 0.94% of the Company's total revenue for the period), SAR 2,882,482 for the financial year ended 31 December 2023G (representing 0.61% of the Company's total revenue for the period), and SAR 1,466,181 for the period ended 30 June 2024G (representing 0.34% of the Company's total revenue for the period).

## 12.10 Credit Facilities and Loans

### 12.11 Summary of Material Credit Facilities and Loan Agreements

The Company has entered into one credit facilities agreement with Arab National Bank, which is summarized below:

**Table (12.28): Summary of the Sharia-Compliant Credit Facilities Agreement with Arab National Bank**

| Sharia-Compliant Credit Facilities Agreement |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Date of Agreement</b>                     | 21/06/1445H (corresponding to 03/01/2024G)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Facility Type/Purpose/ Amount</b>         | 1- Islamic overdraft<br>2- Facility limit: SAR 40,000,000<br>3- Islamic letters of guarantee<br>4- Facility limit: SAR 29,383,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Agreement Term and Renewal Mechanism</b>  | From the date of concluding the agreement until 31/12/2024G, renewable for a similar period or other periods based on the approval of Arab National Bank. <sup>46</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Value of Facilities</b>                   | SAR 69,383,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Main Obligations of the Company</b>       | <ul style="list-style-type: none"> <li>To provide the Bank, within a period not exceeding one hundred twenty (120) days after the end of each financial year, with a copy of the establishment's audited financial statements for the relevant financial year certified by an independent auditor acceptable to the Bank.</li> <li>To notify the Bank of any default or potential default.</li> <li>To provide any financial or other information related to the client or any of the guarantors as the Bank reasonably requests from time to time, immediately upon the Bank's request.</li> <li>To use the facilities for the purposes specified in this agreement.</li> <li>To not merge with any another body or take any measures towards the dissolution of the institution/ company.</li> <li>To not expose itself to incurring any financial indebtedness other than the permissible encumbrances or incurring any other financial encumbrances except in the course of its normal business.</li> <li>To not guarantee or become in any way directly or indirectly or potentially liable for any loss, damages or expenses resulting from the non-payment of any debt or obligation by any person, or the breach thereof, except as may be necessary in the ordinary course of its business.</li> <li>To authorize the Bank to obtain audited financial statements from its external auditor.</li> </ul>                                                                                                                                                                                                                                               |
| <b>Company's Material Restrictions</b>       | <ul style="list-style-type: none"> <li>To maintain its financial, administrative and legal status and ownership of the establishment, not change its activity as of the date of this agreement, and conduct its business in accordance with the laws, directives, approvals, agreements and obligations in force.</li> <li>To not declare or pay any profits or distributions to partners/shareholders or repay any loans to partners/ shareholders in the event of any default.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Company Breaches</b>                      | <ul style="list-style-type: none"> <li>If the Company defaults on any payment due to the Bank.</li> <li>If the Company or any of the guarantors fails to perform its obligations or fulfill them accurately and promptly, and fails to remedy such default to the Bank's satisfaction within the period determined by the Bank from the date the Company receives written notice from the Bank requesting it to remedy such default.</li> <li>If any representation or warranty made by the Company or any guarantor is found to be false or misleading.</li> <li>Any debt of the Company or any guarantor which becomes due or is deemed payable before its specified maturity date, or which is not paid when due, or if any attachment is executed against all or any part of the business, assets or property of the Company or any guarantor, or if any bankruptcy proceedings are commenced against any of them, or if any guarantor dies or becomes incapacitated if a natural person.</li> <li>The Company ceases to carry on any material part of its business or substantially changes the nature or scope of its business or transfers any substantial part of its business or assets, or the Company proposes to do any of the foregoing.</li> <li>The issuance of any law, regulation, order or any amendment to any law, regulation or order which changes or is construed to change, suspend, terminate or excuse the client or any guarantor from the performance of its obligations under this agreement or any guarantee or security document. The Company's failure to provide the Bank with the required financial information.</li> </ul> |

46 As of the date of this prospectus, the parties are in the process of renewing the Credit Facility Agreement.

| Sharia-Compliant Credit Facilities Agreement |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Related Documents</b>                     | <ol style="list-style-type: none"> <li>1- Sharia-compliant overdraft agreement between Arab National Bank and Derayah Financial Company dated 21/06/1445H corresponding to 03/01/2024G.</li> <li>2- Goods sale and purchase agreement for the purpose of Tawarruq between Arab National Bank and Derayah Financial Company dated 21/06/1445H corresponding to 03/01/2024G.</li> <li>3- General terms of guarantees between Arab National Bank and Derayah Financial Company dated 21/06/1445H corresponding to 03/01/2024G.</li> <li>4- A promissory note in the amount of sixty-nine million, three hundred and eighty-three thousand Saudi Riyals (SAR 69,383,000) issued by the Company to Arab National Bank on 03/01/2024G.</li> </ol> |
| <b>Guarantees</b>                            | <ol style="list-style-type: none"> <li>1- A promissory note in the amount of SAR 69,383,000.</li> <li>2- Any other guarantees requested by the Bank.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Jurisdiction</b>                          | This agreement and its annexes shall be governed by and construed in accordance with the laws of the Kingdom of Saudi Arabia. The Company definitively, unconditionally and irrevocably also accepts the non-exclusive jurisdiction of the Banking Disputes Committee. However, the Bank alone shall have the right to resort to any other judicial authority, whether inside or outside the Kingdom.                                                                                                                                                                                                                                                                                                                                       |

## 12.12 Real Estate

As of the date of this Prospectus, the Company owns four (4) real estate properties for the purpose of building a headquarters for the Company. The following table shows a summary of the real estate properties owned by the Company (for further details on these assets, please refer to Section 4.5.2.1 ("Brokerage & trading services")).

**Table (12.29): Real Estate Owned by the Company**

| #  | Owner                     | Title Registration Deed Number | Deed Date   | Purpose                                  | Approximate Real Estate Value* | Rights of Other Parties/Disputes |
|----|---------------------------|--------------------------------|-------------|------------------------------------------|--------------------------------|----------------------------------|
| 1. | Derayah Financial Company | 310108040557                   | 10/07/1436H | Building a headquarters for the Company. | SAR 6,149,676                  | N/A                              |
| 2. | Derayah Financial Company | 410108040556                   | 10/07/1436H | Building a headquarters for the Company. | SAR 6,149,676                  | N/A                              |
| 3. | Derayah Financial Company | 7570923401300000               | 06/11/2024G | Building a headquarters for the Company. | SAR 28,350,000                 | N/A                              |
| 4. | Derayah Financial Company | 6491111476300000               | 07/11/2024G | Building a headquarters for the Company. | SAR 28,350,000                 | N/A                              |

Source: The Company

\* According to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024G with regard to the two real estate properties referred to in items (1) and (2) and the real estate ownership registration deed issued by the land registry with regard to the two real estate properties referred to in items (3) and (4).

The Company has entered into three (3) lease contracts for the purpose of use as office units. The following table shows a summary of the provisions of the lease contracts in effect as of the date of this Prospectus, which constitute all material office lease contracts concluded by the Company:



**Table (12.30): Summary of Lease Contracts Concluded by the Company**

| #  | Lessee      | Lessor                               | Location | Purpose                             | Lease Value       | Lease Term                                                                                                                                                                                                                                                                                                  | Assignment/Sublease Right                                                                                                                                                                                                                                                |
|----|-------------|--------------------------------------|----------|-------------------------------------|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | The Company | Thabat Riyadh Real Estate Company    | Riyadh   | Office                              | SAR 12,520,791.15 | 2,071 days starting from 17/07/1442H (corresponding to 01/03/2021G) and ending on 20/05/1448H (corresponding to 31/10/2026H), renewable by concluding a new contract agreed upon by both parties.                                                                                                           | The leased units shall be vacated before the end of the contract at the request of the lessor if the lessee subleases the leased units or part thereof or assigns the contract to a third party (acceptance) either in whole or in part, if it is not entitled to do so. |
| 2. | The Company | Tanami Arabia Co. closed joint-stock | Dammam   | Office                              | SAR 833,175       | 1,825 days starting from 10/07/1444H (corresponding to 01/02/2023G) and ending on 04/09/1449H (corresponding to 31/01/2028G), automatically renewable for a similar period unless one of the parties notifies the other of its desire to terminate the contract 90 days before the end of the lease period. | The leased units shall be vacated before the end of the contract at the request of the lessor if the lessee subleases the leased units or part thereof or assigns the contract to a third party (acceptance) either in whole or in part, if it is not entitled to do so. |
| 3. | The Company | Yasser Mohamed Saleh Baharith        | Jeddah   | Office (Financial Brokerage Branch) | SAR 1,909,000     | 1,826 days starting from 19/06/1444H (corresponding to 01/01/2024G) and ending on 15/08/1450H (corresponding to 31/12/2028G) and the lease period ends at the end of the contract term. If both parties wish to renew, a new contract will be concluded to be agreed upon by both parties.                  | The leased units shall be vacated before the end of the contract at the request of the lessor if the lessee subleases the leased units or part thereof or assigns the contract to a third party (acceptance) either in whole or in part, if it is not entitled to do so. |

Source: The Company

## 12.13 Insurance

The Company and its Subsidiaries maintain insurance policies that cover various types of risks that they may be exposed to. D360 Bank is working to obtain all necessary insurance policies to cover various risks that it may be exposed to in the course of its usual business and in accordance with the practices prevalent in the market. The following table shows the main details of the insurance policies that the Company and its Subsidiaries benefit from:

**Table (12.31): Summary of Insurance Policies of the Company and its Subsidiaries**

| No.                              | Policy No.                 | Type of Insurance Coverage  | Insurance Company and Insured Company                                                                           | Maximum Insurance Coverage (SAR) | Validity Period and Expiration Date of Coverage |
|----------------------------------|----------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------------------------|
| <b>Health insurance policies</b> |                            |                             |                                                                                                                 |                                  |                                                 |
| 1.                               | 35058916                   | Group medical insurance     | Tawuniya Insurance Company (as insurance company) and the Company (as insured company)                          | SAR 1,000,000                    | From 24/01/2024G to 23/01/2025G                 |
| <b>Other Insurance Policies</b>  |                            |                             |                                                                                                                 |                                  |                                                 |
| 2.                               | P/102/24/1003/2023/101/204 | All risk property insurance | Saudi Arabian Cooperative Insurance Company (SAICO) (as insurance company) and the Company (as insured company) | N/A                              | From 28/11/2024G to 27/11/2025G                 |



| No. | Policy No.                | Type of Insurance Coverage                        | Insurance Company and Insured Company                                                                                | Maximum Insurance Coverage (SAR) | Validity Period and Expiration Date of Coverage |
|-----|---------------------------|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------------------------|
| 3.  | CSCHB3 0005/23-04         | Corporate cybersecurity risk management insurance | Chubb Arabia Cooperative Insurance Company (as insurance company) and the Company (as insured company)               | By type of defined coverage      | From 24/05/2023G to 23/05/2024G                 |
| 4.  | P-02-2020-8-802-055081/R3 | Employee benefits insurance                       | Wataniya Insurance Company (as insurance company) and the Company (as insured company)                               | SAR 2,220,000 up to age 65       | From 15/12/2023G to 14/12/2024G                 |
| 5.  | C1-24-500-000008          | Asset management and investment insurance         | Walaa Cooperative Insurance Company (as insurance company) and the Company and its Subsidiaries (as insured company) | By type of defined coverage      | From 01/02/2024G to 31/01/2025G                 |

Source: The Company

## 12.14 Intellectual Property and Intangible Assets Owned by the Company

The Company generally relies on its intangible assets including a trademark that reflects its commercial identity and technical systems on which its operations depend to a large extent. The following is a description of the trademark owned by the electronic systems used by the Company.

## 12.15 Trademarks

The Company's success depends largely on its ability to maintain and enhance the strength and value of its trademarks, which relies on many factors, including the Company's reputation. Trademarks are also used in the Company's marketing efforts, which contribute to increasing the Company's sales and profits.

The Company registered its trademark with the Saudi Authority for Intellectual Property in the Kingdom and obtained a trademark registration certificate from the Saudi Authority for Intellectual Property. The following are the main details of the main trademark registered by the Company:

**Table (12.32): Details of the Company's Trademark Registered in the Kingdom**

| Trademark Logo                                                                      | Trademark Owner           | Trademark Registration Certificate Number | Trademark Category                                                                             | Country of Registration | Protection Expiration Date                 |
|-------------------------------------------------------------------------------------|---------------------------|-------------------------------------------|------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------------|
|  | Derayah Financial Company | 1442016844                                | Category 36 - Insurance services, financing affairs, financial affairs and real estate affairs | Kingdom of Saudi Arabia | 27/05/1452H (corresponding to 25/09/2030G) |

Source: The Company

**Table (12.33): Details of the D360 Bank Trademark Registered in the Kingdom**

| Trademark Logo                                                                    | Trademark Owner | Trademark Registration Certificate Number | Trademark Category                                                                             | Country of Registration | Protection Expiration Date                 |
|-----------------------------------------------------------------------------------|-----------------|-------------------------------------------|------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------------|
|  | D360 Bank       | 1443023436                                | Category 36 - Insurance services, financing affairs, financial affairs and real estate affairs | Kingdom of Saudi Arabia | 14/07/1453H (corresponding to 30/10/2031G) |
|  | D360 Bank       | 1442000995                                | Category 36 - Insurance services, financing affairs, financial affairs and real estate affairs | Kingdom of Saudi Arabia | 04/01/1452H (corresponding to 06/05/2030G) |

Source: The Company

## 12.16 Internet Domains Owned by the Company

The Company has reserved and registered a website and an internet domain in its name. The following table shows the details of the website.

**Table (12.34): Details of Key Internet Domain Names**

| No. | Internet Domain Name | Name of Domain Owner |
|-----|----------------------|----------------------|
| 1.  | web.derayah.com      | The Company          |

Source: The Company

## 12.17 Key Technical Systems Used by the Company

From time to time, the Company entered into a number of agreements in the course of its normal business to support the Company's technical infrastructure. These include, but are not limited to, the Company's agreements with Etihad Etisalat Company and the Arabian Internet and Communications Services Company, under which the Company obtains internet services and technical connectivity, and the Company's agreement with Unifonic for the purpose of providing the Company with a text message service for its clients. The Company also obtained non-exclusive rights to use numerous systems and programs of other leading companies in their fields at the local, regional and global levels. The following table shows the most important systems and applications used by the Company that it considers essential to its business.

**Table (12.35): Systems and Applications Details**

| No. | Name of Application or System    | Nature of Application or System                                               | Purpose of Application or System                                                                                                                                                                     | Name of Company Owning or Using the Application or System | Expiration Date (if any) |
|-----|----------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|--------------------------|
| 1.  | Derayah Mobile                   | Client support services                                                       | Login and trading execution platform for work                                                                                                                                                        | The Company                                               | N/A                      |
| 2.  | Interactive Voice Response (IVR) | Communication services                                                        | Platform for client communication, trading execution and complaint registration                                                                                                                      | The Company                                               | N/A                      |
| 3.  | Back Office System (BOS)         | Website                                                                       | A system for internal employees at the Company                                                                                                                                                       | The Company                                               | N/A                      |
| 4.  | Bloomberg                        | Bloomberg platform                                                            | Monitoring and analyzing capital market data in real time                                                                                                                                            | Bloomberg                                                 | N/A                      |
| 5.  | Advance Trading                  | Website and application for managing financial transactions                   | Monitoring the GCC market and analyzing capital market data in real time                                                                                                                             | The Company                                               | N/A                      |
| 6.  | Ticker Chart                     | Website and application for managing financial transactions                   | Monitoring the GCC market and analyzing capital market data in real time                                                                                                                             | Ticker Chart                                              | N/A                      |
| 7.  | Awaan                            | Website and application for managing financial transactions                   | Monitoring the GCC market and analyzing capital market data in real time                                                                                                                             | Intigral                                                  | N/A                      |
| 8.  | Advent (APX)                     | Advent Portfolio Management System                                            | A system for asset management businesses, used to contain joint financial management accounts, equity funds, fees and expenses                                                                       | Advent                                                    | N/A                      |
| 9.  | Alpha Fuse                       | Application to support the Company's business                                 | A system for coordinating trading information from Northern Trust Custody to APX                                                                                                                     | Alpha Centrix                                             | N/A                      |
| 10. | Advent Moxy                      | Advent Portfolio Management System                                            | Asset management system to place and send orders to brokers, perform re-balancing, allocate expected orders to portfolios and export them at the end of the day to APX.                              | Advent                                                    | N/A                      |
| 11. | Advent Rules Manager             | Advent Portfolio Management System                                            | A system for pre- and post-trading compliance and verification that no rules have been violated                                                                                                      | Advent                                                    | N/A                      |
| 12. | Settlement System                | Specialized software designed to automate and simplify the settlement process | Central reconciliation system to conduct reconciliations through a single system based on predefined rules, determine service levels and escalate matters to ensure that discrepancies are addressed | Evestment                                                 | N/A                      |
| 13. | Oracle Database                  | Database                                                                      | Core financial database                                                                                                                                                                              | The Company                                               | N/A                      |
| 14. | SQL Database                     | Database                                                                      | Core client database                                                                                                                                                                                 | The Company                                               | N/A                      |
| 15. | Evestment                        | Database                                                                      | Database includes: analytical data, performance data and ratings of investment managers and strategies used                                                                                          | NASDAQ                                                    | N/A                      |

Source: The Company

Except as stated above, the Company does not own any other material intangible assets.

## 12.18 Claims and Lawsuits

The Directors declare that there are no existing or threatened lawsuits, claims, complaints or investigations that could, collectively or individually, have a material impact on the business or financial position of the Company or its Subsidiaries. It should be noted that the Company, as of 17 September 2024G, is party to four lawsuits as a defendant before the Securities Disputes Resolution Committee, which arose during its normal course of business. These lawsuits are immaterial due to their value and nature. The total value of the lawsuits is SAR 7,597,625. There are no existing lawsuits or claims filed by the Company as of the date of this Prospectus.

Clients also usually submit their requests and complaints directly to the CMA. The CMA may impose specific fines, in addition to the compensation amounts paid by the Company to affected clients, if it finds that the Company has not complied with the applicable controls and rules. The CMA received a total of 163 complaints related to the Company during 2021G, 163 complaints in 2022G, 142 complaints in 2023G and 72 complaints during the six-month period ended 30 June 2024G. Any of these complaints may become a lawsuit filed before the Securities Disputes Resolution Committee. As of 17 September 2024G, there are eight (8) existing complaints against the Company that have not yet been referred to the Securities Disputes Resolution Committee and 17 complaints that have been referred to the Committee. However, neither the Company nor the applicant have followed up on these complaints and undertaken the necessary procedures before the Committee. The Company established provisions for complaints filed by investors in general. The Company established a provision for existing and potential claims and lawsuits in the amount of SAR 33,849,910.

The Company also filed a lawsuit against a real estate developer and its parent company for breaching its obligations under the private real estate investment fund establishment agreement dated 11/09/1444H (corresponding to 02/04/2023G) to develop a plot in Riyadh, whereby the Company fulfilled all its obligations under the agreement and demanded that the real estate developer fulfill the obligations that it failed to fulfill. The Company is demanding that the real estate developer be obliged to pay SAR 14,800,000 as compensation for the financial damages incurred by the Company as a result of establishing the contracted fund, along with collecting cash subscriptions and financing costs granted to the fund through the Company.

The Directors declare that there are no existing or threatened lawsuits, claims, complaints or investigations that could, collectively or individually, have a material impact on the business or financial position of the Company or its Subsidiaries.

The total amount of claims in which the Company is involved, whether as a defendant or plaintiff, is SAR 38,847,625. The table below sets out a summary of the existing legal claims, categorized by type, as of the date of this Prospectus:

**Table (12.36): Summary of Existing Lawsuits, Claims and Judicial Complaints**

| Type of Claim/<br>Lawsuit                                                   | Parties                                                                                                                                                                                                                                                          | Subject                                                                                                                                                                                                                                         | Total Claims                                                                                              | Status                                                                                                                                                                                                                   | Total Amounts Allocated |
|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Non-material pending claim                                                  | The Company, as a defendant, and one of its clients.                                                                                                                                                                                                             | Pursuant to a margin financing agreement, the client is claiming damages for both moral and material harm and is requesting the liquidation of existing positions to bring the margin coverage ratio to the levels stipulated in the agreement. | SAR 6,391,375                                                                                             | A preliminary ruling was issued by the Committee for the Resolution of Securities Disputes awarding the client SAR 17,255.35 in damages.                                                                                 | SAR 33,849,910          |
| Non-material pending claim                                                  | The Company, as a defendant, and one of its clients.                                                                                                                                                                                                             | The client is demanding that the Company refund the amount invested in one of its managed funds, totaling SAR 1,000,000. The client alleges that the fund's management failed to exercise due diligence.                                        | SAR 1,000,000                                                                                             | A preliminary ruling was issued by the Committee for the Resolution of Securities Disputes in favor of the Company, dismissing the claim.                                                                                |                         |
| Non-material pending claim                                                  | The Company, as a defendant, and one of its clients.                                                                                                                                                                                                             | The client is demanding compensation from the Company for a sale executed in the US market of existing contracts to cover the account's outstanding subscription fees.                                                                          | SAR 26,250                                                                                                | The matter is currently being considered by the Committee for the Resolution of Securities Disputes.                                                                                                                     |                         |
| Material pending claim filed by the Company against a real estate developer | The Company, as the plaintiff, and a real estate developer, as the defendant.                                                                                                                                                                                    | A lawsuit filed by the Company, wherein the Company is seeking damages resulting from the real estate developer's breach of the agreement.                                                                                                      | SAR 14,800,000                                                                                            | The matter is currently being considered by the Committee for the Resolution of Securities Disputes.                                                                                                                     |                         |
| Non-material complaints filed against the Company                           | - 8 complaints are currently pending against the Company with the CMA.<br>- 17 complaints were referred to the Committee. However, neither the Company nor the client have followed up on these complaints and taken the necessary actions before the Committee. | The Company, as a defendant, and a number of its clients.                                                                                                                                                                                       | The amount of the claims cannot be quantified as they are intangible and relate to the Company's systems. | The complaints currently pending before the CMA have not been closed, and the complaints referred to the Committee for the Resolution of Securities Disputes have not been registered as of the date of this Prospectus. |                         |

Source: The Company

## 12.19 Company's Zakat and Tax Status

The Company and its Subsidiaries are subject to the laws of ZATCA in the Kingdom of Saudi Arabia. The Company has submitted its Zakat returns since its establishment until the end of 2023G. ZATCA issued the Company's Zakat assessment for the years 2010G to 2013G, in which it requested an additional obligation for Zakat, income tax and withholding tax in a total amount of SAR 5.4 million. During 2020G, the Company reached an agreement with ZATCA to pay SAR 3.04 million as a final settlement of Zakat for the period 2010G to 2013G. The amount was paid to ZATCA and the Company's Zakat status was settled for these years.

During 2020G, ZATCA also issued an assessment for the years 2014G to 2018G, requesting the Company pay an additional amount of SAR 6.5 million. An objection was submitted to ZATCA regarding the additional amount and a provision was made for the full amount of the claim. The objection was rejected by the First Circuit for Income Tax Violations and Dispute Settlements in the city of Riyadh and an appeal was filed against the Committee's decision. During 2022G, a final decision was issued by ZATCA regarding the Zakat assessment for 2014G, 2017G and 2018G and the Company paid SAR 3.926 million from the provision that was previously created. During the first half of 2023G, the Company paid one million, one hundred and eighty-two thousand, three hundred and seventy-nine Saudi Riyals (SAR 1,182,379) as a settlement for 2017G, SAR 1,410,006 as a settlement for 2018G, and is awaiting the final judgment of the Tax and Zakat Dispute Resolution Committee for 2015G and 2016G. A provision was created for the full amount of the assessment, amounting to SAR 1,682,080. The Company's Zakat assessments from its establishment until 2021G, as well as the Zakat assessments for 2017G and 2018G, are final assessments. As of 31 December 2021G, 2022G and 2023G, respectively, the Company established provisions for Zakat in the amount of SAR 21,345,385, SAR 21,295,229 and SAR 24,143,322. As of 30 June 2024G, the Company has established a provision for Zakat amounting to SAR 19,299,358 to cover any potential additional claims for the prior years. Regarding the period from 2022G to 2023G, the Company submitted its Zakat returns and obtained a final Zakat certificate, and no Zakat assessment has been issued for it as of the date of this Prospectus. For further details, please refer to Section 2.1.35 ("Risks related to taxes and potential Zakat dues") of this Prospectus.

The table below shows the provisions for Zakat, tax and deferred taxes for the Company and consolidated its Subsidiaries as of 31 December 2021G, 2022G and 2023G and the six-month period ended 30 June 2024G.

**Table (12.37): Zakat, Tax and Deferred Taxes for the Company and its Consolidated Subsidiaries as of 31 December 2021G, 2022G and 2023G and the Six-Month Period Ended 30 June 2024G**

| The Company and its Consolidated Subsidiaries | 31 December 2021G (SAR) | 31 December 2022G (SAR) | 31 December 2023G (SAR) | 30 June 2024G (SAR) |
|-----------------------------------------------|-------------------------|-------------------------|-------------------------|---------------------|
| Balance at beginning of the year              | 14,488,731              | 21,345,385              | 21,295,229              | 24,143,322          |
| Zakat provisions                              | 12,788,017              | 15,334,082              | 18,242,210              | 6,000,000           |
| Zakat paid during the period                  | (5,931,363)             | (15,384,238)            | (15,394,117)            | (10,913,964)        |
| Balance at end of the year                    | 21,345,385              | 21,295,229              | 24,143,322              | 19,229,358          |

Source: The audited consolidated special purpose financial statements for the financial year ended 31 December 2021G, 2022G and 2023G and the six-month period ended 30 June 2024G.

## 12.20 Summary of the Company's Bylaws

### Company name:

Derayah Financial Company, an unlisted joint-stock company.

### Company purposes:

The purposes for which the Company was established, as set forth in its Bylaws, are:

- 1- Brokerage activities related to securities and commodities contracts.
- 2- Other activities supporting financial services.
- 3- Money management activities.

### Participation and ownership in companies:

The Company may participate in other companies and it may establish companies on its own (limited liability or closed joint-stock or simplified joint-stock companies). It may also own shares and stocks in other existing companies or merge with them and has the right to participate with others in establishing joint-stock, limited liability or simplified joint-stock companies, after fulfilling the requirements of the laws and instructions followed in this regard. The Company may also dispose of these shares or stocks, provided that this does not involve brokerage in their trading.

### Company headquarters:

The Company's headquarters is located in Riyadh, Kingdom of Saudi Arabia. The Company's Board of Directors may establish branches for it inside or outside the Kingdom.

### Company term:

The Company's term is indefinite.

### Capital:

The Company's issued capital was set at four hundred and ninety-nine million, four hundred and seventy thousand, three hundred and ninety Saudi Riyals (SAR 499,470,390) divided into 249,735,195 nominal shares of equal value, each with a value of SAR 2, all of which are ordinary shares in exchange for cash shares.

### Subscription to shares:

The founders subscribed to all capital shares issued, amounting to 249,735,195 shares, with a cash value of SAR 499,470,390, and paid the full value thereof.

### Preferred shares or redeemable shares:

The Company may issue preferred shares or redeemable shares or decide to purchase them in accordance with the controls set by the competent authority.

### Purchase, sale and mortgage of the Company's shares:

- 1- The Company may purchase its ordinary or preferred shares in accordance with the relevant regulatory controls.
- 2- The Company may mortgage its shares in accordance with the relevant regulatory controls.
- 3- The Company may purchase its shares and allocate them to its employees within an employee share program in accordance with the relevant regulatory controls.
- 4- The Board of Directors may decide to sell treasury shares in one payment or in several stages in accordance with the relevant regulatory controls.
- 5- A shareholder in the Company may mortgage their shares in accordance with the relevant regulatory controls.

### Sale of unpaid shares:

- 1- A shareholder shall pay the remaining value of the shares on the dates specified for such. If they fail to pay on the due date, the Board of Directors may, after notifying them by registered letter or by any means of modern technology, sell the share at public auction or on the capital market, as the case may be, in accordance with the controls determined by the competent authority.
- 2- The Company shall collect the amounts due to it from the sale proceeds and return the remainder to the shareholder. If the sale proceeds are not sufficient to satisfy these amounts, the Company may collect the remainder from all shareholder's funds.
- 3- The rights related to shares whose payment is in default shall be suspended upon the passage of the specified date for such until they are sold or the payment due is made in accordance with the provisions of Paragraph 1 of this Article. These include the right to obtain a share of the net profits to be distributed and the right to attend assemblies and vote on their decisions. However, a shareholder in default may, up until the day of the sale, pay the amount due plus the expenses that the Company incurred in this regard. In this case, the Shareholder shall have the right to request the dividends declared for distribution.
- 4- The Company shall cancel the certificate of a share sold in accordance with the provisions of this Article, give the buyer a new certificate for the share bearing the same number and mark the sale in the Share Register including the necessary information for the new owner.

### Issuance of shares:

- 1- The Company's shares shall be nominal and indivisible before the Company. If several persons own one share, they shall choose one of them to represent them in exercising the rights related to the share and these persons shall be jointly liable for the obligations arising from the ownership of the share.
- 2- The Company may divide its shares into shares of a lower nominal value or combine them to represent shares of a higher value, taking into account the controls determined by the competent authorities.

### Trading of shares:

The Company's shares shall be traded in accordance with the provisions of the Capital Market Law and its Implementing Regulations. In all cases, no shares of the Company may be assigned without the prior approval of the Capital Market Authority.

### Capital increase:

- 1- The Extraordinary General Assembly, after the approval of the competent authorities, may decide to increase the Company's capital, provided that the capital has been paid in full. It is not a requirement that the capital has been paid in full if the unpaid portion thereof is related to shares issued in exchange for converting debt instruments or financing certificates into shares and the period set for their conversion has not yet ended.
- 2- The Extraordinary General Assembly may, in all cases, allocate the shares, or a portion thereof, issued in the capital increase to employees of the Company or its Subsidiaries or some of them, or any of the same. Shareholders may not exercise pre-emptive right when the Company issues shares allocated to employees.
- 3- Shareholders owning shares at the time the Extraordinary General Assembly issues a decision approving a capital increase shall have pre-emptive rights to subscribe to the new shares issued in exchange for cash shares. Such Shareholders shall be informed of their priority by registered letter to their address listed in the Shareholders' Register or through modern technology, along with the capital increase decision and the subscription terms and conditions, method, and start and end dates, taking into account the type and category of the share they own.
- 4- The Extraordinary General Assembly has the right to suspend the pre-emptive right of shareholders to subscribe for a capital increase in exchange for cash shares or to give pre-emptive right to non-shareholders in cases where it deems it appropriate to the Company's interest.



- 5- A shareholder may sell or waive their pre-emptive right during the period from the date of the General Assembly's resolution approving the capital increase to the last day of subscription for the new shares associated with these rights, in accordance with the controls set by the competent authority.
- 6- Subject to the provisions of Paragraph 4 above, the new shares shall be distributed to the holders of pre-emptive rights who have applied for the subscription, in proportion to the ratio of pre-emptive rights they hold to the total pre-emptive rights resulting from the capital increase, provided that they do not receive more than the number of new shares they requested. The remaining new shares shall be distributed to the holders of pre-emptive rights who requested more than their share, in proportion to the ratio of pre-emptive rights they hold to the total pre-emptive rights resulting from the capital increase, provided that they do not receive more than the number of new shares they requested. Any remaining shares shall be offered to the public, unless otherwise provided by the Extraordinary General Assembly or the Capital Market Law.

### Capital reduction:

- 1- The Extraordinary General Assembly may decide to reduce the capital if it exceeds the Company's needs or if it incurs losses. In the latter case only, the capital may be reduced below the limit stipulated in Article 59 of the Companies Law. The reduction resolution shall not be passed unless a statement prepared by the Board of Directors is read at the General Assembly explaining the reasons for the reduction, the Company's liabilities and the impact of the reduction on the fulfilment thereof, and provided that a report from the Company's auditor is attached to this statement.
- 2- If the reduction is because the capital exceeds the Company's needs, the creditors shall be invited to raise their objections, if any, to the reduction at least forty-five (45) days prior to the date set for the Extraordinary General Assembly meeting to pass a resolution on the reduction. A statement shall be attached to the invitation explaining the amount of capital before and after the reduction, the date of the meeting to be held, and the effective date. If any creditor objects to the reduction and submits their documents to the Company within the specified period, the Company shall pay their debt if it is due or provide them with sufficient guarantee to fulfill it in the event that it is due in the future.

### Board of Directors

#### Company management:

- 1- The Company shall be managed by a Board of Directors comprising nine (9) members elected by the Ordinary General Assembly of shareholders, who must be natural persons.
- 2- The term of membership on the Board of Directors shall not exceed four (4) years.

#### Expiration or termination of Board membership:

Board membership shall end at the end of the term or if a Director ceases to be eligible in accordance with any applicable regulations or instructions in the Kingdom. The General Assembly may (upon the recommendation of the Board of Directors) terminate the membership of any Director who is absent from three (3) consecutive meetings or five (5) nonconsecutive meetings during their term of membership without a valid excuse acceptable to the Board of Directors.

However, the Ordinary General Assembly may dismiss any or all of the Directors, and in this case the Ordinary General Assembly shall elect a new Board of Directors or a replacement for the dismissed Director (as the case may be) in accordance with the provisions of the Companies Law.

#### End of the Board's term, resignation of Directors, or membership vacancies:

- 1- Before the end of its term, the Board of Directors shall call the Ordinary General Assembly to convene to elect a new Board of Directors. If the election cannot be held and the term of the current board ends, the Directors shall continue to perform their duties until a new Board of Directors is elected, provided that the duration of the continued service of the Directors whose term has ended does not exceed the period specified in the Implementing Regulations of the Companies Law.

- 2- If the Board chairman and Directors resign, they shall call the Ordinary General Assembly to convene to elect a new Board of Directors. The resignation shall not take effect until the new board is elected, provided that the duration of the continued service of the resigning board does not exceed the period specified in the Implementing Regulations of the Companies Law.
- 3- A Director may resign from their membership by a written notice addressed to the Board Chairman. If the Chairman resigns, the notice shall be addressed to the remaining Directors of the Board and the Board Secretary. The resignation shall take effect, in both cases, from the date specified in the notice.
- 4- If a position on the Board becomes vacant due to the death or resignation of any of the Directors and such vacancy does not result in a breach of the conditions necessary to meet the Board's quorum, the Board may (temporarily) appoint a person who possesses the necessary experience and qualifications to fill the vacant position, provided that the Commercial Register and the Capital Market Authority, if the Company is listed on the Exchange, is notified within fifteen (15) days of the appointment, and the appointment is submitted to the Ordinary General Assembly at its first meeting. The appointed Director shall complete the term of his predecessor. The Board may leave the seat vacant until the end of the term or call the General Assembly to appoint a Director to the vacant seat.
- 5- If the Board is unable to meet its quorum due to a lack of the minimum number of Directors stipulated in the Companies Law or the Company's Bylaws, the remaining Directors shall call the Ordinary General Assembly to convene within sixty (60) days to elect the required number of Directors.

#### **Powers of the Board of Directors:**

- 1- Subject to the powers reserved for the General Assembly, the Board of Directors shall have the broadest powers and authorities to manage the Company in a manner that achieves its purposes both within and outside the Kingdom. These powers shall include, but are not limited to:
  - a- Representing the Company in its dealings with third parties, government agencies, and private entities, and before civil courts, police stations, chambers of commerce and industry, private bodies, companies, and institutions of all kinds; entering into tenders; collecting and paying; and acknowledging.
  - b- Signing all types of contracts, documents, and instruments, including, but not limited to, articles of association of companies in which the Company participates, along with all amendments and addenda thereto, and decisions to amend and sign agreements and instruments before a notary public and official authorities, as well as loan agreements on behalf of the Company, guarantees and sureties on behalf of the Company and/or in its capacity as a partner or shareholder in its Subsidiaries and/or companies in which it holds shares; issuing powers of attorney on behalf of the Company, buying and selling, discharging and accepting, receiving and delivering, leasing and renting, collecting and paying, opening accounts of all types and letters of credit, making withdrawals and deposits with banks and licensed investment companies, issuing bank guarantees related to the Company's business or associated with investments in companies in which the Company holds shares, and guarantees of all kinds on behalf of the Company, guaranteeing the obligations of the Company in its Subsidiaries and/or companies in which it holds shares, signing and submitting all types of undertakings, acknowledgments, guarantees, whether bank or otherwise, bonds, promissory notes, and sureties on behalf of the Company, whether related to the Company or to the Company's investment in its Subsidiaries and/or companies in which the Company holds shares or those related to guaranteeing the Company's obligations in those companies, and signing all papers, documents, checks, and all banking and investment transactions.
  - c- Appointing and dismissing employees and workers, requesting visas, recruiting workforce from outside the Kingdom, contracting with them, setting their salaries, issuing residency permits, and transferring and waiving sponsorships.
  - d- Purchasing, selling, and transferring ownership of land and real estate, accepting releases, paying consideration, merging title deeds, subdividing, partitioning, receiving title deeds, updating title deeds, entering title deeds into the comprehensive system, amending boundaries, lengths, areas, plot numbers, maps, and title deed dates, converting square yards to square meters in title deeds, converting feet to meters in title deeds, amending title deed information, and appearing before a notary public in relation to all of the foregoing.

- e- Approving and completing the procedures for mortgaging lands and real estate owned by the Company and releasing the mortgage on lands and real estate owned by the Company. The Board may, within the limits of its powers, delegate one or more of its members or a third party to carry out some of its work.
- f- Entering into loan agreements with Government financing funds and institutions, regardless of their term, and it may enter into commercial loan agreements that do not exceed the term of the Company.
- 2- The Board of Directors shall have the authority, in cases it deems appropriate, to release the Company's debtors from their obligations in accordance with its best interest, provided that the minutes of the Board of Directors' meeting and resolution observe the following conditions:
  - The release shall be after the lapse of one full year from the date of the debt's inception.
  - The release shall be for a maximum specified amount for each debtor per year.
  - The release shall be a right of the Board solely and cannot be delegated.
- 3- The Board of Directors may delegate any or all of its powers to one of its members or to a third party to carry out a specific task(s), and may cancel this delegation in whole or in part.

#### **Remuneration of Directors:**

The General Assembly shall determine the remuneration for the Board chairman and Directors. This remuneration may be a fixed amount, an attendance allowance for meetings, in-kind benefits, or a certain percentage of net profits. A combination of two or more of these benefits is also permitted. The Board of Directors' report to the General Assembly shall include a comprehensive statement of all remuneration, expense allowances, and other benefits received by the Directors during the financial year. It shall also include a statement of what the Directors received as employees or administrators, or for artistic, administrative, or consulting work, as well as a statement of the number of Board meetings and the number of meetings attended by each Director.

#### **Powers of the Board Chairman, Vice Chairman, Managing Director and Secretary:**

- 1- The Board of Directors shall appoint from among its members a chairman of the Board, and it may appoint from among its members a managing director or vice chairman of the Board. The Board shall specify the powers of the managing director in the appointment resolution. The position of Board chairman may not be combined with any executive position at the Company.
- 2- The Board of Directors may form committees from among its members or others to meet the Company's needs. The Board shall appoint a chairman for each committee from among its members and determine the method of work of each committee, its powers, the number of its members, and the quorum required for its meetings. The committees shall exercise the powers delegated to them by the Board in accordance with the Board's instructions and directives.
- 3- The Board Chairman shall have the following powers:
  - a- To call for meetings of the Board of Directors.
  - b- To chair and manage meetings of the Board of Directors and the General Assembly.
  - c- To represent the Company in its relations with Government and private entities and appear before Sharia courts, judicial bodies, the Board of Grievances, notaries public, labor and workers offices, higher and primary committees, commercial papers committees, and all other judicial committees, arbitration bodies, civil rights bodies, police stations, chambers of commerce and industry, private bodies, companies, and institutions of all kinds; enter into tenders; collect and pay; acknowledge; claim; defend; plead; litigate; settle; reconcile; accept, appeal and/or enforce judgments. The Chairman may appoint agents and lawyers for the Company and may delegate one or more Directors or third parties to carry out a specific task(s).
- 4- The Board of Directors shall determine, according to its discretion and by a resolution passed by it, the special remuneration to be received by the Chairman and the Managing Director in addition to the remuneration determined for the Directors as stipulated in the Company's Bylaws.

- 5- The Board of Directors shall appoint a Secretary whom it shall select from among its members or others. The Board shall determine, through a resolution, the powers and remuneration of the Secretary. The Secretary's duties shall include:
- a- Documenting Board meetings and preparing minutes thereof, which include the discussions and deliberations, and state the place, date, and time of the beginning and end of the meeting.
  - b- Documenting the Board's resolutions and voting results and preserving them in a special organized register, recording the names of the Directors present and the reservations they expressed, if any, and having these minutes signed by all those present.
  - c- Keeping the reports submitted to the Board and the reports prepared by the Board.
  - d- Providing the Directors with the Board's agenda in accordance with the Chairman's instructions, as well as working papers, documents and information related thereto, and any additional documents or information requested by any Director in relation to the matters included in the meeting agenda.
  - e- Verifying that the Directors comply with the procedures approved by the Board.
  - f- Notifying the Directors of the dates of Board meetings sufficiently in advance of the scheduled date.
  - g- Submitting draft minutes to the Directors for their comments before signing them.
  - h- Ensuring that the Directors receive a complete and prompt copy of the minutes of Board meetings and information and documents related to the Company.
  - i- Coordinating between the Directors.
  - j- Maintaining a register of disclosures of the Directors and Executive Management in accordance with the Implementing Regulations of the relevant Capital Market Law if the Company is listed.
  - k- Providing assistance and advice to Directors.
  - l- Complying with any other provisions relating to the duties of the Secretary as may be determined by the Board from time to time.
- m- The term of membership of the Chairman, Vice Chairman, Managing Director and Secretary who are Directors shall not exceed the term of membership of each of them as a Director. They may always be re-elected, and the Board may at any time remove all or any of them without prejudice to the right of the person removed to compensation if the removal is for an improper reason or at an inappropriate time.

#### **Board meetings:**

The Board of Directors shall meet at least four (4) times a year at the invitation of its Chairman. The invitation shall be in writing and may be delivered by hand, sent by post, fax, or email. The Chairman of the Board shall convene a meeting of the Board whenever requested in writing by any Director to discuss one or more matters. The Board of Directors shall determine the place where its meetings are held, and they may be held using modern technology.

#### **Quorum for Board meetings:**

- 1- A meeting of the Board shall not be valid unless it is attended by at least five (5) Directors in person.
- 2- A Director may be represented by another Director at Board meetings in accordance with the following controls:
  - a- A Director may not delegate more than one Director to attend the same meeting on their behalf.
  - b- The delegation shall be in writing and for a specific meeting.
  - c- The representative may not vote on resolutions that the law prohibits the represented Director from voting on.

If the quorum of the meeting is not met, the meeting shall be adjourned for seven (7) days, provided that the adjourned meeting shall be held at the same time and place as the initial meeting or at any other time and place agreed upon by the chairman and Directors.

**Board resolutions:**

- 1- Resolutions of the Board shall be passed by a majority vote of the Directors present or represented therein. In the event of a tie, the chairman of the meeting shall have the casting vote.
- 2- A resolution of the Board shall be effective from the date of its issuance, unless it states that it shall be effective at a later time or upon the fulfilment of certain conditions.
- 3- The Board of Directors is required to obtain the approval of the General Assembly when selling assets whose value exceeds fifty percent (50%) of the value of its total assets, whether the sale is made through a single deal or multiple deals. In the latter case, the deal that results in exceeding the percentage of fifty percent (50%) of the value of assets is the deal that requires the approval of the General Assembly. This percentage shall be calculated from the date of the first deal during the previous twelve (12) months.
- 4- The Board of Directors may pass its resolutions on urgent matters by submitting them to all Directors for approval by circulation, unless any Director requests, in writing, a Board meeting to be convened to discuss them. Such resolutions shall be passed by the approval of an absolute majority. These resolutions shall be presented to the Board at its first subsequent meeting to be recorded in the minutes of that meeting

**Board deliberations:**

- 1- The deliberations and resolutions of the Board shall be recorded in minutes signed by the Chairman of the Board, the Directors present, and the Secretary.
- 2- These minutes shall be recorded in a special register and signed by the Chairman of the Board and the Secretary.
- 3- The use of modern technology is permitted for signing and documenting deliberations and resolutions, as well as recording minutes.

**Shareholder Assemblies****Powers of the Ordinary General Assembly:**

Except for matters within the jurisdiction of the Extraordinary General Assembly, the Ordinary General Assembly shall be concerned with all matters related to the Company, and shall convene at least once a year during the six months following the end of the Company's financial year. Other Ordinary General Assemblies may be called whenever necessary.

**Shareholder General Assembly Meetings:**

- 1- Shareholders' General Assembly meetings shall be chaired by the Chairman of the Board, or the Vice Chairman if the Chairman is absent, or a Director designated by the Board if both are absent. In the event that this is not possible, the meeting shall be chaired by a person designated by the shareholders from among the Directors or from outside the Board through a vote.
- 2- Each shareholder shall have the right to attend the General Assembly meeting, and may appoint another person that is not a Director to represent them.
- 3- The General Assembly meeting may be held and shareholders may participate in deliberations and vote on resolutions through the use of modern technology.

**Convening Assemblies:**

- 1- General or special assemblies shall be convened at the invitation of the Board of Directors. The Board of Directors shall convene the Ordinary General Assembly within thirty (30) days of a request by the auditor or by one or more shareholders representing at least ten percent (10%) of the Company's shares with voting rights. The auditor may call a meeting if the Board of Directors fails to do so within thirty (30) days of the auditor's request.
- 2- The invitation to a shareholders' meeting must include the matters on which the shareholders are required to vote.

- 3- The invitation to a meeting shall be sent at least twenty-one (21) days before the date set for the meeting in accordance with the provisions of the law, subject to the following:
  - a- Shareholders shall be notified by registered letter sent to their address as recorded in the shareholders' register, or by announcing the invitation through modern technological means.
  - b- A copy of the invitation and agenda shall be sent to the commercial registry, and a copy shall also be sent to the Capital Market Authority if the Company is listed on the Exchange at the date of the invitation.
- 4- The invitation to a Shareholders' Assembly meeting shall include, at a minimum, the following:
  - a- A statement specifying the person entitled to attend the Shareholders' Assembly meeting and their right to appoint a proxy other than a Director, and a statement of the shareholder's right to discuss the matters listed on the General Assembly's agenda, ask questions, and how to exercise their voting rights.
  - b- The place, date and time of the meeting.
  - c- The type of the assembly, whether general or special.
  - d- The agenda of the assembly including the items to be voted on by shareholders.
- 5- The Company may amend the agenda of the General Assembly during the period between the publication of the announcement referred to in Paragraph 3 of this Article and the date of the General Assembly, provided that the Company announces such amendment in accordance with the provisions of Paragraph 3 of this Article.
- 6- When preparing the agenda for the General Assembly, the Board of Directors shall take into consideration the matters that shareholders wish to include. Shareholders holding at least 10% of the Company's voting shares may add one or more items to the agenda of the General Assembly when it is being prepared.

#### **Quorum for Ordinary General Assembly meetings:**

- 1- An Ordinary General Assembly meeting shall not be valid unless it is attended by shareholders representing at least half of the Company's voting shares. If the required quorum is not met, a second meeting shall be convened within thirty (30) days of the date set for the previous meeting, in accordance with the provisions of Article 91 of the Companies Law. However, the second meeting may be held one hour after the end of the time set for the first meeting, provided that the invitation convening the first meeting includes a statement indicating the possibility of holding such a meeting. In any case, the second meeting shall be valid regardless of the number of voting shares represented therein.

#### **Quorum for Extraordinary General Assembly meetings:**

- 1- An Extraordinary General Assembly meeting shall not be valid unless it is attended by shareholders representing at least half of the Company's voting shares. If the required quorum is not met as per Paragraph 1 of this Article for an Extraordinary General Assembly meeting, an invitation shall be issued for a second meeting to be held in accordance with the provisions of Article 91 of the Companies Law. However, the second meeting may be held one hour after the end of the time set for the first meeting, provided that the notice convening the first meeting includes a statement indicating the possibility of holding such a meeting. In any event, the second meeting shall be valid if it is attended by shareholders representing at least one-quarter of the Company's voting shares. If the required quorum is not met in the second meeting, a notice shall be issued for a third meeting to be held in accordance with the provisions of Article 91 of the Companies Law, and the third meeting shall be valid regardless of the number of voting shares represented therein.

#### **Voting in Assemblies:**

- 1- Each shareholder has one vote per share in General Assemblies.
- 2- Cumulative voting shall be used in the election of the Board of Directors, and no share shall be entitled to more than one vote.
- 3- Board Directors may not participate in voting on resolutions of the General Assembly that relate to transactions or contracts in which they have a direct or indirect interest, or that involves a conflict of interest.

**Assembly Resolutions:**

- 1- Resolutions of the Ordinary General Assembly shall be issued by a majority of the voting rights represented at the meeting.
- 2- Resolutions of the Extraordinary General Assembly shall be issued by a two-thirds majority of the voting rights represented at the meeting, unless the resolution relates to an increase or decrease in the Company's capital, an extension of the Company's term, its dissolution before the end of the term specified in its Bylaws, its merger with another company, or its division into two or more companies, in which case a three-quarters majority of the voting rights represented at the meeting shall be required for validity.

**Assembly discussions:**

Every shareholder shall have the right to discuss the items on the agenda of the General Assembly meeting and to direct questions concerning them to the Board Directors and the auditor. The Board of Directors or the auditor shall answer shareholders' questions to the extent that such does not prejudice the Company's interests. If a shareholder considers the answer to their question to be unsatisfactory, they may appeal to the General Assembly, whose decision on the matter shall be final.

**Preparation of Assembly minutes:**

Minutes shall be drawn up at the meeting of the General Assembly that include the number of shareholders present in person or represented by others, the number of shares held by them in person or on their behalf, the number of votes prescribed for them, the decisions adopted, the number of votes consenting or dissenting thereto, and a summary of the discussions that took place at the meeting. The minutes shall be recorded regularly after each meeting in a special register and signed by the chairman of the meeting, the secretary, and the vote collectors.

**Auditor****Appointment of the auditor:**

- 1- The Company shall appoint one or more auditors from among those licensed to practice in the Kingdom, and the General Assembly shall appoint this auditor and determine their fees, term of office, and scope of work. The auditor may be reappointed, provided that the total term of appointment does not exceed the period prescribed by law. The General Assembly shall determine their remuneration and term of office. The General Assembly may also remove them at any time, without prejudice to their right to compensation if the removal occurs at an inappropriate time or for an unlawful reason.
- 2- The auditor may be removed by a resolution of the General Assembly. The Chairman of the Board of Directors shall notify the relevant regulatory authority of such removal and its grounds within five (5) days of the date of the resolution.
- 3- The auditor may resign by giving written notice to the Company. The auditor's engagement shall terminate on the date of such notice or on such later date as may be specified therein, without prejudice to the Company's right to recover damages if there is a valid basis therefor. Upon submitting a resignation notice to the Company and the relevant regulatory authority, the resigning auditor shall provide a statement of the reasons for such resignation. The Board of Directors shall call a General Assembly meeting to consider the reasons for the resignation and to appoint a new auditor, determining the new auditor's fees, term of office, and scope of work.

**Powers of the auditor:**

The auditor shall at all times have the right to review the Company's documents, accounting records, and supporting documents. The auditor may also request any data or explanations that it considers necessary to verify the Company's assets, liabilities, and other matters within the scope of its work. The Board of Directors shall enable the auditor to perform its duties. If the auditor encounters any difficulties in this regard, the auditor shall document such difficulties in a report to the Board of Directors. If the Board of Directors fails to facilitate the auditor's work, the auditor shall request that the Board of Directors call a General Assembly meeting to consider the matter. If the Board of Directors fails to send such invitation within thirty (30) days of the auditor's request, the auditor may send the invitation.



## Company Accounts and Dividend Distributions

### Financial year:

The Company's financial year shall consist of twelve (12) months commencing on the first day of January and ending on the thirty-first day of December of the same year. However, the first financial year shall commence on the date of registration in the commercial register and end on the thirty-first day of December of the following year.

### Financial documents:

- 1- At the end of each financial year, the Board of Directors shall prepare the Company's financial statements and a report on its operations and financial position for the preceding financial year. This report shall include a proposed method for the distribution of profits. The Board shall make these documents available to the auditor, if any, at least forty-five (45) days prior to the date set for the annual General Assembly meeting.
- 2- The documents referred to in Paragraph 1 of this Article shall be signed by the Chairman of the Board of Directors, the Chief Executive Officer, and the Chief Financial Officer, if any. Copies of these documents shall be deposited at the Company's head office and made available to the shareholders.
- 3- The Chairman of the Board of Directors shall provide the shareholders with the Company's financial statements, the Board's report signed by the Board, and the auditor's report, if any, unless they are published through any modern technological means, at least twenty-one (21) days prior to the date of the annual General Assembly meeting. The Chairman shall also file these documents in accordance with the provisions of the implementing regulations of the Companies Law.

### Formation of reserves:

- 1- The Ordinary General Assembly, when determining the portion of net profits to be allocated to shares, may resolve to form reserves in an amount that will serve the Company's interest or ensure, as far as possible, the distribution of fixed dividends to shareholders. The aforementioned assembly may also deduct from the net profits amounts to be used for social purposes benefiting the Company's employees.
- 2- The Company may distribute interim dividends to shareholders on a semi-annual or quarterly basis, subject to the controls issued by the competent authority and pursuant to a resolution of the Board of Directors, provided that prior authorization is obtained from the Ordinary General Assembly of the Board, which shall be renewed annually.
- 3- The General Assembly shall determine the percentage of net profits to be distributed to shareholders after deducting the reserves, if any.

### Entitlement to dividends:

A shareholder is entitled to their share of the profits in accordance with the resolution of the General Assembly issued in this regard. The resolution shall set out the entitlement date for dividends and the distribution date. Owners of shares registered in the shareholders' register at the end of the entitlement date shall be entitled to dividends. The Board of Directors shall implement the resolution of the General Assembly regarding the distribution of profits to shareholders within fifteen (15) days from the entitlement date of the dividends specified in the resolution of the General Assembly.

### Dividends for preferred shares:

- 1- If no dividends are distributed for any financial year, dividends for subsequent years may not be distributed until the percentage specified pursuant to Article 114 of the Companies Law has been paid to the holders of preferred shares for that year.
- 2- If the Company fails to pay the percentage of profits specified pursuant to Article 114 of the Companies Law for three (3) consecutive years, a special assembly of the holders of such shares, convened in accordance with the provisions of Article 89 of the Companies Law, may decide either to allow them to attend General Assembly meetings of the Company and participate in voting or appoint representatives to represent them on the Board of Directors in proportion to the value of their shares in the capital until the Company is able to pay all the preferential dividends due to the holders of such shares for the previous years.



**Company losses:**

Subject to any relevant decisions or orders, if the Company's losses reach half of its issued capital, the Board of Directors shall disclose this fact and its recommendations regarding such losses within sixty (60) days from the date on which the losses reach this amount, and shall convene the Extraordinary General Assembly within one hundred eighty (180) days from the date on which it becomes aware of the losses to consider the continuation of the Company and to take any necessary measures to address or resolve such losses.

**Disputes****Liability claim:**

- 1- The Company may file a lawsuit against Board Directors for violating the provisions of the law or its Bylaws, or for any errors, negligence, or omissions on their part in the performance of their duties that cause damage to the Company. The shareholders or the General Assembly shall decide to file such a lawsuit and appoint a representative to pursue it on behalf of the Company. If the Company is in the process of liquidation, the liquidator will file the lawsuit. In the event of the commencement of any liquidation proceedings against the Company in accordance with the Bankruptcy Law, the person or entity that is legally representing the Company shall have the right to file such lawsuit.
- 2- One or more shareholders representing five percent (5%) of the Company's capital may file a lawsuit on behalf of the Company for any liability that the Company has failed to pursue, provided that the primary purpose of the lawsuit is to serve the interests of the Company, that the lawsuit is based on a valid claim, and that the plaintiff is acting in good faith and is a shareholder in the Company at the time the lawsuit is filed.
- 3- A prerequisite for filing the lawsuit referred to in Paragraph 2 of this Article is that the Board Directors be notified of the intention to file such lawsuit at least fourteen (14) days prior to the filing date.
- 4- A shareholder may bring a personal action against a manager or the Board Directors if the error committed by them causes specific harm to the shareholder.

**Company termination:**

The Company shall terminate for one of the reasons for termination stipulated in Article 243 of the Companies Law. Upon termination, the Company shall enter a liquidation phase in accordance with the provisions of Chapter 12 of the Companies Law. If the Company terminates and its assets are insufficient to settle its debts or if it is insolvent in accordance with the Bankruptcy Law, it shall apply to the competent judicial authority to initiate any of the liquidation procedures under the Bankruptcy Law.

**Issuance of bonds and Sukuk:**

- 1- The Board of Directors is authorized to approve the issuance of Sukuk or bonds by the Company in accordance with the regulations of the Capital Market Authority, whether in part or in several parts, or through a series of issuances pursuant to one or more programs established by the Company from time to time, whether for public subscription or otherwise, within the Kingdom or abroad, in Saudi Riyals or any foreign currency, all at such times, in such amounts, and on such terms and conditions as the Board of Directors shall determine, without the need to refer the matter to the General Assembly in this regard. The Board of Directors is also authorized to take all necessary steps for the issuance of such Sukuk, bonds, and/or securities.
- 2- The Company may issue debt instruments or convertible bonds, subject to the approval of the Extraordinary General Assembly. The assembly resolution shall specify the maximum number of shares that may be issued in exchange for such instruments or bonds, in accordance with the provisions of the Companies Law. The Company may convert debt instruments or financing instruments into shares in accordance with the Capital Market Law.

## 12.21 Description of Shares

### Capital

As of the date of this Prospectus, the Company's capital is set at four hundred and ninety-nine million, four hundred and seventy thousand, three hundred and ninety Saudi Riyals (SAR 499,470,390) divided into two hundred and forty-nine million, seven hundred and thirty-five thousand, one hundred and ninety-five (249,735,195) shares, all of equal value, with a nominal value of two Saudi Riyals (SAR 2) per share, all of which are ordinary shares.

### Shares

The shares shall be ordinary and may not be issued for less than their nominal value. The Company may issue shares at a premium, provided that the premium amount is added to a separate item within the shareholders' equity and shall not be distributed as dividends to shareholders. A share shall be indivisible before the Company. If a share is owned by multiple persons, they shall appoint one of them to represent them in exercising the rights attached to the share, and these persons shall be jointly and severally liable for the obligations arising from the ownership of the share.

### Redemption Rights or Share Buy-back

A joint-stock company may, in accordance with Article 114 of the Companies Law, purchase or mortgage its shares subject to the controls issued by the competent authority. Shares purchased by the Company shall not have voting rights at shareholders' assemblies.

### Rights of ordinary shareholders

Pursuant to Article 107 of the Companies Law, a shareholder shall have all rights attached to a share, specifically the right to receive a share of the profits distributed, the right to receive a share of the Company's assets upon liquidation, the right to attend General Assemblies, participate in its deliberations, and vote on its resolutions, the right to dispose of the shares, the right to inspect the Company's books and documents, the right to monitor the Board of Directors' activities, and the right to file a lawsuit against the Board Directors and challenge the validity of the General Assembly's resolutions, subject to the conditions and limitations set forth in the Companies Law and the Bylaws.

Each shareholder shall have the right to discuss the items on the agenda of the General Assembly and to ask the Board Directors and the auditor questions about them. The Board of Directors or the auditor shall answer the shareholders' questions to the extent that such does not jeopardize the Company's interests. If a shareholder finds the answer to a question unsatisfactory, they may appeal to the General Assembly, whose decision on the matter shall be final.

### Rights to dividends

A shareholder shall be entitled to their share of the profits in accordance with the resolution of the General Assembly issued in this regard. The resolution shall specify the entitlement date for dividends and the distribution date. Owners of shares registered in the shareholders' register at the end of the day on the entitlement date shall be entitled to dividends. The Board of Directors shall implement the General Assembly's resolution regarding the distribution of dividends to shareholders within (15) days from the record date of the dividends specified in the General Assembly resolution.

### Dividend distributions

The Company's net annual profits, after deducting all general expenses and other costs, shall be distributed as follows:

- 1- The General Assembly shall determine the percentage of net profits to be distributed to shareholders after deducting the reserves, if any.
- 2- The Ordinary General Assembly may resolve to establish other reserves in an amount that serves the Company's best interest or ensures, as much as possible, the distribution of fixed dividends to shareholders. The aforementioned General Assembly may also allocate portions of the net profits to establish social institutions for the Company's employees or to assist existing institutions of this kind.
- 3- The Board of Directors may recommend the distribution of interim dividends to shareholders on a semi-annual or quarterly basis, subject to the controls issued by the competent authority and pursuant to a Board resolution. This shall be done after the Board obtains authorization from the Ordinary General Assembly, to be renewed annually.

### Rights to assets surplus upon liquidation or dissolution

Pursuant to the provisions of Article 175 of the Companies Law, the shares carry equal rights to net profits and liquidation surplus, unless the Company's Bylaws stipulate otherwise.

### General Assemblies

A duly convened General Assembly represents all shareholders and shall be held in the city where the Company's registered headquarters is located. Except for matters that fall within the terms of reference of an Extraordinary General Assembly, the Ordinary General Assembly shall be concerned with all matters relating to the Company and shall be held at least once a year within six months following the end of the Company's financial year. Other Ordinary General Assemblies may be convened as needed. The Extraordinary General Assembly is concerned with amending the Bylaws, except for those provisions that are prohibited by the Companies Law. The Extraordinary General Assembly may issue its decisions on matters that fall within the terms of reference of the Ordinary General Assembly under the same conditions and methods prescribed for the Ordinary General Assembly. Every shareholder, regardless of the number of their shares, shall have the right to attend the Ordinary or Extraordinary General Assembly. A shareholder may authorize individuals who are not Directors or employees of the Company to attend the General Assembly, and the proxy must be in a written power of attorney.

General or special assemblies shall be convened at the invitation of the Board of Directors. The Board of Directors shall convene the Ordinary General Assembly if so requested by the auditor, the Audit Committee, or a number of shareholders representing at least ten percent (10%) of the Company's shares with voting rights. The auditor may invite the assembly to convene if the Board fails to do so within thirty (30) days from the date of the auditor's request. The invitation to convene the assembly shall be published at least twenty-one days before the scheduled date of the meeting. In such case, shareholders shall be notified by registered mail sent to their address as recorded in the shareholders' register, or the notice shall be published through modern technological means. A copy of the invitation and the agenda shall be sent to the Ministry of Commerce and the Capital Market Authority on the date of publication of the invitation.

An Ordinary General Assembly meeting shall not be valid unless it is attended by shareholders representing at least one-quarter of the Company's shares with voting rights. If a quorum is not achieved at the meeting, a second meeting shall be held under the same conditions as those stipulated in Article 91 of the Companies Law within thirty (30) days following the date set for the previous meeting. However, the second meeting may be held one hour after the end of the period scheduled for the first meeting, provided that the invitation convening the first meeting indicates the possibility of holding such a meeting. In all cases, the second meeting shall be valid regardless of the number of shares represented therein.

An Extraordinary General Assembly meeting shall not be valid unless it is attended by shareholders representing at least half of the Company's shares with voting rights. If such quorum is not met at the first meeting, an invitation shall be issued for a second meeting to be held under the same conditions as those stipulated in Article 91 of the Companies Law. However, the second meeting may be held one hour after the end of the period scheduled for the first meeting, provided that the invitation for convening the first meeting indicates the possibility of holding such a meeting. The second meeting shall be valid if attended by a number of shareholders representing at least one-quarter of the Company's shares with voting rights. If the quorum is not met at the second meeting, an invitation shall be sent for a third meeting to be held under the same conditions as those stipulated in Article 91 of the Companies Law. The third meeting shall be valid regardless of the number of shares represented therein.

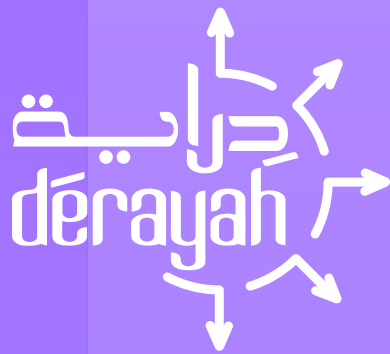
The Chairman of the Board of Directors or, in their absence, the Vice Chairman, shall preside over General Assembly meetings of shareholders. Minutes of the General Assembly meeting shall be drawn up, including the number of shareholders present or represented therein, the number of shares held by them, the number of votes attached thereto, the resolutions adopted, the number of votes in favor and against each resolution, and a summary of the discussions held at the meeting. Minutes of the meeting shall be recorded regularly after each meeting in a special register and shall be signed by the chairman of the assembly, the secretary, and the vote collector.

### **Voting rights**

Each shareholder has one vote for each share they represent at General Assembly meetings. Cumulative voting must be used to elect the Board of Directors. Resolutions of the Ordinary General Assembly shall be issued by a majority of the voting rights represented at the meeting. Resolutions of the Extraordinary General Assembly shall be issued by a majority of two-thirds of the voting rights represented at the meeting, unless the resolution relates to an increase or decrease in the Company's capital, an extension of the Company's term, dissolution of the Company before the end of the term stipulated in its Bylaws, or a merger with another company, in which case the resolution shall be valid only if it is issued by a majority of three-quarters of the voting rights represented at the meeting.

### **Amendment of shareholders' equity**

Shareholders' equity, including the right to receive a share of the profits that are set to be distributed, the right to receive a share of the Company's surplus assets upon liquidation, the right to attend General Assembly meetings, participate in their deliberations, and vote on their resolutions, the right to dispose of shares, and the right to inspect the Company's books and documents, monitor the Board of Directors, bring a lawsuit against the Board Directors, and challenge the validity of General Assembly resolutions (subject to the conditions and limitations set forth in the Companies Law and the Bylaws) are derived from the Companies Law and therefore cannot be altered. The Bylaws must be amended to change the voting mechanism and quorum for the General Assemblies, and the Bylaws may not be amended except by a resolution of the Extraordinary General Assembly.



## 13. Underwriting

## 13. Underwriting

The Company, the Selling Shareholders, and the Underwriter have entered into an Underwriting Agreement (the “**Underwriting Agreement**”) pursuant to which the Underwriters agree to underwrite all the Offer Shares numbered at forty-nine million, nine hundred and forty-seven thousand and thirty-nine (49,947,039) ordinary shares, subject to the terms and conditions set forth in the Underwriting Agreement. The names and addresses of the Underwriters are as follows:

### 13.1 Underwriters

| Underwriter                                                                                                                                                                                                                     |                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| <b>HSBC Saudi Arabia</b><br>7267 Olaya Road, Al Murooj District<br>Riyadh 12283-2255<br>Kingdom of Saudi Arabia<br>Tel.: 00966920005920<br>Fax: 00966112992385<br>Website: www.hsbcSaudi.com<br>Email: derayahipo@hsbcSaudi.com |  |

The following are the main clauses of the Underwriting Agreement:

### 13.2 Summary of the Underwriting Agreement

In accordance with the terms and conditions of the Underwriting Agreement:

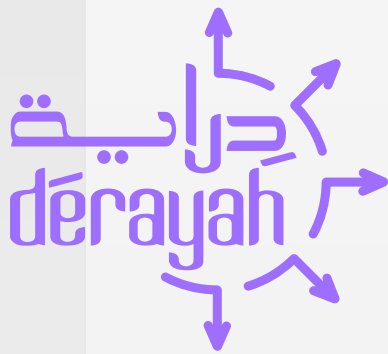
The Underwriting Agreement includes a number of customary terms, representations and warranties, including (but not limited to) the following: Obtaining all necessary regulatory approvals for this Prospectus and delivering the agreed-upon documentation; non-occurrence of any material adverse change that could have a material adverse effect on the Company; non-occurrence of any force majeure event; and such other conditions as may be specified.

Pursuant to the terms and conditions of the Underwriting Agreement:

- a- The Company undertook to the Underwriter to do the following on the first working day after the completion of the allocation of the Offer Shares following the end of the Offering Period:
  - 1- Sell and allocate the Offer Shares to Individual Subscribers or Participating Parties whose subscription applications have been accepted by the Receiving Entities.
  - 2- Sell and assign Offer Shares not purchased by Individual Subscribers or Participating Parties to the Underwriter.
- b- The Underwriter undertook to the Company to, on the date of allocation, purchase the Offer Shares that have not been subscribed for by the Individual Subscribers or Participating Parties, and the Company undertook to the Underwriter that it is in compliance with all of the provisions of this Prospectus and all the terms of the Underwriting Agreement.

### 13.3 Underwriting Costs

The Company and the Selling Shareholders will pay the Underwriter the underwriting fees based on the total value of the Offering. In addition, the Company and the Selling Shareholders have agreed to pay the expenses and costs related to the Offering.

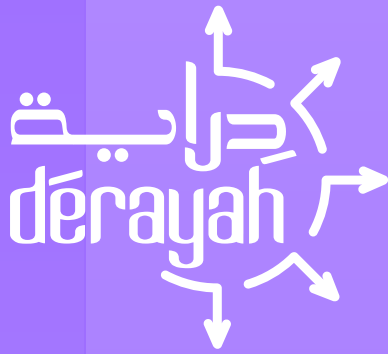


## 14. Offering Expenses

## 14. Offering Expenses

The expenses and costs related to the Offering are estimated at approximately SAR 51,000,000. These expenses include the fees of the Financial Advisor, the Global Coordinator, the Bookrunner, the Lead Manager, the Underwriter, the Legal Advisors, the Financial Due Diligence Advisor, the Chartered Accountants, the Receiving Entities, the Market Research Consultant and others, in addition to the marketing, printing, distribution and other expenses related to the Offering that will be deducted from the Offering Proceeds. It is worth noting that the costs which the company may bear is approximately SAR 18,000,000 as of the date of issuance of the prospectus, to be collected and recovered from the selling shareholders from the offering proceeds.



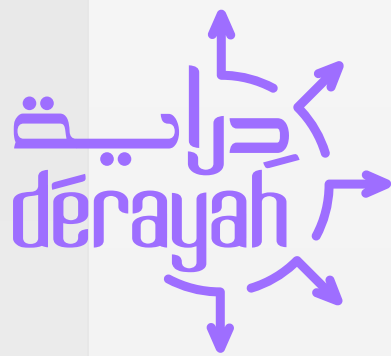


## **15. The Company's Undertakings After Listing**

## 15. The Company's Undertakings After Listing

After Listing, the Company undertakes to do the following:

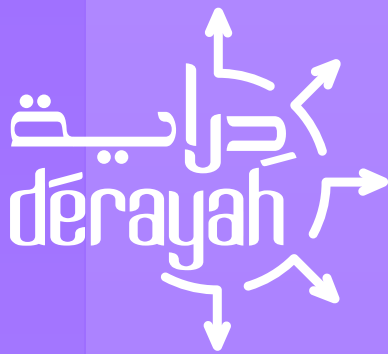
- 1- Fill out Form 8 regarding the observance of the Corporate Governance Regulations. The Company shall provide the relevant justifications if it fails to meet any of the requirements set out in the Corporate Governance Regulations.
- 2- Notify the CMA of the date of the first General Assembly after Listing to allow any representative of the CMA to attend the meeting.
- 3- Call for a meeting of the Extraordinary General Assembly to update the Company's Bylaws within three (3) months of Listing, including updating the Company's Bylaws to comply with the Companies Law, the Corporate Governance Regulations issued by the CMA and other relevant laws and regulations within the prescribed statutory period.
- 4- Immediately after Listing, comply with all mandatory provisions set out in the Corporate Governance Regulations.
- 5- Amend the Company's legal form in its Bylaws to a listed joint-stock company.
- 6- Comply with all provisions of the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules in relation to the Company's continuing obligations immediately after Listing.
- 7- Submit business and contracts in which any Director has a direct or indirect interest to the General Assembly for authorization in accordance with the Companies Law, the Corporate Governance Regulations and the Implementing Regulations of the Companies Law, provided that the interested Director refrains from participating in voting on the resolution issued in this regard accordingly.
- 8- The Directors undertake to do the following upon Admission to Listing:
  - a- Record all resolutions and deliberations in the form of written meeting minutes signed by the Board Chairman and Secretary.
  - b- Disclose the details of any transactions with Related Parties in accordance with the requirements of the Companies Law and the Corporate Governance Regulations.



## 16. Waivers

## 16. Waivers

The Company did not submit an application to the CMA for any waiver from any legal requirements.



## **17. Information on the Shares and Terms and Conditions of the Offering**

## 17. Share Information and Offering Terms and Conditions

The Company has submitted an application to the CMA to register and offer the shares in accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations and a request to list the shares on the Exchange in accordance with the Listing Rules.

All Subscribers must read the terms and conditions of subscription carefully before completing the Subscription Application Form, as signing the Subscription Application Form and delivering it to the Receiving Entity and Bookrunner (as the case may be) is considered an acknowledgment of acceptance and approval of the terms and instructions of the subscription mentioned therein.

### 17.1 Subscription to the Offer Shares

The Offering consists of the sale of forty-nine million, nine hundred and forty-seven thousand and thirty-nine (49,947,039) ordinary shares by the Selling Shareholders on a pro-rata basis based on their percentage of ownership in the Company at Offer Price of SAR [●] per Offer Share, each with a fully paid par value of SAR 2, which in total equals 20% of the Issuer's capital. Note that the Offering to Individual Investors and the subsequent listing of the shares is subject to a successful Book Building by the Participating Parties and the coverage of all the Offer Shares. The Offering will be canceled if the Offering is not covered during the Book Building period. The CMA may suspend this Offering after approving this Prospectus and before registering and accepting the shares for Listing on the Exchange in the event of a fundamental change that would negatively and materially affect the Company's operations.

The subscription is limited to the following two tranches:

**Tranche (A): Participating Parties:** This tranche includes the groups entitled to participate in the Book Building Process in accordance with the Instructions for the Book Building Process and Allocation Method in Initial Public Offerings, including investment funds, qualified foreign companies and institutions, investors from Gulf companies and other foreign investors under swap agreements. The number of shares to be allocated to Participating Parties is forty-nine million, nine hundred and forty-seven thousand and thirty nine (49,947,039) Offer Shares, representing 100% of the total Offer Shares. Final allocation will take place after the end of the subscription period for Individual Subscribers, noting that in the event of sufficient demand from Individual Subscribers, the Financial Advisor shall have the right, in consultation with the Company, to reduce the number of shares allocated to Participating Parties to a minimum of forty-four million, nine hundred and fifty-two thousand, three hundred and thirty-five (44,952,335) shares, representing 90% of the total Offer Shares. The Offer Shares will be allocated to the Participating Parties using the discretionary share allocation mechanism. It is possible that no shares may be allocated to some Participating Parties, as the Company and the Financial Advisor deem appropriate.

**Tranche (B): Individual Subscribers:** This tranche comprises Saudi natural persons, including any divorced or widowed Saudi woman with minor children from a non-Saudi husband, who is entitled to subscribe for her own benefit or in their names provided she submits proof that she is divorced or widowed and proof that she is the mother of her minor children, and any non-Saudi natural person resident in the Kingdom or Gulf Cooperation Council country national who has an investment account and an active investment portfolio with one of the Receiving Entities and is eligible to open an investment account. The subscription will be considered void in the event that there is no active share portfolio account with one of the Capital Market Institutions affiliated with the Receiving Entity through which the subscription is to be made. A subscription for shares made by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription shall be considered void and only the first subscription will be accepted. A maximum of four hundred ninety-nine thousand four hundred seventy (4,994,70) Offer Shares, representing 10% of the total Offer Shares, will be allocated to Individual Investors, provided that the Participating Parties subscribe to all the Offer Shares allocated to them. If Individual Investors do not subscribe for all the Offer Shares allocated thereto, the Financial Advisor may reduce the number of shares allocated to them in proportion to the number of shares for which they subscribed.

## 17.2 Offering Period

A period of three days, starting from Thursday 21/08/1446H (corresponding to 20/02/2025G) until 5:00 p.m. Kingdom time on Saturday 23/08/1446H (corresponding to 22/02/2025G).

## 17.3 Book Building for Participating Parties

- a- The price range will be determined during Book Building and made available to all Participating Parties by the Financial Advisor or the Issuer in consultation with the Company and the Selling Shareholders. The number and percentage of Offer Shares to be allocated to Participating Parties will be determined in consultation with the Company and the Selling Shareholders using the discretionary share allocation mechanism.
- b- Participating Parties registered in the Kingdom can obtain a Bid Form from the Bookrunners during the Book Building Period. Participating Parties not registered in the Kingdom are entitled to submit a participation application via telephone or email through the Bookrunners without the need to complete and sign the Bid Form. Participating Parties may change or cancel their applications at any time during the Book Building Period, provided that changing those applications is done by submitting a modified application form or an additional application form (where applicable). This should take place before the end of the Book Building Period. The number of Offer Shares subscribed for by Participating Parties must not be less than one hundred thousand (100,000) shares and must not exceed twelve million, four hundred and eighty-six thousand, seven hundred and fifty-nine (12,486,759) shares. The Bookrunner will notify the Participating Parties of the Offer Price and the number of Offer Shares initially allocated thereto. It is possible that shares will not be allocated to some Participating Parties as deemed appropriate by the Company and the Bookrunner. Subscriptions by Participating Parties must commence during the Offering Period, which also includes Individual Subscribers, in accordance with the terms and conditions detailed in the Subscription Application Forms.
- c- All Participating Parties must submit real and allocable requests, and must not submit an unreal and exaggerated subscription requests with the aim of obtaining a larger allocation. They must have the ability to cover the application through cash coverage or the necessary arrangements to cover the value of the application from the submission of the Bid Form until the final allocation.
- d- After completing the Book Building Process for the Participating Parties, the Bookrunners will announce the percentage of coverage by the Participating Parties.
- e- The Financial Advisor and the Company will have the authority to determine the Offer Price according to supply and demand, provided that it does not exceed the price specified in the Underwriting Agreement and provided that the subscription price is in accordance with the tick size applied by Saudi Tadawul.

## 17.4 Subscription by Individual Subscribers

Individual Subscribers must subscribe for a minimum of not less than ten (10) Offer Shares, and a maximum of not more than two hundred and fifty thousand (250,000) ordinary shares. No change or withdrawal of the subscription application shall be permitted after submission thereof.

Subscription Application Forms will be available during this period on the websites of the Receiving Entities which provide such services. Subscription Application Forms shall be completed in accordance with the instructions mentioned below. Individual Subscribers who have previously participated in a previous subscription may subscribe via the internet, telephone banking or ATMs of the Receiving Entities that provide all or some of these services to their clients, provided that:

- a- The Individual Subscriber has an investment account and an active portfolio at one of the Receiving Entities that provides this services.
- b- No changes have been made to the Individual Subscriber's personal information or data (by deleting or adding a family member) since their subscription in a recent offering.

Individual Subscribers who are not Saudi citizens or citizens of the Gulf Cooperation Council countries must have an active stock portfolio with one of the receiving entities through which the subscription is intended. In addition to the above, all Individual Subscribers, whether Saudi, Gulf or others, must have an active stock portfolio with one of the Capital Market Institutions affiliated with the Receiving Entity through which the subscription is to be made. The subscription will be considered void if there is no active stock portfolio account with one of the Capital Market Institutions affiliated with the Receiving Entity through which the subscription is to be made.

In addition to the above, all Individual Subscribers, whether Saudi, Gulf or others, must have an active stock portfolio with one of the Capital Market Institutions affiliated with the Receiving Entity through which the subscription is to be made. The subscription will be considered void if there is no active stock portfolio account with one of the Capital Market Institutions affiliated with the Receiving Entity through which the subscription is to be made.

All Individual Subscribers must adhere to the aforementioned conditions. Any breach of these conditions, including not having an active stock portfolio with a Capital Market Institution affiliated with the Receiving Entity to be subscribed through, shall render the subscription void. In this case, the subscription request will be rejected, and any paid amounts related to the rejected request will be refunded.

The Individual Subscriber's signature on the Individual Subscription Application Form and its submission to the Receiving Entities constitutes a binding agreement between the Individual Subscriber and the Company with respect to the subscription to the new shares and a binding agreement between the Individual Subscriber and the Selling Shareholders with respect to the Offer Shares.

Individual Subscribers may obtain a copy of this Prospectus from the Company's website ([web.derayah.com](http://web.derayah.com)), the CMA's website ([www.cma.org.sa](http://www.cma.org.sa)) or the Financial Advisor's website.

The Receiving Entities whose details are mentioned below will begin receiving subscription applications via the internet, mobile banking or ATMs of the Receiving Entities, in accordance with the services they provide to their clients:

| Receiving Entities                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <b>SNB Capital Company</b><br>King Saud Street, Al Murabba District - Building No. 7347<br>P.O. Box 2575, Riyadh 12624<br>Kingdom of Saudi Arabia<br>Phone: +966 920000232<br>International Call Center: +966 (11) 4060052<br>Website: <a href="http://www.alahlicapital.com">www.alahlicapital.com</a><br>Email: <a href="mailto:IPOService@alahlicapital.com">IPOService@alahlicapital.com</a> |
|                                                                                     | <b>Riyad Capital Company</b><br>2414 - Al Shahada District, Unit No. 69<br>P.O. Box 13241, Riyadh 7279<br>Kingdom of Saudi Arabia<br>Phone: +966 (11) 4865649<br>Fax: +966 (11) 4865908<br>Website: <a href="http://www.riyadcapital.com">www.riyadcapital.com</a><br>Email: <a href="mailto:ask@riyadcapital.com">ask@riyadcapital.com</a>                                                      |
|  | <b>Saudi Fransi Capital</b><br>King Fahd Road - 8092<br>P.O. Box 23454<br>Riyadh 12313-3735<br>Kingdom of Saudi Arabia<br>Tel: +966 (11) 282 6666<br>Fax: +966 (11) 282 6723<br>Website: <a href="http://www.bsfcapital.sa">www.bsfcapital.sa</a><br>E-mail: <a href="mailto:sfc-supportcenter@FransiCapital.com.sa">sfc-supportcenter@FransiCapital.com.sa</a>                                  |
|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                  |



## Receiving Entities

**AlJazira Capital Company**

King Fahd Street, Al Rahmaniya  
P.O. Box 20438, Riyadh 11455  
Kingdom of Saudi Arabia  
Phone: +966 (11) 2256000  
Fax: +966 (11) 2256182  
Website: [www.aljaziracapital.com.sa](http://www.aljaziracapital.com.sa)  
Email: [contactus@aljaziracapital.com.sa](mailto:contactus@aljaziracapital.com.sa)

**Yaqeen Capital**

Al-Wurud District - Al-Olaya Street  
P.O. Box 884, Riyadh 11421  
Kingdom of Saudi Arabia  
Phone: +966 800 4298888  
Fax: +966 (11) 2054827  
Website: [www.yaqeen.sa](http://www.yaqeen.sa)  
Email: [addingvalue@yaqeen.sa](mailto:addingvalue@yaqeen.sa)

**ANB Capital Company**

King Faisal Street  
Arab National Bank Financial Building  
P.O. Box 220009, Riyadh 11311  
Kingdom of Saudi Arabia  
Phone: +966 (11) 4062500  
Fax: +966 (11) 4062548  
Website: [anbcapital.com.sa](http://anbcapital.com.sa)  
Email: [investment.banking@anbcapital.com.sa](mailto:investment.banking@anbcapital.com.sa)

**Derayah Financial Company**

Al-Takhasusi Street - Prestige Center - Third Floor  
Riyadh  
Kingdom of Saudi Arabia  
Phone: +966 (11) 2998000  
Fax: +966 (11) 4195498  
Website: [web.derayah.com](http://web.derayah.com)  
Email: [support@derayah.com](mailto:support@derayah.com)

**Al Rajhi Capital**

Head Office, King Fahd Road, Al Murouj District P.O. Box 5561, Riyadh 11432  
Kingdom of Saudi Arabia  
Phone: +966 92 00005856  
Fax: +966 (11) 460 0625  
Website: [www.alrajhi-capital.com](http://www.alrajhi-capital.com)  
Email: [InvestmentBankingTeam@alrajhi-capital.com](mailto:InvestmentBankingTeam@alrajhi-capital.com)

**Alistithmar for Financial Securities and Brokerage Company**

King Fahd Road  
Riyadh  
Kingdom of Saudi Arabia  
P.O. Box: 6888, Postal Code: 11452  
Phone: +966 (11) 2547666  
Fax: +966 (11) 4896253  
Website: [www.icap.com.sa](http://www.icap.com.sa)  
Email: [WebEcare@icap.com.sa](mailto:WebEcare@icap.com.sa)

## Receiving Entities

الإنماء للاستثمار  
alinma investment

**Alinma Investment Company**

Al Anood Tower 2, King Fahad Road  
P.O. Box 55560, Riyadh 11544  
Kingdom of Saudi Arabia  
Phone: +966 (11) 2185999  
Fax: +966 (11) 2185970  
Website: www.alinmainvestment.com  
Email: info@alinmainvest.com

الأول للاستثمار  
SAB Invest

**SAB Invest**

Al-Olaya General Street  
P.O. Box 1467, Riyadh 11431  
Kingdom of Saudi Arabia  
Phone: 8001242442  
Fax: +966 (12) 216 9102  
Website: www.sabinvest.com  
Email: customercare@sabinvest.com

الخبير المالية  
Alkhabeer Capital

**Alkhabeer Capital**

Madinah Road  
P.O. Box 128289, Jeddah 21362  
Kingdom of Saudi Arabia  
Phone: +966 (12) 6129345  
Fax: +966 (12) 6856663  
Website: www.alkhabeer.com  
Email: info@alkhabeer.com

Sahm

**Sahm Capital Financial Company**

building 3.05 - KAFA  
Riyadh 13519, KSA  
Kingdom of Saudi Arabia  
Phone: +966 (11) 4145260  
Website: www.sahmcapital.com  
Email: info@sahmcapital.com

GIB | جي آي بي كابيتال  
CAPITAL

**GIB Capital**

Low Rise Building 1 Granada Business & Residential Park  
Eastern Ring Road  
P.O. Box 89589, Riyadh 11692  
Kingdom of Saudi Arabia  
Tel: +966 11 511 2200  
Fax: +966 11 511 2201  
Website: www.gibcapital.com  
Email: customercare@gibcapital.com

## 17.5 Offering Period and Conditions for Individual Subscribers

The Receiving Entities that provide this service will begin receiving Individual Subscription Application Forms via the internet, telephone banking, ATMs, or other electronic channels provided by the Receiving Entities to their clients, starting from Thursday 21/08/1446H (corresponding to 20/02/2025G) until 5:00 p.m. Kingdom time on Saturday 23/08/1446H (corresponding to 22/02/2025G). Upon signing and delivering the Subscription Application Form, the Receiving Entity shall stamp the form and submit a copy thereof to the Individual Subscriber. In the event that the information provided in the Subscription Application Form is incomplete or incorrect or if it is not stamped by the Receiving Entity, the Individual Subscription Application Form shall be deemed void, and the Individual Subscriber may not be entitled to claim any compensation for any damage resulting from such cancellation. The Individual Subscriber shall specify the number of shares for which they are applying in the Individual Subscription Application Form. The total subscription amount is the product of multiplying the number of shares requested by the Offer Price of ([●]) Saudi Riyals per share.

Subscription for less than ten (10) shares or fractions of shares will not be accepted, and any subscription for shares above that must be in multiples of this number. The maximum limit for each Individual Subscriber shall be two hundred and fifty thousand (250,000) Offer Shares.

Subscription Application Forms must be submitted during the subscription period, accompanied by the following documents, as applicable. The Receiving Entities shall match the copies with the originals, and then return the originals to the Individual Subscriber:

- Original and copy of the national ID card or resident ID card (for Individual Subscribers, including citizens of GCC countries and foreign residents).
- Original and copy of the family register (when the subscription is done on behalf of family members).
- Original and copy of the power of attorney (when subscribing on behalf of others).
- Original and copy of a certificate of legal guardianship (when subscribing on behalf of orphans).
- Original and copy of the divorce certificate (when subscribing for the children of a divorced Saudi woman).
- Original and copy of the death certificate (when subscribing for the children of a widowed Saudi woman).
- Original and copy of the birth certificate (when subscribing for the children of a divorced or widowed Saudi woman).

Powers of attorney are only allowed for family members (parents and children only). In the event that an Individual Subscription Application Form is submitted on behalf of an Individual Subscriber (parents and children only), the name of the person who signed on behalf of the Individual Subscriber must be mentioned and the original and a copy of the valid power of attorney must be attached. The power of attorney must be issued by a notary public for Individual Subscribers residing in the Kingdom of Saudi Arabia. A power of attorney for Individual Subscribers residing outside the Kingdom of Saudi Arabia must be attested by the Saudi embassy or consulate in the relevant country. The employee in charge at the Receiving Entity shall match the copies with the original and return the original to the Individual Subscriber.

It is sufficient to fill out one Subscription Application Form for the main Individual Subscriber and the family members registered in the family card if the family members are subscribing for the same number of shares that the main Individual Subscriber is applying for. This entails the following:

- 1- All Offer Shares allocated to the main Individual Subscriber and dependent Individual Subscribers shall be registered in the main Individual Subscriber's name.
- 2- Surplus amounts for unallocated shares paid directly or on behalf of dependent Individual Subscribers shall be refunded to the main Individual Subscriber.
- 3- The main Individual Subscriber shall receive all dividends distributed for the Offer Shares allocated to themselves and dependent Individual Subscribers (in the event the shares are not sold or transferred).

A separate Subscription Application Form shall be used if:

- 1- The Individual Subscriber wishes to register the Offer Shares to be allocated in a name other than the name of the main Individual Subscriber.
- 2- The quantity of shares that the main Individual Subscriber wishes to subscribe for differs from that of the dependent Individual Subscribers.
- 3- The wife wishes to subscribe in her name and register the shares allocated to her account (she must fill out a separate subscription application for herself as a main Individual Subscriber). In this case any Individual Subscription Application Form submitted by her husband on her behalf shall be canceled, and the Receiving Entity will deal with the separate subscription application submitted by that wife.

A divorced or widowed Saudi woman who has minor children from a marriage to a non-Saudi husband may subscribe on behalf of those children, provided she submits proof that she is their mother. The subscription of a person who subscribes in the name of his divorced wife shall be considered void and shall be subject to the legal penalties. If a main Individual Subscriber subscribes for himself and his family members registered in the family register, and a family member subsequently submits a separate subscription application, such family member's application will be canceled.

During the Offering Period, only valid residency permits shall be accepted to identify non-Saudi dependents, and passports or birth certificates will not be accepted during the Offering Period. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as main Individual Subscribers. The maximum age for non-Saudi dependents to be included with their mothers is eighteen (18) years. Any documents issued by a foreign government must be legalized through a Saudi embassy or consulate in the relevant country.

Each Individual Subscriber agrees to subscribe to the shares specified in the Individual Subscription Application Form they submitted and to purchase them for an amount equal to the number of shares applied for multiplied by the subscription price of ([●]) Saudi Riyals per share. Each Individual Subscriber shall be deemed to have acquired the number of shares allocated to them upon:

- 1- Delivery of the Individual Subscription Application Form to any of the Receiving Entities by the Individual Subscriber.
- 2- Payment in full to the Receiving Entity of the total value of the Offer Shares subscribed for.
- 3- Issuance of the final allocation and the official listing of the shares for trading on the Exchange.

The total value of the Offer Shares shall be paid in full to the Receiving Entities by debiting the Individual Subscriber's account with the Receiving Entity to which the subscription application is submitted.

If any Individual Subscription Application Form is not in compliance with the terms and conditions of the Subscription, the Company shall have the right to reject such application in full or in part. The applicant shall accept any number of shares allocated thereto unless the allocated shares exceed the number of shares applied for by the applicant.

## 17.6 Allocation of Shares and Refund of Excess Subscription Monies

The Lead Manager will open and manage an escrow account for the purpose of depositing and keeping the subscription amounts collected from the Participating Parties and Receiving Entities on behalf of the Individual Subscribers. These subscription amounts will be transferred to the Selling Shareholders only upon the entry into force of the Listing, after deducting certain fees and expenses. The details of this escrow account will be specified in the Subscription Application Forms. In addition, each Receiving Entity shall deposit all amounts received from Individual Subscribers into the mentioned trust account.

The Lead Manager and Receiving Entities (as the case may be) will notify the Subscribers of the final number of Offer Shares allocated together with the amounts to be refunded. Excess subscription money (if any) will be returned to Subscribers without any commissions or withholdings being deducted and will be deposited in the Subscriber's account specified in the Subscription Application Form. The subscription amount shall not be refunded in cash or to the accounts of third parties.

The final allocation will be announced no later than Thursday 28/08/1446H (corresponding to 27/02/2025G), and the surplus subscription, if any, will be returned no later than Tuesday 04/09/1446H (corresponding to 04/03/2025G). Individual Investors shall communicate with the Lead Manager of the Receiving Entity where they submitted their Individual Subscription Application Form (as the case may be) if they wish to obtain additional details.

The transfer of ownership of the Offer Shares will be valid only after the value is paid by the Subscriber and from the date of registration in the shareholders' register and the commencement of trading of the shares in accordance with the relevant regulations and instructions. If the Company's shares are not traded or are delisted before that for any reason, the subscription funds will be returned to the Subscriber and the Offer Shares will remain the property of the Selling Shareholder.

## 17.7 Allocation of Shares to Participating Parties

The initial allocation of the Offer Shares will be made as the Financial Advisors deem appropriate in coordination with the Company, using the discretionary share allocation mechanism. It is possible that certain Participating Parties will not be allocated any shares, as deemed appropriate by the Company and the Financial Advisors. The Offer Shares will be finally allocated to the Participating Parties as the Financial Advisors deem appropriate in consultation with the Company after the completion of the subscription to the Offer Shares by the Individual Subscribers. Forty-nine million, nine hundred and forty-seven thousand and thirty nine (49,947,039) Offer Shares, representing 100% of the total number of Offer Shares, will be initially allocated to the Participating Parties. Note that, if there is sufficient demand from Individual Subscribers, the Financial Advisor has the right to reduce the number of Offer Shares granted to Participating Parties to forty-four million, nine hundred and fifty-two thousand, three hundred and thirty-five (44,952,335) shares, representing 90% of the total number of Offer Shares after completion of the individual subscription process.

## 17.8 Allocation of shares to Individual Subscribers

Each Individual Investor subscribing to the Offer Shares shall must a subscription application for a minimum of ten (10) ordinary shares and a maximum of two hundred and fifty thousand (250,000) ordinary shares. The minimum subscription is ten (10) ordinary shares per Individual Investor. The remaining Offer Shares (if any) shall be allocated on a pro rata basis based on the ratio of shares requested by each Individual Investor to the total number of shares subscribed for. If the number of Individual Investors exceeds four hundred ninety-nine thousand four hundred eighty (499,480) Individual Investors, the Company shall not guarantee the allocation of the minimum of ten (10) shares to each Individual Investor. In such case, the allocation shall be determined by the Company and the Financial Advisor.

Circumstances in which trading may be suspended or delisting may occur:

## 17.9 Suspension of Listing or Delisting

- a- The CMA may suspend the trading of listed securities or delist them at any time as it deems appropriate. This could occur in any of the following cases:
  - 1- If the CMA deems this necessary to protect investors or to maintain an orderly market.
  - 2- If the Issuer fails, in a manner which the CMA considers material, to comply with the Law, its Implementing Regulations or the Exchange Rules.
  - 3- If the Issuer fails to pay any fees due to the CMA or the Saudi Exchange (Tadawul), or any fines due to the CMA on time.
  - 4- If the CMA determines that the Issuer, its business, the scale of its operations, or its assets are no longer suitable for the continued listing of its securities on the Saudi Exchange (Tadawul).
  - 5- When a reverse takeover is announced that does not include sufficient information regarding the proposed transaction. If the Issuer announces sufficient information regarding the target entity, and the CMA, after the Issuer's announcement, is satisfied that sufficient information will be publicly available about the proposed reverse takeover transaction, the CMA may decide not to suspend trading at this stage.

- 6- When information about the proposed reverse takeover is leaked and the Issuer is unable to accurately assess its financial position and consequently inform the Saudi Exchange (Tadawul).
  - 7- When an initiation application for the Company's financial restructuring proceedings for the Company is filed with the court under the Bankruptcy Law, if its accumulated losses reach 50% or more of its capital.
  - 8- When an application to initiate liquidation proceedings or administrative liquidation proceedings for the Company is registered with the court under the Bankruptcy Law.
  - 9- When a court issue a final ruling to terminate the financial restructuring proceedings and commencing liquidation proceedings or administrative liquidation proceedings for the Company under the Bankruptcy Law.
  - 10- When a court issue a final ruling to commence a liquidation proceedings or administrative liquidation proceedings for the Company under the Bankruptcy Law.
- b- A suspension of trading imposed under Paragraph (a) above may be lifted based on the following:
- 1- The circumstances that led to the suspension have been adequately addressed, and there is no longer a need to maintain the suspension to protect investors.
  - 2- Lifting of the suspension is not expected to significantly impact normal activity of the Saudi Exchange (Tadawul).
  - 3- The Issuer's compliance with any other conditions deemed necessary by the CMA.
  - 4- Upon the issuance of a final court order initiating financial restructuring proceedings for the Company pursuant to the Bankruptcy Law, unless the Company has been prohibited from conducting its business activities by the relevant competent authority, in the event that the suspension was imposed under Subparagraph (7) of Paragraph (a) above.
  - 5- Upon the issuance of a final court order denying the commencement of liquidation proceedings or administrative liquidation proceedings pursuant to the Bankruptcy Law, unless the Company has been prohibited from conducting its business activities by the relevant competent authority, in the event that the suspension was imposed under Subparagraph (8) of Paragraph (a) above.
- c- The Saudi Exchange (Tadawul) shall suspend the trading of the Issuer's securities in any of the following cases:
- 1- When the Issuer fails to adhere to the specified deadlines for disclosing its periodic financial information as required by the Rules on the Offer of Securities and Continuing Obligations until such disclosure is made.
  - 2- When the auditor's report on the Issuer's financial statements contains a qualified opinion or a disclaimer of opinion, until such time as the qualified opinion or disclaimer is withdrawn.
  - 3- If the liquidity requirements specified in Parts 2 and 8 of the Listing Rules are not met after the lapse of the period granted by the Saudi Exchange (Tadawul) to the Issuer to rectify its position, unless the CMA approves otherwise.
  - 4- Upon the entry into force of a decision by the Issuer's Extraordinary General Assembly to reduce its capital, for the two trading days following the entry into force of such decision.
- d- The Saudi Exchange (Tadawul) shall lift the suspension referred to in Subparagraphs (1) and (2) of Paragraph (c) above after the passage of one trading session following the cessation of the reason for suspension. In the event that trading in the Issuer's shares is permitted outside the platform, the Saudi Exchange (Tadawul) shall lift the suspension within a period not exceeding five trading sessions following the cessation of the reason for suspension.
- e- The Saudi Exchange (Tadawul) may at any time propose to the CMA that trading in any listed securities be suspended or that the listing be canceled if it deems it likely that any of the circumstances set forth in Paragraph (a) above will occur.
- f- An Issuer whose securities have been suspended from trading shall continue to comply with the Law, its Implementing Regulations, and the Exchange Rules.

- g- If the trading of the securities remains suspended for a period of six (6) months without the Issuer taking appropriate measures to rectify such suspension, the CMA may delist the Issuer's securities.
- h- Upon completion of a reverse takeover by the Issuer, the Listing of the Issuer's securities shall be canceled. If the Issuer wishes to re-list its securities, it must submit a new application for listing in accordance with the Listing Rules and fulfill the relevant requirements stipulated in the Rules on the Offer of Securities and Continuing Obligations.
- i- The above paragraphs shall not affect the suspension of trading or cancellation of listing resulting from the Company's losses pursuant to the relevant implementing regulations and the Exchange Rules.

## 17.10 Voluntary Delisting

- a- An issuer whose securities have been listed on the Saudi Exchange (Tadawul) may not cancel the listing without the prior approval of the CMA. To obtain the CMA's approval, the Issuer must submit a delisting application to the CMA along with a simultaneous notification to the Saudi Exchange (Tadawul). The application shall include the following information:
  - 1- The specific reasons for the delisting request.
  - 2- A copy of the disclosure referred to below.
  - 3- A copy of the relevant documents and a copy of each document sent to the shareholders, if the delisting is a result of an acquisition or any other action taken by the Issuer.
  - 4- Names and contact information of the Financial Advisors and Legal Advisor appointed in accordance with the Rules on the Offer of Securities and Continuing Obligations.
- b- The CMA may, at its discretion, approve or reject the delisting application.
- c- The Issuer must obtain the approval of an Extraordinary General Assembly for the delisting after receiving approval from the CMA.
- d- Upon delisting at the request of the Issuer, the Issuer must disclose this to the public as soon as practicable. The disclosure must include at least the reason for the delisting, the nature of the event that led to it, and its impact on the Issuer's activities.

## 17.11 Temporary Trading Suspension

- a- The Issuer may request that the Saudi Exchange (Tadawul) temporarily suspend trading in its securities when an event occurs during trading hours that must be disclosed without delay pursuant to the Capital Market Law, its Implementing Regulations, or the Exchange Rules, and the Issuer is unable to ensure its confidentiality until the end of the trading period. The Exchange shall suspend trading in the Issuer's securities immediately upon receipt of such request.
- b- Upon temporary suspension of trading at the Issuer's request, the Issuer shall disclose to the public, as soon as practicable, the reason for the suspension, its expected term, the nature of the event that led to it, and its impact on the Issuer's activities.
- c- The CMA may temporarily suspend trading without a request from the Issuer when it possesses information or there are circumstances that could affect the Issuer's activities and it believes that such circumstances may impact the Exchange activity or compromise investor protection. An Issuer whose securities are subject to a temporary trading suspension shall continue to comply with the Capital Market Law, its Implementing Regulations, and the Exchange Rules.
- d- The Saudi Exchange (Tadawul) may propose that the CMA exercise its powers under Subparagraph (c) above if it becomes aware of information or circumstances that could affect the Issuer's activities and may likely impact market activity or investor protection.
- e- The temporary suspension of trading shall be lifted upon the end of the period specified in the disclosure referred to in Subparagraph (b) above, unless the CMA or the Exchange (Tadawul) determines otherwise.

## 17.12 Miscellaneous

The Subscription Application Form, together with all related terms, conditions, and undertakings, shall be binding upon and inure to the benefit of the parties thereto, including the Subscribers, their successors, assigns, executors, administrators and heirs. Except as expressly provided herein, neither the application nor any rights, interests or obligations arising therefrom may be assigned or delegated to any party mentioned herein without the prior written consent of the other party.

These instructions, terms, and any receipt of Subscription Application Forms or resulting contracts shall be governed by and construed in accordance with the laws of the Kingdom.

A number of shareholders are subject to a Lock-up Period of not less than twenty-four (24) months from the commencement of trading in the Company's shares on Tadawul. These include the Substantial Shareholders, shareholders holding more than 3% of the Company's share capital, and the Directors and Senior Executives who hold shares in the Company, as detailed in the **"Offering Summary"** section of this Prospectus Noting that none of the mentioned shareholders shares who are subject to the Lock-up period were counted within the free-float shares. Prior approval from the CMA must be obtained before disposing of these shares after the end of the Lock-up Period.

Notwithstanding the approval of this Prospectus by the CMA, the CMA may suspend the Offering if the Company becomes aware, at any time after the CMA's approval of this Offering and prior to the approval of the Listing of the shares on Tadawul, of the following: (1) there is a significant change in material matters contained in the Prospectus; and (2) significant matters have emerged that should have been included in the Prospectus. In such cases, the Company is committed to filing a supplementary prospectus with the CMA, in accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules. Moreover, a supplementary prospectus must be issued and an announcement of the applicable subscription dates must be made.

This Prospectus has been issued in both Arabic and English. Only the Arabic version has been approved by the CMA, and in the event of any discrepancy between the Arabic and English versions, the Arabic text shall prevail. The distribution of this Prospectus or the sale of the Offer Shares is strictly prohibited in any country other than the Kingdom, with the exception of investors who are citizens of Gulf Cooperation Council countries, qualified foreign institutions, Foreign Strategic Investors, and other foreign investors through swap agreements, subject to compliance with the applicable laws and regulations.

## 17.13 Resolutions and Approvals Pursuant to which the Shares will be Offered

The resolutions and approvals pursuant to which the Company's shares will be offered are as follows:

- The resolution of the Company's Board of Directors, dated 16/03/1446H (corresponding to 19/09/2024G)
- The resolution of the Extraordinary General Assembly, dated 01/01/1446H (corresponding to 07/07/2024G)
- Approval of the Saudi Exchange for the listing of the shares, dated 12/06/1446H (corresponding to 08/12/2025G)
- Approval from the CMA for the issuance and listing of shares, dated 24/06/1446H (corresponding to 25/12/2025G)

## 17.14 Lock-up Period and Restrictions on Shares

A number of shareholders are subject to a Lock-up Period of not less than twenty-four (24) months from the commencement of trading of the Company's shares on the Saudi Exchange. These shareholders include the Substantial Shareholders, as well as certain shareholders who own more than 3% of the Company's share capital, and the Directors and Senior Executives who hold shares in the Company, as detailed in the **"Offering Summary"** section of this Prospectus. Noting that none of the mentioned shareholders shares who are subject to the Lock-up period were counted within the free-float shares. Prior approval from the CMA must be obtained before disposing of these shares after the end of the Lock-up Period.



## 17.15 Undertakings and Representations Related to the Subscription

By completing the Subscription Application Form, each Subscriber:

- Agrees to subscribe to the Company's shares in the number specified in the Subscription Application Form.
- Acknowledges that they have read the entire contents of this Prospectus and have carefully studied and understood its contents.
- Agrees to the Company's Bylaws and all Offering instructions, terms, and conditions contained in this Prospectus.
- Declares that neither they nor any of the individuals included in the Subscription Application Form have previously submitted a subscription application for shares, and they agree that the Company shall have the right to reject any duplicate subscriptions.
- Accepts the shares allocated to them pursuant to the Subscription Application Form (up to the maximum amount subscribed for) according to the subscription application.
- Undertakes not to cancel or amend the Subscription Application Form after submitting it to the Lead Manager or the Receiving Entity.
- Undertakes to not waive their right to make a claim against the Company and seek compensation for any direct damages resulting from this Prospectus containing materially incorrect or insufficient information, or from the omission of material information that would have affected the Subscriber's decision to subscribe had it been included in the Prospectus.

## 17.16 Share Register and Dealing Arrangements

The Exchange (Tadawul) maintains a shareholder register containing the shareholders' names, nationalities, residential addresses, occupations, shares held, and amounts paid of those shares.

## 17.17 Overview of Tadawul and the Trading Process

Electronic trading of shares in the Kingdom commenced fully in 1990G, and the Tadawul System was established in 2001G as a replacement for the Securities Information System. Trading is conducted through a fully integrated electronic system that encompasses the entire trading process, starting from order execution to settlement, which is carried out through the depository system operated by Edaa. Trading takes place daily in a single session from 10:00 AM to 3:00 PM, Sunday through Thursday of each week, during which orders are executed. Outside these hours, orders can be entered, modified, or canceled from 9:30 AM until 10:00 AM. These times may be adjusted by the Saudi Exchange during the holy month of Ramadan.

Orders are executed through an automated order matching system, with orders being received and prioritized based on price. Generally, market orders (which are orders at the best available price) are executed first, followed by limit orders. In the event that multiple orders are entered at the same price, they are executed based on the time of order entry. Tadawul distributes a comprehensive range of information through various channels, most notably the Tadawul website which provides real-time market data to information providers such as Reuters. Settlement of deals are conducted on a T+2 basis, meaning that the transfer of ownership of shares occurs two business days after the trade is executed. Listed companies are committed to disclosing all material decisions and information to investors through Tadawul. Tadawul, as the operator of the market mechanism, is responsible for market surveillance to ensure fair and orderly trading of shares.

## 17.18 Securities Depository Center (Edaa)

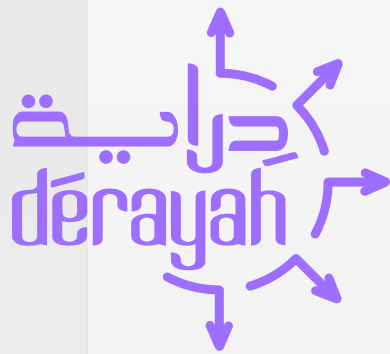
The Securities Depository Center (Edaa) was established in 2016G under the Saudi Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H. It is a closed joint-stock company wholly owned by the Saudi Tadawul Group (Tadawul) with a capital of SAR 400,000,000 divided into 40,000,000 shares, each with a nominal value of SAR 10. This follows the CMA Board's approval of Tadawul's request to convert the Securities Depository Center into a joint-stock company in accordance with the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H. The activities of the Securities Depository Center consist of depositing securities, recording ownership, transferring, settling, and clearing securities, and recording any liens or encumbrances on the deposited securities. Additionally, the Securities Depository Center is responsible for depositing and managing the records of securities issuers, organizing general assemblies of issuers, including providing remote voting services for such assemblies, and providing reports, notices and information, as well as any other service related to its activities that the Securities Depository Center deems necessary in accordance with the Capital Market Law and its implementing regulations.

## 17.19 Trading of the Company Shares

Trading of the Company's shares is expected to commence after the final allocation of those shares, and upon Tadawul's announcement of the start date for trading the Company's shares. The dates and times mentioned in this Prospectus are preliminary and are provided for reference only. They may be changed or extended with the approval of the CMA.

Saudi natural persons, non-Saudi natural persons residing in the Kingdom with a valid residency, citizens of the Gulf Cooperation Council countries, and Saudi and Gulf corporations, banks, and investment funds will be permitted to trade in the shares after they have been listed on Tadawul. Qualified foreign investors and approved clients will be able to trade in the Company's shares in accordance with the Rules for Foreign Investment in Securities. Also, foreign individual investors who are non-Saudi residents and entities registered outside the Kingdom may invest indirectly to obtain the economic benefits of the shares by entering into swap agreements with persons licensed by the CMA, and by purchasing and trading shares listed on the Exchange on behalf of non-Gulf foreign investors. Under swap agreements, the licensed persons are considered the legal owners of the shares.

The Offer Shares may not be traded until the allocation of shares to the Subscribers' accounts at the Depository Center has been approved, and after the Company has been registered and its shares are listed on the Exchange. Pre-trading in the Company's shares strictly prohibited. Subscribers engaging in pre-trading activities shall bear full responsibility therefor, and the Company shall not bear any legal liability in such cases.

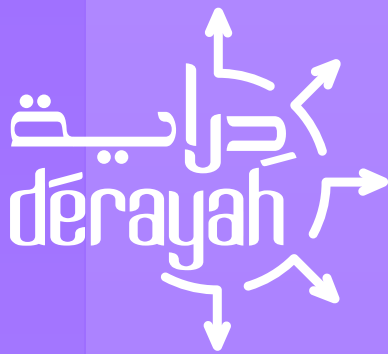


## 18. Documents Available for Review

## 18. Documents Available for Review

The following documents will be available for review at the Company's headquarters in Al-Riyadh between 9:00 AM and 5:00 PM from Thursday 23/07/1446H (corresponding to 23/01/2025G) until the last day of the Offering Period for individuals on Saturday 23/08/1446H (corresponding to 22/02/2025G), provided that the review period is at least 20 days prior to the end of the Offering Period:

- A copy of the announcement of the CMA's approval for the share offering.
- Approval of the listing from Saudi Tadawul Group.
- Approval of the Offering by the Company's Extraordinary General Assembly issued on 01/01/1446H (corresponding to 07/07/2024G).
- The resolution of the Company's Board of Directors approving the registration of the Company's shares and their offering for public subscription, issued on 16/03/1446H (corresponding to 19/09/2024G).
- The Company's Bylaws and amendments thereto.
- The Company's commercial registration certificate.
- A document detailing the methodology used to determine the price range employed in the Book Building Process or valuation report.
- The Company's audited consolidated special purpose financial statements for the financial years ended 31 December 2021G, 2022G and 2023G.
- The Underwriting Agreement.
- The Market Report prepared by the Market Consultant.
- All reports, letters and other documents, as well as valuations and data prepared by any expert and included in or referenced in this Prospectus.
- Disclosed contracts and agreements in Section 5.5.1 ("**Interests of Directors and Senior Executives in Contracts and Agreements Concluded with the Company or its Subsidiaries**") of this Prospectus.
- Letters of approval from:
  - HSBC Saudi Arabia, as the Sole Financial adviser, Lead Manager, Bookrunner, and Underwriter, on the inclusion of its name, logo, and statements in this Prospectus.
  - KPMG Professional Services on the inclusion of its name and logo in this Prospectus as the Company's Auditor of the consolidated financial statements for the financial year ended 31 December 2023G, which were prepared in accordance with the accounting standards recognized in the Kingdom of Saudi Arabia.
  - PricewaterhouseCoopers, as the Financial Due Diligence Advisor, on the inclusion of its name, logo, and statements, if any, in this Prospectus.
  - Arthur D. Little Middle East LLC, as the Market Consultant, on the inclusion of its name, logo, and statements in this Prospectus.
  - Abuhimed Alsheikh Alhagbani (AS&H) Clifford Chance Law Firm, as the Legal Advisor, on the inclusion of its name and logo in this Prospectus.
  - Clifford Chance LLP, as Legal Advisor on the Offering outside the Kingdom, on the inclusion of its name and logo in this Prospectus.
  - Baker McKenzie, as the Legal Advisor to the Financial Advisor, Bookrunner, Global Coordinator and Underwriter, on the inclusion of its name and logo in this Prospectus.
- A document summarizing the forward-looking statements and projections regarding the Company's anticipated future financial performance.



## **19. Financial Statements and Auditor's Report**

## 19. Financial Statements and Auditor's Report

This section contains the audited financial statements of the Company for the financial years ended 31 December 2021G, 2022G and 2023G and the accompanying notes thereto, which were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted in the Kingdom, as well as other standards issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and other applicable accounting standards in the Kingdom. This section also includes the condensed consolidated interim financial statements for the six-month period ended 30 June 2024G and the accompanying notes thereto, which were prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting) as adopted in the Kingdom and other standards and regulations issued by the Saudi Organization for Chartered and Professional Accountants. These condensed interim financial statements have been reviewed by KPMG Professional Services as per their report included in this Prospectus.

**DERAYAH FINANCIAL COMPANY**  
(A Closed Joint Stock Company)  
**FINANCIAL STATEMENTS**  
For the year ended 31 December 2021  
Together with  
**INDEPENDENT AUDITOR'S REPORT**



## KPMG Professional Services

Riyadh Front, Airport Road  
P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

# Independent auditor's report

To the shareholders of Derayah Financial Company

## Opinion

We have audited the financial statements of Derayah Financial Company ("the Company"), which comprise the statement of financial position as at 31 December 2021, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

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

## Basis for opinion

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

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

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

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

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

## Auditor's responsibilities for the audit of the financial statements

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

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of SAR (25,000,000). (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٢٥٠٠٠٠٠٠٠) ريال سعودي مغروح بالكامل، المسماة سابقاً كشركة كي بي إم جي للفرزان وشركاء، مساهمون ومراجعون كفريق. وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي العالمية التابعة لـ كي بي إم جي العالمية المحدودة، شركة تجارزة محدودة بضمان. جميع الحقوق محفوظة.





## Independent auditor's report

To the shareholders of Derayah Financial Company (continued)

### Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISA that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### KPMG Professional Services



Hani Hamzah A. Bedairi  
License no: 460



Riyadh: 17 Shaban 1443H  
Corresponding to: 20 March 2022

**DERAYAH FINANCIAL COMPANY**  
(A Closed Joint Stock Company)

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2021

(Amount in Saudi Riyals)

|                                                              | <i>Notes</i> | <b>2021</b>        | <b>2020</b> |
|--------------------------------------------------------------|--------------|--------------------|-------------|
| <b>ASSETS</b>                                                |              |                    |             |
| <b>NON-CURRENT ASSETS</b>                                    |              |                    |             |
| Property and equipment, net                                  | 6            | <b>26,302,198</b>  | 25,254,618  |
| Right-of-use assets, net                                     | 7            | <b>8,791,034</b>   | 1,439,871   |
| Intangible assets, net                                       | 8            | <b>14,715,145</b>  | 6,086,504   |
| Investment at amortised cost                                 | 9            | <b>22,407,164</b>  | 22,600,044  |
| Investments at fair value through profit or loss             | 10           | <b>92,123,720</b>  | 65,019,853  |
| Investments at fair value through other comprehensive income | 11           | <b>32,976,299</b>  | 34,132,418  |
| <b>TOTAL NON-CURRENT ASSETS</b>                              |              | <b>197,315,560</b> | 154,533,308 |
| <b>CURRENT ASSETS</b>                                        |              |                    |             |
| Due from related parties                                     | 15           | <b>26,947,068</b>  | 21,459,721  |
| Margin client receivables, net                               | 12           | <b>99,411,642</b>  | 42,291,123  |
| Prepayments                                                  |              | <b>945,201</b>     | 1,195,895   |
| Other current financial assets                               | 13           | <b>303,987,821</b> | 32,692,985  |
| Investments at fair value through profit or loss             | 10           | <b>21,297,025</b>  | 74,240,860  |
| Cash and cash equivalents                                    | 14           | <b>94,150,040</b>  | 51,300,216  |
| <b>TOTAL CURRENT ASSETS</b>                                  |              | <b>546,738,797</b> | 223,180,800 |
| <b>TOTAL ASSETS</b>                                          |              | <b>744,054,357</b> | 377,714,108 |
| <b>LIABILITIES AND EQUITY</b>                                |              |                    |             |
| <b>NON-CURRENT LIABILITIES</b>                               |              |                    |             |
| Employee defined benefit obligations                         | 16           | <b>18,378,555</b>  | 14,880,062  |
| Lease liability                                              |              | <b>6,927,284</b>   | --          |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                         |              | <b>25,305,839</b>  | 14,880,062  |
| <b>CURRENT LIABILITIES</b>                                   |              |                    |             |
| Due to related parties                                       |              | --                 | 1,610,985   |
| Accrued expenses and other payables                          | 17           | <b>92,976,822</b>  | 71,276,253  |
| Zakat payable                                                | 18           | <b>21,345,385</b>  | 14,488,731  |
| <b>TOTAL CURRENT LIABILITIES</b>                             |              | <b>114,322,207</b> | 87,375,969  |
| <b>TOTAL LIABILITIES</b>                                     |              | <b>139,628,046</b> | 102,256,031 |
| <b>EQUITY</b>                                                |              |                    |             |
| Share capital                                                | 19           | <b>161,090,130</b> | 161,090,130 |
| Statutory reserve                                            | 20           | <b>48,327,039</b>  | 19,489,943  |
| Retained earnings                                            |              | <b>392,092,737</b> | 94,259,322  |
| Other reserves                                               |              | <b>2,916,405</b>   | 618,682     |
| <b>TOTAL EQUITY</b>                                          |              | <b>604,426,311</b> | 275,458,077 |
| <b>TOTAL LIABILITIES AND EQUITY</b>                          |              | <b>744,054,357</b> | 377,714,108 |

The attached notes 1 to 37 form part of these financial statements

**DERAYAH FINANCIAL COMPANY**

(A Closed Joint Stock Company)

**STATEMENT OF COMPREHENSIVE INCOME**

For the years ended 31 December

(Amounts in Saudi Riyals)

|                                                                                         | <u>Notes</u> | <u>2021</u>          | <u>2020</u>          |
|-----------------------------------------------------------------------------------------|--------------|----------------------|----------------------|
| <b>OPERATING INCOME</b>                                                                 |              |                      |                      |
| Revenue from contract with customers                                                    | 22           | 575,068,755          | 268,647,863          |
| Special commission income                                                               |              | 8,394,180            | 5,942,194            |
| Gain on investments, net                                                                | 23           | 3,162,501            | 596,900              |
| Dividend income                                                                         |              | 2,252,697            | 2,114,593            |
| <b>TOTAL OPERATING INCOME</b>                                                           |              | <b>588,878,133</b>   | <b>277,301,550</b>   |
| <b>OPERATING EXPENSES</b>                                                               |              |                      |                      |
| Salaries and employee related expenses                                                  | 24           | (98,288,378)         | (82,144,913)         |
| Other general and administrative expenses                                               | 25           | (113,196,953)        | (73,116,662)         |
| Impairment charge for credit losses                                                     | 26           | (35,254)             | (4,419,763)          |
| Marketing expenses                                                                      |              | (6,073,715)          | (3,098,678)          |
| <b>TOTAL OPERATING EXPENSES</b>                                                         |              | <b>(217,594,300)</b> | <b>(162,780,016)</b> |
| <b>NET OPERATING INCOME</b>                                                             |              | <b>371,283,833</b>   | <b>114,521,534</b>   |
| Other income                                                                            | 27           | 6,983,256            | 4,926,902            |
| <b>INCOME BEFORE ZAKAT</b>                                                              |              | <b>378,267,089</b>   | <b>119,448,436</b>   |
| Zakat charge for the year                                                               | 18           | (12,788,017)         | (14,909,336)         |
| <b>INCOME FOR THE YEAR</b>                                                              |              | <b>365,479,072</b>   | <b>104,539,100</b>   |
| <i>Other comprehensive income /(loss) not to be reclassified to income subsequently</i> |              |                      |                      |
| Financial assets at fair value through OCI – net change in fair value                   |              | 4,867,763            | 2,133,275            |
| Remeasurement loss on defined benefit plan                                              | 16           | (1,106,068)          | (1,483,919)          |
| <b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>                                          |              | <b>3,761,695</b>     | <b>649,356</b>       |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                                          |              | <b>369,240,767</b>   | <b>105,188,456</b>   |
| <b>EARNINGS PER SHARE</b>                                                               |              |                      |                      |
| Basic and diluted, earning per share                                                    | 28           | 22.69                | 6.49                 |

The attached notes 1 to 37 form part of these financial statements

**DERAYAH FINANCIAL COMPANY**

(A Closed Joint Stock Company)

**STATEMENT OF CHANGES IN EQUITY**

For the years ended 31 December 2021 and 2020

*(Amounts in Saudi Riyals)*

|                                                           | <u>Share<br/>Capital</u> | <u>Statutory<br/>reserve</u> | <u>Fair value<br/>reserve</u> | <u>Other<br/>reserves</u> | <u>Retained<br/>earnings</u> | <u>Total</u>        |
|-----------------------------------------------------------|--------------------------|------------------------------|-------------------------------|---------------------------|------------------------------|---------------------|
| As at 1 January 2020                                      | 161,090,130              | 9,036,033                    | 1,185,040                     | (1,215,714)               | 16,283,145                   | 186,378,634         |
| Income for the year                                       | --                       | --                           | --                            | --                        | 104,539,100                  | 104,539,100         |
| Other comprehensive income / (loss) for the year          | --                       | --                           | --                            | --                        | --                           | --                  |
| Dividends distribution (Note 21)                          | --                       | --                           | 2,133,275                     | (1,483,919)               | --                           | 649,356             |
| Transfer to Statutory reserve                             | --                       | 10,453,910                   | --                            | --                        | (16,109,013)                 | (16,109,013)        |
| Balance at 31 December 2020                               | 161,090,130              | 19,489,943                   | 3,318,315                     | (2,699,633)               | 94,259,322                   | 275,458,077         |
| <b>Income for the year</b>                                | --                       | --                           | --                            | --                        | <b>365,479,072</b>           | <b>365,479,072</b>  |
| <b>Other comprehensive income / (loss) for the year</b>   | --                       | --                           | <b>4,867,763</b>              | <b>(1,106,068)</b>        | --                           | <b>3,761,695</b>    |
| <b>Realized gain on sale of investments at fair value</b> | --                       | --                           | --                            | --                        | --                           | --                  |
| <b>through other comprehensive income</b>                 | --                       | --                           | <b>(1,463,972)</b>            | --                        | <b>1,463,972</b>             | <b>--</b>           |
| <b>Dividends distribution (Note 21)</b>                   | --                       | --                           | --                            | --                        | <b>(40,272,533)</b>          | <b>(40,272,533)</b> |
| <b>Transfer to Statutory reserve</b>                      | --                       | <b>28,837,096</b>            | --                            | --                        | <b>(28,837,096)</b>          | <b>--</b>           |
| <b>Balance at 31 December 2021</b>                        | <b>161,090,130</b>       | <b>48,327,039</b>            | <b>6,722,106</b>              | <b>(3,805,701)</b>        | <b>392,092,737</b>           | <b>604,426,311</b>  |

The attached notes 1 to 37 form part of these financial statements

**DERAYAH FINANCIAL COMPANY**  
(A CLOSED JOINT STOCK COMPANY)

**STATEMENT OF CASHFLOWS**

FOR THE YEARS ENDED 31 DECEMBER

(Amounts in Saudi Riyals)

|                                                                                |              | <u>2021</u>          | <u>2020</u>  |
|--------------------------------------------------------------------------------|--------------|----------------------|--------------|
| <b>OPERATING ACTIVITIES</b>                                                    | <i>Notes</i> |                      |              |
| Income before zakat                                                            |              | <b>378,267,089</b>   | 119,448,436  |
| <i>Non-cash adjustment to reconcile income before zakat to net cash flows:</i> |              |                      |              |
| Depreciation and amortization                                                  | 25           | <b>10,785,558</b>    | 7,033,438    |
| Provisions for employee defined benefit obligations                            | 16           | <b>2,960,887</b>     | 4,038,765    |
| Gain on investments, net                                                       | 23           | <b>(3,162,501)</b>   | (596,900)    |
| Impairment charge for credit losses                                            | 26           | <b>35,254</b>        | 4,419,763    |
| Fixed assets written off, net                                                  |              | <b>-</b>             | 420,996      |
| <b>Operating cash flows before working capital changes</b>                     |              | <b>388,886,287</b>   | 134,764,498  |
| Margin client receivables, net                                                 |              | <b>(57,145,000)</b>  | 5,193,803    |
| Other current financial assets                                                 |              | <b>(271,308,426)</b> | (3,405,449)  |
| Prepayments                                                                    |              | <b>250,695</b>       | (322,326)    |
| Due from related parties, net                                                  |              | <b>(5,488,996)</b>   | (20,798,666) |
| Accrued expenses and other payables                                            |              | <b>29,491,433</b>    | 42,526,590   |
|                                                                                |              | <b>84,685,993</b>    | 157,958,450  |
| Zakat paid                                                                     | 18           | <b>(5,931,364)</b>   | (8,420,605)  |
| End of service benefits paid                                                   | 16           | <b>(568,462)</b>     | (145,534)    |
| <b>Cash generated from operating activities</b>                                |              | <b>78,186,167</b>    | 149,392,311  |
| <b>INVESTING ACTIVITIES</b>                                                    |              |                      |              |
| Purchase of financial assets at FVTPL                                          |              | <b>(129,075,111)</b> | (73,523,502) |
| Redemption of Investment at amortized cost                                     |              | <b>197,346</b>       | 6,000,000    |
| Sale proceeds from financial assets at FVTPL                                   |              | <b>158,077,579</b>   | 8,798,697    |
| Sale at fair value through other comprehensive income (FVOCI)                  |              | <b>6,023,882</b>     | --           |
| Addition of property and equipment and right-of-use assets                     |              | <b>(16,045,694)</b>  | (9,266,384)  |
| Purchase of Investment at amortized cost                                       |              | <b>--</b>            | (22,607,827) |
| Purchase of intangible assets                                                  | 8            | <b>(11,767,248)</b>  | (1,572,784)  |
| <b>Cash generated from / (used in) investing activities</b>                    |              | <b>7,410,754</b>     | (92,171,800) |
| <b>FINANCING ACTIVITIES</b>                                                    |              |                      |              |
| Dividends paid                                                                 | 21           | <b>(40,272,533)</b>  | (16,109,013) |
| Lease liability paid                                                           |              | <b>(2,474,564)</b>   | (1,115,300)  |
| <b>Cash used in financing activities</b>                                       |              | <b>(42,747,097)</b>  | (17,224,313) |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>               |              | <b>42,849,824</b>    | 39,996,198   |
| Cash and cash equivalents at the beginning of the year                         |              | <b>51,300,216</b>    | 11,304,018   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>                        |              | <b>94,150,040</b>    | 51,300,216   |
| <b>NON-CASH SUPPLEMENTAL INFORMATION</b>                                       |              |                      |              |
| Right of use asset                                                             |              | <b>8,790,651</b>     | 1,439,871    |
| Lease liabilities                                                              |              | <b>(9,108,363)</b>   | (934,657)    |

The attached notes 1 to 37 form part of these financial statements

**DERAYAH FINANCIAL COMPANY**  
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**1. ACTIVITIES**

Derayah Financial Company (the “Company”) is a Closed Joint Stock Company registered in the Kingdom of Saudi Arabia. The Company operates under Commercial Registration No. 1010266977 dated 10 Jumada II 1436H (corresponding to 15 April 2009). On December 31, 2014 the CMA approved a request from Derayah Finance Company to become a Saudi company after the foreign partners sold their shares in the Company. As a result, the commercial registration changed from a mixed company to 100% Saudi Company on 23 September 2014.

The objective of the Company is to provide a full range of brokerage, advisory, custodian services, dealing as principal and dealing as agent, managing, and arranging. The Company has commenced its business on 8 Rajab 1430H (corresponding to July 1, 2009) under license number 08109-27 from the Capital Market Authority (“CMA”), dated 19 Jumada’ II 1429H (corresponding to June 23, 2008). The Company’s registered office is located at the following address:

Olaya main street, Olaya Centre  
P.O. Box 286546, Riyadh 11323  
Kingdom of Saudi Arabia

The Company has a branch in Dammam which operates under Commercial Registration No. 2050101980 dated 23 Shawwal 1435H (corresponding to August 19, 2014) and there is other branch in Jeddah which operates under Commercial Registration No. 4030286122 dated 13 Safar 1437H (corresponding to November 25, 2015).

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The financial statements of the Company have been prepared in accordance with ‘International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA); and in compliance with the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the by-laws of the Company.

**2.2 Basis of measurement and presentation**

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

- Investments at fair value through profit or loss (“FVTPL”) are measured at fair value;
- Investments at fair value through other comprehensive income (“FVOCI”) are measured at fair value;
- Employee defined benefit obligations are recognised at the present value of future obligations using the projected unit credit method.

**2.3 Functional and presentation currency**

These financial statements are presented in Saudi Riyal (“SR”); which represents the functional currency of the Company. All the financial information rounded off to nearest Saudi Riyal except where otherwise indicated.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies used in the preparation of these financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2020.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The following are the significant accounting policies applied by the Company in preparing its financial statements:

**3.1 Financial instruments**

**Financial assets**

Classification of financial assets depends on the Company's business model for managing its financial assets and the contractual terms of the cash flows. The Company classifies its financial assets as:

- financial assets measured at amortised cost, or
- financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognised either through the statement of comprehensive income or through other comprehensive income ("OCI").

Investments at amortised cost, time deposits, margin client receivables, due from related parties, and other current financial assets are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interests, are measured at amortised cost.

**Initial measurement**

Financial assets are initially measured at its fair value, plus transaction costs in the case of a financial asset not at fair value through statement of profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are recognised in the statement of profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the requirements as solely payment of principal and interest.

**Subsequent measurement**

**Debt instruments**

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

- *Amortised cost*  
Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- *Fair Value through Other Comprehensive Income ("FVOCI")*  
Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognised in the statement of comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the statement of comprehensive income and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/expense.

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.1 Financial instruments (continued)**

- *Fair Value through profit or loss ("FVTPL")*  
Financial assets that do not meet the criteria for subsequent recognition at amortised cost or FVOCI, are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through the statement of comprehensive income and which is not part of a hedging relationship is recognised and presented net in the statement of comprehensive income in the year in which it arises.

***Equity instruments***

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

***De-recognition***

A financial asset or a part of a financial asset is de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - a) The Company has transferred substantially all the risks and rewards of the asset, or
  - b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

***Impairment***

The Company assesses on a forward looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, carried at amortised cost and FVOCI, the ECL is based on a 12-month ECL and life time ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance increases in credit risk since origination, the allowance will be based on the lifetime ECL. For investment in sukuks, margin client receivables, due from related parties, and other current financial assets, the Company applies the general approach.

**Financial liabilities**

The Company classifies its financial liabilities, as held at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the effective interest rate (EIR). Subsequent to initial recognition, financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit or loss or an entity has opted to measure a liability at fair value through profit or loss as per the requirements of IFRS 9.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.



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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.1 Financial instruments (continued)**

***Offsetting of financial instruments***

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

**3.2 Current versus non-current classification**

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized 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 Company classifies all other liabilities as non-current.

**3.3 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of comprehensive income during the year in which they are incurred.

The major categories of property and equipment are depreciated on a straight line basis as follows:

| <b>Asset categories</b>         | <b>Useful lives</b>                              |
|---------------------------------|--------------------------------------------------|
| Leasehold improvements          | Period of lease or 5 years; whichever is shorter |
| Furniture, fixture and fittings | 5 years                                          |
| Computer and office equipment   | 4 years                                          |

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Impairment losses and gains and losses on disposals of property and equipment are included in statement of comprehensive income.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Property and equipment (Continued)**

Work in progress is stated at cost incurred until the asset is ready for its intended use, thereafter, this cost is capitalised on the related assets. This includes the cost of contractors, materials, services and capital advances. Work in progress is not depreciated.

*Right of Use Assets*

The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurement of the lease liability. Generally, right of use assets would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the right of use assets' value.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment

*Lease Liability*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

After the commencement date, Company measures the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability.
- Reducing the carrying amount to reflect the lease payments made and;
- Re-measuring the carrying amount to reflect any re-assessment or lease modification.

IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Company's Statement of Financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

**3.4 Intangible assets**

Intangible assets comprise of internally developed software and externally acquired softwares. Expenditures on internally developed software is recognized as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and impairment, if any.

Amortization is recognized in statement of comprehensive income on a straight-line basis over the estimated useful life of the software from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is four years. Amortization method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.4 Intangible assets (continued)**

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

**3.5 Employee defined benefit obligations**

The Company operates a defined benefit scheme for its employees in accordance with labour regulations applicable in the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefits plan is determined using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in the retained earnings and are not reclassified to profit or loss in subsequent periods. Re-measurements are not reclassified to profit or loss in subsequent periods.

Interest expense is calculated by applying the discount rate to the net defined benefit liability. The Company recognises the following changes in the net defined benefit obligation under 'salaries and employee related expenses' in the statement of comprehensive income (by nature).

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income

The defined benefit asset or liability comprises the present value of the defined benefit obligation, less past service costs and less the fair value of plan assets out of which the obligations are to be settled. However, currently the plan is unfunded and has no assets.

**3.6 Accrued expenses**

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

**3.7 Zakat**

The Company is domiciled in the Kingdom of Saudi Arabia. The Company is subject to Zakat in accordance with the Regulations of the Zakat, Tax and Custom Authority ("ZATCA") as applicable in the Kingdom of Saudi Arabia. The Zakat charge is computed on the Zakat base. An estimate of Zakat arising therefrom is provided by a charge to the statement of profit or loss.

**3.8 Other liabilities**

Provisions for restructuring costs, warranties and legal claims are recognized in other liabilities when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted where the effect is material.

**3.9 Contingent assets and liabilities**

Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.10 Statutory reserve**

As per the Company's by-law, 10% of the net income for the year is transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of the share capital. The reserve is not available for distribution.

**3.11 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. These deposits are made with reputable banks and financial institutions within the Kingdom of Saudi Arabia having investment grade credit rating.

**3.12 Revenue from contracts with customers**

The Company generates following revenue streams that are covered under *IFRS 15 Revenue from Contracts with Customers*:

- a) Fee and commission income
- b) Other operating income

**a) Fee and commission income:**

*Share brokerage service fee income*

The performance obligation is satisfied at the point in time at which trade (buy or sell order) is executed by the Client. Hence the Company recognizes the Commission income as and when a trade order is executed.

*Subscription fees from investment funds*

Performance obligation for Subscription fee is assignment of respective Fund units to Investor's account and considering that this happens as soon as an Approved Subscription Form is executed, therefore the Company rightfully recognizes the revenue against subscription fee at the time of fulfilment of performance obligation.

*Management fees from investment funds*

Management fees is computed on daily/weekly/monthly/semi-annually (annual % pro-rated for periodic accrual) with reference to periodic net asset value of the fund. The Company's practice for recognition of management fee is aligned with IFRS 15 since management fee is recognized on an accrual basis against rendering of asset management services that the Company is providing on an on-going basis.

*Performance fee from investment funds*

Performance fee income based on a fund's performance, relative to a benchmark or the realised appreciation of fund's investments, are types of variable consideration. In many cases, these performance fees are highly susceptible to market volatility until they are crystallised or are no longer subject to clawback, which may be after the end of the reporting period.

In case of the Company, effect of clawback does not apply since the Company does not recognize any revenue against performance fee until the end of respective period for testing of benchmark achievement which is when performance fee is crystallized and recorded as revenue. Analysis of performance fee at the Company reveals that performance fee income recognition at the Company is in accordance five step model in IFRS 15. The Company performs a daily accrual for performance fee based on defined benchmark as a difference between fund growth and benchmark growth. At the end of relevant period (month or quarter) aggregate growth of fund is compared against benchmark and if it is above Benchmark (a positive aggregate figure consolidation daily accruals), then performance fee is recognized, otherwise it is not recognized.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b) Other operating income**

*Advisory fee income*

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

*Miscellaneous service income*

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

**3.13 Gains or loss on investments**

This relates to net gains or losses on remeasurement of financial assets held at fair value through profit or loss and gains or losses on derecognition of investments held at fair value through profit or loss and investments held at amortised cost.

**3.14 Dividend income**

Dividend income is recognised in profit or loss on the date when the Company's right to receive the payment is established.

**3.15 Special commission income and expense**

Special commission income and expense recognised in the statement of comprehensive income for all profit-bearing financial instruments using the effective interest method.

**3.16 Expenses**

Marketing expenses are those which specifically relate to promotion and marketing activities. All other expenses, other than employee's costs, financial charges and expenses allocated by the Company are classified as other general and administrative expenses.

**3.17 Margin client's receivables**

The margin client's receivables arise within brokerage business as shariah compliant margin financing. Margin client's receivables are recognized when cash/limits are advanced to the customer including the related cost. These are derecognized when borrowers repay their obligation or the balance is sold off or written off, or substantially all the risks and rewards of ownership are transferred to other party. A provision is established against the credit losses based on expected credit loss approach of IFRS 9 compliant with general quantification approach requirements for credit losses in general and when there is objective evidence that the company will not be able to collect all or part of the amounts due according to terms of the margin contract as specific provision.

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**4 SIGNIFICANT JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements in conformity with IFRS as endorsed in the KSA and other standards and pronouncements issued by SOCPA, requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Such judgements, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances.

The Company has made various accounting estimates in these financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 December 2021 about future events that the Company believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing these estimates.

The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements. The significant accounting estimate impacted by these forecasts and associated uncertainties is predominantly related to expected credit losses. The impact of the COVID-19 pandemic on each of these estimates is discussed further in the relevant note of these financial statements.

Significant areas where management has used judgements, estimates and assumptions are as follows:

**4.1 Measurement of the expected credit loss allowance**

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the input, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.1 Impairment - Financial assets, which also sets out key sensitivities of the ECL to changes in these elements.

**4.2 Assumptions for employee defined benefit obligations**

Employee benefits represent obligations that will be settled in the future and require assumptions to project these obligations. IFRS requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases and return on assets, mortality rates, employment turnover and future healthcare costs. The management uses an external actuary for performing this calculation. Changes in key assumptions can have a significant impact on the projected benefit obligation and/or periodic employees' benefits incurred costs.

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**4 SIGNIFICANT JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)**

**4.3 Fair value of securities not quoted in an active market**

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

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

**4.4 Useful lives of property, plant and equipment**

The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives and residual value of the assets at least once per year and always at the end of each financial year and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

**4.5 Going concern**

The financial statements are prepared on a going concern basis, as the management is satisfied that the Company has the resources to continue business for the foreseeable future. In making this assessment, the management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

**4.6 Useful lives of intangible assets**

The Company's management determines the estimated useful lives of its intangible assets for calculating amortization. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

**5 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

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

The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the annual audited financial statements for the year ended 31 December 2020. Based on the adoption of new standards and in consideration of current economic environment, the following accounting policies are applicable effective 1 January 2021 replacing, amending or adding to the corresponding accounting policies set out in 2020 annual audited financial statements.

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**5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)**

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

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2021. The management has assessed that the amendments have no significant impact on the Company's financial statements.

- Interest Rate Benchmark Reform - Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
- COVID-19 - Related Rent Concessions (Amendments to IFRS 16);
- Annual Improvements to IFRS Standards 2018–2020 (Amendment to IFRS 1, IFRS 9 and IAS 41);
- Reference to Conceptual Framework (Amendments to IFRS 3);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16); and
- Onerous contracts - Cost of Fulfilling a contract (Amendments to IAS 37).

*New standards and amendments issued but not yet effective and not early adopted*

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Company's accounting year beginning on or after 1 January 2022 are listed below. The Company has opted not to early adopt these pronouncements.

- IFRS 17 - Insurance contracts, applicable for the period beginning on or after January 1, 2023;
- Annual Improvements to IFRS Standards 2018-2020;
- Amendments to IAS 1, Presentation of financial statements', on classification of liabilities;
- Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors, definition of accounting estimates;
- Amendments to IAS 1 Presentation of financial statements and IFRS practice statement 2 making materiality judgements, disclosure Initiative: Accounting policies;
- Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction; and
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures, sale or contribution of assets between an investor and its associate or joint venture.

The management of the Company anticipates that the application of these new standards and amendments in the future will not have significant impact on the amounts reported.



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**6 PROPERTY AND EQUIPMENT, NET**

|                                              | Land       | Leasehold improvements | Computers and office equipment | Furniture, fixtures and fittings | Work in Progress | Total       |
|----------------------------------------------|------------|------------------------|--------------------------------|----------------------------------|------------------|-------------|
| <i>Cost</i>                                  |            |                        |                                |                                  |                  |             |
| At the beginning of the year 1 January 2021  | 12,299,352 | 5,372,624              | 32,443,831                     | 2,100,022                        | -                | 52,215,829  |
| Additions during the year                    | -          | -                      | 4,934,534                      | 73,966                           | 980,865          | 5,989,365   |
| At the end of the year 31 December 2021      | 12,299,352 | 5,372,624              | 37,378,365                     | 2,173,988                        | 980,865          | 58,205,194  |
| <i>Accumulated depreciation</i>              |            |                        |                                |                                  |                  |             |
| At the beginning of the year 1 January 2021  | -          | 4,691,566              | 20,169,623                     | 2,100,022                        | -                | 26,961,211  |
| Charge during the year                       | -          | 488,209                | 4,442,986                      | 10,590                           | -                | 4,941,785   |
| At the end of the year 31 December 2021      | -          | 5,179,775              | 24,612,609                     | 2,110,612                        | -                | 31,902,996  |
| <i>Net book value as at 31 December 2021</i> | 12,299,352 | 192,849                | 12,765,756                     | 63,376                           | 980,865          | 26,302,198  |
|                                              | Land       | Leasehold improvements | Computers and office equipment | Furniture, fixtures and fittings | Work in Progress | Total       |
| <i>Cost</i>                                  |            |                        |                                |                                  |                  |             |
| At the beginning of the year 1 January 2020  | 12,299,352 | 5,372,624              | 24,932,196                     | 1,946,277                        | -                | 44,550,449  |
| Additions during the year                    | -          | -                      | 9,112,639                      | 153,475                          | -                | 9,266,114   |
| Written off during the year                  | -          | -                      | (1,601,004)                    | -                                | -                | (1,601,004) |
| At the end of the year 31 December 2020      | 12,299,352 | 5,372,624              | 32,443,831                     | 2,099,752                        | -                | 52,215,559  |
| <i>Accumulated depreciation</i>              |            |                        |                                |                                  |                  |             |
| At the beginning of the year 1 January 2020  | -          | 4,130,071              | 19,551,003                     | 1,389,926                        | -                | 25,071,000  |
| Charge during the year                       | -          | 561,495                | 1,798,628                      | 709,826                          | -                | 3,069,949   |
| Written off during the year                  | -          | -                      | (1,180,008)                    | -                                | -                | (1,180,008) |
| At the end of the year 31 December 2020      | -          | 4,691,566              | 20,169,623                     | 2,099,752                        | -                | 26,960,941  |
| Net book value as at 31 December 2020        | 12,299,352 | 681,058                | 12,274,208                     | -                                | -                | 25,254,618  |

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

6.2 The work in progress relates to construction of new IT office.

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**7 RIGHT-OF-USE ASSETS**

|                                 | <b>31 December</b>       | <b>2020</b>        |
|---------------------------------|--------------------------|--------------------|
|                                 | <b><u>2021</u></b>       | <b><u>2020</u></b> |
| <b>Cost</b>                     |                          |                    |
| At the beginning of the year    | <b>3,655,916</b>         | 3,655,916          |
| Additions during the year       | <b>10,056,329</b>        | --                 |
| <b>At the end of the year</b>   | <b><u>13,712,245</u></b> | <u>3,655,916</u>   |
| <b>Accumulated depreciation</b> |                          |                    |
| At the beginning of the year    | <b>2,216,045</b>         | 1,162,985          |
| Charge during the year          | <b>2,705,166</b>         | 1,053,060          |
| <b>At the end of the year</b>   | <b><u>4,921,211</u></b>  | <u>2,216,045</u>   |
| <b>Net book value</b>           |                          |                    |
| <b>As at 31 December 2021</b>   | <b><u>8,791,034</u></b>  | <u>1,439,871</u>   |

- 7.1 During the year the Company entered into new lease agreement for five years related to Prestige Centre in Riyadh i.e. new office.
- 7.2 Right-of-use assets balance include asset recognized upon adoption of IFRS 16 Leases. The movement of corresponding lease liability is as follows:

Movement in lease liability:

|                                     | <b>31 December</b>      | <b>2020</b>        |
|-------------------------------------|-------------------------|--------------------|
|                                     | <b><u>2021</u></b>      | <b><u>2020</u></b> |
| <b>At the beginning of the year</b> | <b>934,657</b>          | 1,956,086          |
| Additions during the year           | <b>10,056,329</b>       | --                 |
| Payment during the year             | <b>(2,474,564)</b>      | (1,115,300)        |
| Finance cost on lease liability     | <b>591,941</b>          | 93,871             |
| <b>At the end of the year</b>       | <b><u>9,108,363</u></b> | <u>934,657</u>     |

**8 INTAGIBLE ASSETS, NET**

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

|                                                 | <b>Work in</b>         | <b>Software</b>          | <b>Total</b>             |
|-------------------------------------------------|------------------------|--------------------------|--------------------------|
|                                                 | <b><u>Progress</u></b> | <b><u>Software</u></b>   | <b><u>Total</u></b>      |
| <b>Cost</b>                                     |                        |                          |                          |
| At the beginning of the year, 1 January 2021    | --                     | <b>39,962,678</b>        | <b>39,962,678</b>        |
| Additions during the year                       | <b>786,938</b>         | <b>10,980,311</b>        | <b>11,767,248</b>        |
| <b>At the end of the year, 31 December 2021</b> | <b><u>786,938</u></b>  | <b><u>50,942,989</u></b> | <b><u>51,729,926</u></b> |
| <b>Accumulated amortization</b>                 |                        |                          |                          |
| At the beginning of the year, 1 January 2021    | --                     | <b>33,876,174</b>        | <b>33,876,174</b>        |
| Charge during the year                          | --                     | <b>3,138,607</b>         | <b>3,138,607</b>         |
| <b>At the end of the year, 31 December 2021</b> | <b><u>--</u></b>       | <b><u>37,014,781</u></b> | <b><u>37,014,781</u></b> |
| <b>Net book value</b>                           |                        |                          |                          |
| <b>As at 31 December 2021</b>                   | <b><u>786,938</u></b>  | <b><u>13,928,208</u></b> | <b><u>14,715,145</u></b> |

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**8 INTAGIBLE ASSETS, NET**

|                                                 | Work in<br><u>Progress</u> | <u>Software</u>   | <u>Total</u>      |
|-------------------------------------------------|----------------------------|-------------------|-------------------|
| Cost                                            |                            |                   |                   |
| At the beginning of the year, 1 January 2020    | 512,535                    | 37,877,359        | 38,389,894        |
| Additions during the year                       | --                         | 1,572,784         | 1,572,784         |
| Transfers from work in progress during the year | <u>(512,535)</u>           | <u>512,535</u>    | <u>--</u>         |
| At the end of the year, 31 December 2020        | <u>--</u>                  | <u>39,962,678</u> | <u>39,962,678</u> |
| Accumulated amortization                        |                            |                   |                   |
| At the beginning of the year, 1 January 2020    | --                         | 30,966,014        | 30,966,014        |
| Charge during the year                          | <u>--</u>                  | <u>2,910,160</u>  | <u>2,910,160</u>  |
| At the end of the year, 31 December 2020        | <u>--</u>                  | <u>33,876,174</u> | <u>33,876,174</u> |
| Net book value                                  |                            |                   |                   |
| As at 31 December 2020                          | <u>--</u>                  | <u>6,086,504</u>  | <u>6,086,504</u>  |

**9 INVESTMENT AT AMORTISED COST**

|                                                | <b>31 December</b>       |                    |
|------------------------------------------------|--------------------------|--------------------|
|                                                | <b><u>2021</u></b>       | <b><u>2020</u></b> |
| Investment at amortized cost (note 9.1)        | <b>22,410,481</b>        | 22,607,827         |
| Impairment charge for credit losses (note 9.2) | <b><u>(3,317)</u></b>    | <u>(7,783)</u>     |
|                                                | <b><u>22,407,164</u></b> | <u>22,600,044</u>  |

9.1 The breakup of the investment is as follows;

|                             | <b>31 December</b>       | 31 December              |
|-----------------------------|--------------------------|--------------------------|
| <b><u>Maturity date</u></b> | <b><u>2021</u></b>       | <b><u>2020</u></b>       |
| SAAB Tier II Sukuk          | 22 Jul 2030              | 5,000,000                |
| KSA Sukuk 05-10-2019        | 23 Mar 2025              | 5,109,105                |
| KSA Sukuk 05-01-2019        | 24 Oct 2023              | 2,607,183                |
| KSA Sukuk 06-10-2018        | 23 Jan 2024              | 2,585,869                |
| KSA Sukuk 05-07-2018        | 26 Jul 2024              | 2,513,992                |
| KSA Sukuk 04-07-2020        | 25 Jul 2023              | 2,594,332                |
| BSF Tier I Capital Sukuk    | 03 May 2026              | 2,000,000                |
|                             | <b><u>22,410,481</u></b> | <b><u>22,607,827</u></b> |

The sukuk are earning commission income at profit rates ranging from 1.64% to 4.5% per annum.

9.2 The Company has assessed the impairment on investment at amortised cost during the year and an impairment charge of SR 3,317 has been recorded (31 December 2020: 7,783).

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**10 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Investments at FVTPL consists of investments in local, regional and international equities. The movements are set out below:

| <b>31 December 2021</b>                       |                    |                                            |                          |
|-----------------------------------------------|--------------------|--------------------------------------------|--------------------------|
|                                               | <b><u>Cost</u></b> | <b><u>Unrealized<br/>Gain / (Loss)</u></b> | <b><u>Fair Value</u></b> |
| <b>Current investments at FVTPL</b>           |                    |                                            |                          |
| Real estate fund (10.1)                       | <u>22,177,411</u>  | <u>(880,386)</u>                           | <u>21,297,025</u>        |
| <b>Total current investments at FVTPL</b>     | <u>22,177,411</u>  | <u>(880,386)</u>                           | <u>21,297,025</u>        |
| <b>Non-current investments at FVTPL</b>       |                    |                                            |                          |
| Mutual funds (10.2)                           | <u>82,907,598</u>  | <u>2,216,122</u>                           | <u>85,123,720</u>        |
| Alinma Bank Tier 1 Sukuk                      | <u>7,000,000</u>   | <u>---</u>                                 | <u>7,000,000</u>         |
| <b>Total non-current investments at FVTPL</b> | <u>89,907,598</u>  | <u>2,216,122</u>                           | <u>92,123,720</u>        |
| <b>Total investments at FVTPL</b>             | <u>112,085,009</u> | <u>1,335,736</u>                           | <u>113,420,745</u>       |
| <b>31 December 2020</b>                       |                    |                                            |                          |
|                                               | <b><u>Cost</u></b> | <b><u>Unrealized<br/>Gain / (Loss)</u></b> | <b><u>Fair Value</u></b> |
| <b>Current investments at FVTPL</b>           |                    |                                            |                          |
| Money market fund                             | 50,036,597         | 705,010                                    | 50,741,607               |
| Local equities listed in Tadawul              | 1,239,227          | 82,615                                     | 1,321,842                |
| Real estate fund                              | 23,527,707         | (1,350,296)                                | 22,177,411               |
| <b>Total current investments at FVTPL</b>     | <u>74,803,531</u>  | <u>(562,671)</u>                           | <u>74,240,860</u>        |
| <b>Non-current investments at FVTPL</b>       |                    |                                            |                          |
| Mutual fund                                   | <u>64,262,529</u>  | <u>757,324</u>                             | <u>65,019,853</u>        |
| <b>Total non-current investments at FVTPL</b> | <u>64,262,529</u>  | <u>757,324</u>                             | <u>65,019,853</u>        |
| <b>Total investments at FVTPL</b>             | <u>139,066,060</u> | <u>194,653</u>                             | <u>139,260,713</u>       |

- 10.1 Investment in real estate fund represents 22,705 units (31 December 2020: 22,705 units) in the Company's managed unlisted Durrat Al Khaleej Real Estate Fund.
- 10.2 Investment in mutual fund represents in the Company's managed unlisted Derayah Healthcare Fund, Derayah Asia Venture Capital fund and Derayah Venture Capital Fund, Derayah Trade Finance Fund, Derayah Trade Finance Fund USD and Venturesouq MENA Fintech. The investment has been treated as non-current because the funds have termination date after one year from the reporting date.
- 10.3 During the year the Company made an investment in Alinma Bank Tier 1 Sukuk amounting to SR 7 million which has a coupon rate of 4% with a perpetual maturity.

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**11 INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

|                              | <b>31 December 2021</b> |                        |                   |
|------------------------------|-------------------------|------------------------|-------------------|
|                              | <b>Cost</b>             | <b>Unrealized Gain</b> | <b>Fair Value</b> |
| <b>REIT fund (note 11.1)</b> | <b>26,254,194</b>       | <b>6,722,106</b>       | <b>32,976,299</b> |
|                              | <b>31 December 2020</b> |                        |                   |
|                              | <b>Cost</b>             | <b>Unrealized Gain</b> | <b>Fair Value</b> |
| REIT fund (note 11.1)        | 30,814,103              | 3,318,315              | 34,132,418        |

- 11.1 Investments in REIT fund represents 2,596,559 units (31 December 2020: 3,047,537 units) in Derayah REIT fund that is a listed fund in Tadawul and managed by the Company. During the year 450,978 units were sold.

**12 MARGIN CLIENT RECEIVABLES, NET**

|                                                        | <b>31 December</b> |             |
|--------------------------------------------------------|--------------------|-------------|
|                                                        | <b>2021</b>        | <b>2020</b> |
| <b>Margin client receivables</b>                       | <b>103,851,500</b> | 46,706,500  |
| <b>Impairment charge for credit losses (note 12.1)</b> | <b>(4,439,858)</b> | (4,415,377) |
|                                                        | <b>99,411,642</b>  | 42,291,123  |

- 12.1 Movement of impairment charge for credit losses

|                                            | <b>31 December</b> |             |
|--------------------------------------------|--------------------|-------------|
|                                            | <b>2021</b>        | <b>2020</b> |
| Balance at the beginning of the year       | 4,415,377          | 5,110       |
| Impairment charge for the year             | 24,481             | 4,410,267   |
| Balance at the end of the year (note 12.2) | <b>4,439,858</b>   | 4,415,377   |

- 12.2 This includes SR 4,402,500 (31 December 2020: SR 4,402,500) held as an overlay against certain specific customers.

**13 OTHER CURRENT FINANCIAL ASSETS**

|                                                 | <b>31 December</b> |             |
|-------------------------------------------------|--------------------|-------------|
|                                                 | <b>2021</b>        | <b>2020</b> |
| Other current financial assets (note 13.2)      | 304,001,643        | 32,693,996  |
| Impairment charge for credit losses (note 13.1) | (13,912)           | (1,011)     |
|                                                 | <b>303,987,731</b> | 32,692,985  |

- 13.1 Movement of impairment charge for credit losses:

|                                      | <b>31 December</b> |             |
|--------------------------------------|--------------------|-------------|
|                                      | <b>2021</b>        | <b>2020</b> |
| Balance at the beginning of the year | 1,011              | ---         |
| Impairment charge for the year       | 12,901             | 1,011       |
| Balance at the end of the year       | <b>13,912</b>      | 1,011       |

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**13 OTHER CURRENT FINANCIAL ASSETS (CONTINUED)**

13.2 Breakup of other current financial assets include:

|                                              | <b>31 December</b>        |                          |
|----------------------------------------------|---------------------------|--------------------------|
|                                              | <b><u>2021</u></b>        | <b><u>2020</u></b>       |
| Employees loans and advances                 | <b>6,406,490</b>          | 4,052,085                |
| Brokerage receivables                        | <b>10,795,109</b>         | 5,552,354                |
| Advance paid against investments (note 13.3) | <b>136,811,184</b>        | --                       |
| Other receivables (note 13.4)                | <b>149,975,038</b>        | 23,089,557               |
|                                              | <b><u>303,987,821</u></b> | <b><u>32,693,996</u></b> |

13.3 The Company has paid SR 136.81 million as an advance against investment in shares of a new company ("D360 Bank") which had been under the licensing process as at the reporting date. The license has been subsequently received on 15 February 2022.

13.4 Other receivables include receivables amounting to SR 146.94 million (31 December 2020: SR 21.05 million) relating to establishment of a new company and is recognised and measured at fair value through profit or loss. Based on the commitment letter which was later amended by allocation letter dated 18 August 2021 the prospective investors has agreed, on successful completion of the licensing process and formation of the new company, the Company will be entitled for reimbursement of these expenses. The license has been subsequently received on 15 February 2022.

**14 CASH AND CASH EQUIVALENTS**

|                                  | <b>31 December</b> |                    |
|----------------------------------|--------------------|--------------------|
|                                  | <b><u>2021</u></b> | <b><u>2020</u></b> |
| Cash at banks – current accounts | <b>94,150,040</b>  | <b>51,300,216</b>  |

The bank balance is maintained with local banks having investment grade credit rating.

**15 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties of the Company comprise of group companies including its affiliates, its shareholders, funds managed by the Company. The Company and its related parties transact with each other in the ordinary course of business.

In addition to the related party transactions and balances disclosed elsewhere in these financial statements, significant transactions and balances arising from transactions with related parties are as follows:

|                                     |                                     | <b>For the year ended</b> |                    |
|-------------------------------------|-------------------------------------|---------------------------|--------------------|
|                                     |                                     | <b>31 December</b>        |                    |
| <b><u>Name of related party</u></b> | <b><u>Nature of transaction</u></b> | <b><u>2021</u></b>        | <b><u>2020</u></b> |
| Derayah REIT                        | Receipt of management fee           | <b>9,459,427</b>          | 5,675,775          |
| Derayah REIT                        | Management fees                     | <b>9,039,964</b>          | 8,455,387          |
| Derayah Healthcare fund             | Management fees                     | <b>1,095,061</b>          | 991,630            |
| Derayah Real Estate Income Fund II  | Management fees                     | <b>205,068</b>            | 1,916,667          |
| Derayah Real Estate Income Fund III | Management fee                      | <b>4,479,825</b>          | 3,895,500          |
| Derayah Real Estate Income Fund III | Receipt of management fee           | <b>1,288,765</b>          | 1,125,000          |
| Derayah Trade Finance Fund SAR      | Management fees                     | <b>7,357,878</b>          | 6,480,734          |

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**15 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

| <u>Name of related party</u>      | <u>Nature of transaction</u>        | <b>For the year ended<br/>31 December</b> |             |
|-----------------------------------|-------------------------------------|-------------------------------------------|-------------|
|                                   |                                     | <b>2021</b>                               | <b>2020</b> |
| Derayah IPO Fund                  | Receipt of management fee           | 97,581                                    | 238,799     |
| Derayah Asia Venture Capital Fund | Management fees                     | 4,441,261                                 | 3,372,866   |
| Derayah Venture Capital Fund      | Management fees                     | 1,985,640                                 | 2,792,132   |
| Derayah Private Fund 10           | Management fees                     | 539,351                                   | 332,548     |
| Derayah Free Style Fund           | Management fees                     | 668,981                                   | 200,344     |
| Derayah Private Fund 20           | Management fees                     | 373,721                                   | --          |
| Derayah GCC Fund                  | Management fees                     | 365,100                                   | --          |
| Durat Al Khalij Real Estate Fund  | Payments made on behalf of the Fund | 1,415,000                                 | 3,912,374   |
| Talal Al-Yasmin fund              | Transaction fees                    | 2,185,000                                 | --          |
| AL-Wajiha Al Arabia Fund          | Transaction fees                    | 2,300,000                                 | --          |
| Derayah Education Fund            | Payments made on behalf of the Fund | --                                        | 1,448,388   |
| Derayah Credit Fund               | Payments made on behalf of the Fund | --                                        | 146,538     |
| Derayah Trade Finance Fund USD    | Management fees                     | 3,178,850                                 | --          |

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

|                                        | <b>For the year ended<br/>31 December</b> |                   |
|----------------------------------------|-------------------------------------------|-------------------|
|                                        | <b>2021</b>                               | <b>2020</b>       |
| Salaries and employee related benefits | 31,861,210                                | 29,217,379        |
| Board of Directors remuneration        | 1,750,000                                 | 1,650,000         |
|                                        |                                           |                   |
|                                        | <b>31 December</b>                        |                   |
|                                        | <b>2021</b>                               | <b>2020</b>       |
| Due from related parties               | 26,950,108                                | 21,460,423        |
| Impairment charge for credit losses    | (3,040)                                   | (702)             |
|                                        | <b>26,947,068</b>                         | <b>21,459,721</b> |

**15.1 Movement of impairment charge for credit losses**

|                                      | <b>31 December</b> |             |
|--------------------------------------|--------------------|-------------|
|                                      | <b>2021</b>        | <b>2020</b> |
| Balance at the beginning of the year | 702                | --          |
| Impairment charge for the year       | 2,338              | 702         |
| Balance at the end of the year       | <b>3,040</b>       | <b>702</b>  |

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**15 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

Balances resulting from transactions with related parties is as follow:

| <u>Name of related party</u>        | <u>Nature of Balance</u>  | <b>31 December</b> |                   |
|-------------------------------------|---------------------------|--------------------|-------------------|
|                                     |                           | <u>2021</u>        | <u>2020</u>       |
| Derayah REIT                        | Management fee receivable | 4,503,226          | 4,922,691         |
| Derayah Real Estate Income Fund II  | Management fee receivable | 1,551,453          | 1,040,574         |
| Derayah Real Estate Income Fund III | Management fee receivable | 2,258,323          | 2,258,323         |
| Durat Al Khalij Real Estate Fund    | Management fee receivable | 10,565,620         | 9,150,621         |
| Derayah trading finance fund        | Due from related party    | 35,438             | -                 |
| Derayah Health Care Fund            | Management fee receivable | 549,171            | 574,875           |
| Derayah Venture Capital Fund        | Management fee receivable | 1,014,826          | 1,901,186         |
| Derayah Private Fund 10             | Management fee receivable | 56,328             | --                |
| Derayah Freestyle Saudi Equity Fund | Management fee receivable | 104,130            | --                |
| Derayah Asia Venture Capital Fund   | Management fee receivable | 1,647,942          | 1,612,153         |
| Talal al-Yasmin fund                | Transaction fees          | 2,185,000          | --                |
| AL-Wajiha al-arabia Fund            | Transaction fees          | 2,300,000          | --                |
| Derayah Global VC                   | Management fee receivable | 68,556             | --                |
| DERAYAH PRIVATE FUND 20             | Management fee receivable | 44,676             | --                |
| Derayah Private equity Fund         | Management fee receivable | 65,419             | --                |
|                                     |                           | <b>26,950,108</b>  | <b>21,460,423</b> |

**16 EMPLOYEE DEFINED BENEFIT OBLIGATIONS**

The Company operates an approved unfunded employees' end of service benefit plan for its employees as required by the Saudi Arabian Labor Law. The movement in provision for end-of-service benefits for the years ended as follows:

|                                             | <b>For the year ended</b> |                   |
|---------------------------------------------|---------------------------|-------------------|
|                                             | <b>31 December</b>        |                   |
|                                             | <u>2021</u>               | <u>2020</u>       |
| Balance at beginning of the year            | 14,880,062                | 9,502,912         |
| Current service cost                        | 2,514,485                 | 2,864,262         |
| Interest cost                               | 446,402                   | 278,435           |
| Adjustment for prior year                   | -                         | 896,068           |
| Amount recognized in profit or loss account | 2,960,887                 | 4,038,765         |
| <b>Remeasurement loss</b>                   |                           |                   |
| Demographic assumptions                     | --                        | --                |
| Financial assumptions                       | --                        | 542,262           |
| Experience assumptions                      | 1,106,068                 | 941,657           |
| Actuarial losses recognised in OCI          | 1,106,068                 | 1,483,919         |
| Benefits paid during the year               | (568,462)                 | (145,534)         |
| <b>Balance at the end of the year</b>       | <b>18,378,555</b>         | <b>14,880,062</b> |

The Company carried out an employee benefits actuarial valuation, using the projected unit credit method, of its liability as at 31 December 2021 arising from the end of service benefits to qualifying in-service employees.



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**16 EMPLOYEE DEFINED BENEFIT OBLIGATIONS (CONTINUED)**

*Significant actuarial assumptions*

The following were the principal actuarial assumptions:

**Key actuarial assumptions**

|                                | <b>31 December</b> |                    |
|--------------------------------|--------------------|--------------------|
|                                | <b><u>2021</u></b> | <b><u>2020</u></b> |
| <i>Financial assumptions</i>   |                    |                    |
| Discount rate used             | 3.25%              | 3%                 |
| Salary growth rate             | 3.25%              | 3%                 |
| <i>Demographic assumptions</i> |                    |                    |
| Retirement age                 | 60                 | 60                 |

*Sensitivity analysis*

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation. The following is a sensitivity analysis for the salary increase and discount rate assumptions that were performed at the previous and current valuation date:

|                                | <b>31 December</b> |                    |
|--------------------------------|--------------------|--------------------|
|                                | <b><u>2021</u></b> | <b><u>2020</u></b> |
| Discount Rate +1%              | (1,626,380)        | (1,303,574)        |
| Discount Rate -1%              | 1,887,492          | 1,517,070          |
| Long Term Salary Increases +1% | 1,673,774          | 1,348,861          |
| Long Term Salary Increases -1% | (1,477,458)        | (1,187,578)        |

**17 ACCRUED EXPENSES AND OTHER PAYABLES**

|                                    | <b>31 December</b>       |                          |
|------------------------------------|--------------------------|--------------------------|
|                                    | <b><u>2021</u></b>       | <b><u>2020</u></b>       |
| Bonus payable                      | 32,934,246               | 24,837,456               |
| Commissions payable                | 20,245,823               | 14,687,273               |
| Accounts and other payables        | 22,052,435               | 13,678,598               |
| VAT payable                        | 9,436,576                | 7,884,330                |
| Accrued salaries                   | 5,324,862                | 8,654,971                |
| Current portion of lease liability | 2,181,079                | 934,657                  |
| GOSI Payable                       | 751,801                  | 548,968                  |
| Provision for office restoration   | 50,000                   | 50,000                   |
|                                    | <b><u>92,976,822</u></b> | <b><u>71,276,253</u></b> |

**18 ZAKAT PAYABLE**

Movement in zakat payable during the years ended 31 December 2021 and 2020, is as follows:

|                                              | <b>31 December</b>       |                          |
|----------------------------------------------|--------------------------|--------------------------|
|                                              | <b><u>2021</u></b>       | <b><u>2020</u></b>       |
| At the beginning of the year                 | 14,488,731               | 8,000,000                |
| Zakat charge for the year (note 18.1 & 18.2) | 12,788,017               | 14,909,336               |
| Paid during the year                         | (5,931,363)              | (8,420,605)              |
| <b>At the end of the year</b>                | <b><u>21,345,385</u></b> | <b><u>14,488,731</u></b> |

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**18 ZAKAT PAYABLE (CONTINUED)**

**18.1 Components of zakat base and provision**

The significant components of the zakat base under zakat and income tax regulations are principally comprised of equity, provisions at the beginning of year and estimated zakat income, less deductions for the net book value of property, plant and equipment, investments and certain other items.

|                                                 | <b>31 December</b>  |                    |
|-------------------------------------------------|---------------------|--------------------|
|                                                 | <b><u>2021</u></b>  | <b><u>2020</u></b> |
| Equity                                          | <b>279,345,969</b>  | 196,035,644        |
| Book value of long-term assets                  | <b>(35,093,232)</b> | (32,780,987)       |
| Dividends                                       | <b>(40,272,533)</b> | (16,109,013)       |
|                                                 | <b>203,980,204</b>  | 147,145,644        |
| Impact of conversion of Hijri to Gregorian year | <b>6,338,368</b>    | 4,572,322          |
|                                                 | <b>210,318,572</b>  | 151,717,966        |
| Adjusted net income for the year                | <b>382,800,545</b>  | 126,207,190        |
| Zakat base                                      | <b>593,119,117</b>  | 277,925,156        |
| Zakat charge for the year @ 2.5%                | <b>14,827,978</b>   | 6,948,129          |

**18.2 Status of assessments**

The company has filed its zakat and tax returns for the years since inception and has settled the zakat and tax liability as per the returns. During the year 2018, the ZATCA has issued the assessment against the years 2010 to 2013 claiming an additional zakat, income tax and withholding tax liability amounting to SR 4.7 million, SR 0.049 million and SR 0.65 million respectively. During 2020 the company has reached an agreement with ZATCA to pay SR 3.04 Million as a final settlement for the ZAKAT that relates to the period 2010-2013

Also during the year 2020, ZATCA issued an assessment against the years 2014-2018 claiming an additional zakat liability amounting to SR 6.57 million. The company has fully provided for the amount in addition to filing an objection against ZATCA.

**19 SHARE CAPITAL**

|                                          | <b>31 December</b> |                    |
|------------------------------------------|--------------------|--------------------|
|                                          | <b><u>2021</u></b> | <b><u>2020</u></b> |
| Ordinary share capital (SR 10 per share) | <b>161,090,130</b> | 161,090,130        |

Authorised, issued and fully paid ordinary share capital of SR 161 million (31 December 2020: SR 161 million) is divided into 16,109,013 shares (31 December 2020: 16,109,013 shares) of SR 10 each.

**20 STATUTORY RESERVE**

The Saudi Arabian Regulations for Companies issued on 6 May, 2016 (corresponding to Rajab 28, 1437H) requires companies to set aside 10% of their annual net income to a statutory reserve until such reserve reaches 30% of the share capital. The reserve is not available for distribution to the shareholders of the Company.

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**21 DIVIDENDS**

The Board of Directors, through the power vested by the shareholders during the Annual General Assembly, in their meeting held on 28 Muharram 1443H (corresponding 15 September 2021) & 11 Jomada Alawal 1443H (corresponding 15 December 2021) approved the interim cash dividend of 10% and 15% of share capital at SR 2.50 per share for distribution from the retained earnings. Total cash dividend declared and paid during the year amounting to SR 40,272,533 (2020: SR 16,109,013).

**22 REVENUE FROM CONTRACTS WITH CUSTOMERS**

|                                             | For the year ended 31 December 2021 |                   |                          |                    |
|---------------------------------------------|-------------------------------------|-------------------|--------------------------|--------------------|
|                                             | Brokerage Fees                      | Asset Management  | Margin Client Receivable | Total              |
| <b>Types of service</b>                     |                                     |                   |                          |                    |
| Brokerage services                          | 484,445,582                         | --                | --                       | 484,445,582        |
| Asset management services                   | --                                  | 64,754,822        | --                       | 64,754,822         |
| Special commission income                   | --                                  | --                | 25,868,351               | 25,868,351         |
| Total revenue from contracts with customers | <u>484,445,582</u>                  | <u>64,754,822</u> | <u>25,868,351</u>        | <u>575,068,755</u> |
| <b>Geographical Markets</b>                 |                                     |                   |                          |                    |
| Saudi Market                                | 160,519,719                         | 45,844,394        | 25,868,351               | 232,232,464        |
| Non-Saudi Market                            | 323,925,863                         | 18,910,428        | --                       | 342,836,291        |
| Total revenue from contracts with customers | <u>484,445,582</u>                  | <u>64,754,822</u> | <u>25,868,351</u>        | <u>575,068,755</u> |
| <b>Timing of revenue recognition</b>        |                                     |                   |                          |                    |
| Services rendered at a point in time        | 484,445,582                         | --                | --                       | 484,445,582        |
| Services rendered over the time             | --                                  | 64,754,822        | 25,868,351               | 90,623,173         |
| Total revenue from contracts with customers | <u>484,445,582</u>                  | <u>64,754,822</u> | <u>25,868,351</u>        | <u>575,068,755</u> |
| For the year ended 31 December 2020         |                                     |                   |                          |                    |
|                                             | Brokerage Fees                      | Asset Management  | Margin Client Receivable | Total              |
| <b>Types of service</b>                     |                                     |                   |                          |                    |
| Brokerage services                          | 197,881,174                         | --                | --                       | 197,881,174        |
| Asset management services                   | --                                  | 47,101,221        | --                       | 47,101,221         |
| Special commission income                   | --                                  | --                | 23,665,468               | 23,665,468         |
| Total revenue from contracts with customers | <u>197,881,174</u>                  | <u>47,101,221</u> | <u>23,665,468</u>        | <u>268,647,863</u> |
| <b>Geographical Markets</b>                 |                                     |                   |                          |                    |
| Saudi Market                                | 92,592,950                          | 35,706,319        | 23,665,468               | 151,964,737        |
| Non-Saudi Market                            | 105,288,224                         | 11,394,902        | --                       | 116,683,126        |
| Total revenue from contracts with customers | <u>197,881,174</u>                  | <u>47,101,221</u> | <u>23,665,468</u>        | <u>268,647,863</u> |
| <b>Timing of revenue recognition</b>        |                                     |                   |                          |                    |
| Services rendered at a point in time        | 197,881,174                         | --                | --                       | 197,881,174        |
| Services rendered over the time             | --                                  | 47,101,221        | 23,665,468               | 70,766,689         |
| Total revenue from contracts with customers | <u>197,881,174</u>                  | <u>47,101,221</u> | <u>23,665,468</u>        | <u>268,647,863</u> |

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**22 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)**

***Performance obligations***

Information about the Company's performance obligations are summarised below:

***Brokerage services:***

This consist of a separate and distinct performance obligation i.e. to act as a broker (agent) in providing trading facility on stock exchange or capital markets to client against the commission. The performance obligation is complete for buy orders when a buy order is executed; and similarly, for a sell order when it is executed on behalf of its principals (clients). Clients can directly place buy/sell order using internet-based trading platform or use Company's phone call or email service for placing orders.

The income is recognized upon execution of related deals / transactions and presented in statement of income net of discounts.

***Asset management services:***

This consist of a separate and distinct performance obligation i.e. to provide asset management services to the mutual funds under the Company's management. As per the terms and condition of the funds, the management fees is computed on daily/weekly/monthly/semi-annually (annual % pro-rated for periodic accrual) with reference to periodic net asset value of the fund. The Company's practice for recognition of management fee is aligned with IFRS 15 since management fee is recognized on an accrual basis against rendering of asset management services that the Company is providing on an on-going basis. Performance fees are earned from some arrangements when contractually agreed performance levels are exceeded within specified performance measurement periods, typically over one year. The fees are recognised when they can be reliably estimated and/or crystallised, and there is deemed to be a low probability of a significant reversal in future periods. This is usually at the end of the performance period or upon early redemption by a fund investor. Once crystallised, performance fees typically cannot be clawed-back.

**23 GAIN ON INVESTMENTS, NET**

|                                                                          | <b>For the year ended 31<br/>December</b> |                       |
|--------------------------------------------------------------------------|-------------------------------------------|-----------------------|
|                                                                          | <b><u>2021</u></b>                        | <b><u>2020</u></b>    |
| Unrealized gain on investments at fair value through profit or loss, net | <b>1,335,736</b>                          | 194,653               |
| Realized gain on investments at fair value through profit or loss, net   | <b>1,826,765</b>                          | 402,247               |
|                                                                          | <b><u>3,162,501</u></b>                   | <b><u>596,900</u></b> |

**24 SALARIES AND EMPLOYEE RELATED EXPENSES**

|                                        | <b>For the year ended 31<br/>December</b> |                          |
|----------------------------------------|-------------------------------------------|--------------------------|
|                                        | <b><u>2021</u></b>                        | <b><u>2020</u></b>       |
| Salaries and employee related expenses | <b>92,301,583</b>                         | 75,342,350               |
| GOSI expense                           | <b>3,472,310</b>                          | 2,763,798                |
| End of service benefit                 | <b>2,514,485</b>                          | 4,038,765                |
|                                        | <b><u>98,288,378</u></b>                  | <b><u>82,144,913</u></b> |

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**25 OTHER GENERAL AND ADMINISTRATIVE EXPENSES**

|                                           | <i>Note</i> | <b>For the year ended 31 December</b> |                          |
|-------------------------------------------|-------------|---------------------------------------|--------------------------|
|                                           |             | <b><u>2021</u></b>                    | <b><u>2020</u></b>       |
| Professional expenses                     |             | 23,948,622                            | 23,704,214               |
| Commission expenses                       |             | 51,245,444                            | 29,449,315               |
| IT expenses                               |             | 14,063,239                            | 5,783,970                |
| Depreciation                              | 6,7         | 7,646,951                             | 2,910,160                |
| Utilities                                 |             | 5,644,461                             | 3,071,216                |
| Amortization                              | 8           | 3,138,607                             | 4,123,279                |
| Office expenses                           |             | 1,905,455                             | 1,728,675                |
| Office maintenance                        |             | 1,730,312                             | 1,599,411                |
| Finance charges                           |             | 1,264,436                             | 564,607                  |
| Other general and administrative expenses |             | 2,609,426                             | 181,815                  |
|                                           |             | <b><u>113,196,953</u></b>             | <b><u>73,116,662</u></b> |

**26 IMPAIRMENT CHARGE FOR CREDIT LOSSES**

Following is the breakup of impairment charge for ECL as at 31 December:

|                                       | <b>31 December</b>      |                         |
|---------------------------------------|-------------------------|-------------------------|
|                                       | <b><u>2021</u></b>      | <b><u>2020</u></b>      |
| Margin client receivables             | 4,439,858               | 4,415,377               |
| Other current financial asset         | 13,912                  | 322                     |
| Receivable from related parties       | 3,040                   | 1,391                   |
| Investment at amortized cost (sukuks) | 3,317                   | 7,783                   |
|                                       | <b><u>4,460,127</u></b> | <b><u>4,424,873</u></b> |

26.1 Movement in impairment charge for ECL during the year is as follows:

|                              | <b>For the year ended 31 December</b> |                         |
|------------------------------|---------------------------------------|-------------------------|
|                              | <b><u>2021</u></b>                    | <b><u>2020</u></b>      |
| At the beginning of the year | 4,424,873                             | 5,110                   |
| Charge for the year, net     | 35,254                                | 4,419,763               |
| At the end of the year       | <b><u>4,460,127</u></b>               | <b><u>4,424,873</u></b> |

**27 OTHER INCOME**

|                             | <b>For the year ended 31 December</b> |                         |
|-----------------------------|---------------------------------------|-------------------------|
|                             | <b><u>2021</u></b>                    | <b><u>2020</u></b>      |
| Foreign exchange gains, net | 5,349,389                             | 4,077,004               |
| Others                      | 1,633,867                             | 849,898                 |
|                             | <b><u>6,983,256</u></b>               | <b><u>4,926,902</u></b> |

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**28 EARNINGS PER SHARE**

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all diluted potential ordinary shares.

|                                            | <b>31 December</b> |             |
|--------------------------------------------|--------------------|-------------|
|                                            | <b>2021</b>        | <b>2020</b> |
| Income for the year                        | <b>365,479,072</b> | 104,539,100 |
| Weighted average number of ordinary shares | <b>16,109,013</b>  | 16,109,013  |
| Basic and diluted, earnings per share      | <b>22.69</b>       | 6.49        |

**29 FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Set out below is an overview of financial assets, other than cash and cash equivalents, held by the Company:

|                                                              | <b>31 December</b> |             |
|--------------------------------------------------------------|--------------------|-------------|
|                                                              | <b>2021</b>        | <b>2020</b> |
| <b>Financial assets at amortised cost</b>                    |                    |             |
| Investment at amortised cost                                 | <b>22,407,164</b>  | 22,600,044  |
| Due from related parties                                     | <b>26,947,068</b>  | 21,459,721  |
| Margin client receivables, net                               | <b>99,411,642</b>  | 42,291,123  |
| Other current financial assets                               | <b>157,044,049</b> | 11,232,562  |
| <b>Financial assets at fair value through OCI</b>            |                    |             |
| Investment in a public managed fund – REIT                   | <b>32,976,299</b>  | 34,132,418  |
| <b>Financial assets at fair value through profit or loss</b> |                    |             |
| Investment in public managed funds                           | --                 | 50,741,607  |
| Investment in privately managed funds                        | <b>106,420,745</b> | 87,197,264  |
| Investment in discretion portfolio management (DPM)          | --                 | 1,321,842   |
| Alinma Bank Tier 1 Sukuk                                     | <b>7,000,000</b>   | -           |
| Other current financial assets                               | <b>146,943,772</b> | 21,460,423  |
| <b>Total financial assets</b>                                | <b>599,150,739</b> | 292,437,004 |
| <b>Total current</b>                                         | <b>451,643,556</b> | 170,684,689 |
| <b>Total non-current</b>                                     | <b>147,507,183</b> | 121,752,315 |

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

|                                                | <b>31 December</b> |             |
|------------------------------------------------|--------------------|-------------|
|                                                | <b>2021</b>        | <b>2020</b> |
| <b>Financial liabilities at amortised cost</b> |                    |             |
| Lease liability                                | <b>9,108,363</b>   | 934,657     |
| Due to related parties                         | --                 | 1,610,985   |
| Accrued expenses and other payables            | <b>90,795,743</b>  | 61,908,298  |
| <b>Total financial liabilities</b>             | <b>99,904,106</b>  | 64,453,940  |
| <b>Total current liabilities</b>               | <b>92,976,822</b>  | 64,453,940  |
| <b>Total non-current liabilities</b>           | <b>6,927,284</b>   | --          |

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**30 FAIR VALUE HIERARCHY**

The following table provides the fair value measurement hierarchy of the Company's financial assets as at 31 December 2021 and 31 December 2020 which are measured at fair value. There are no financial liabilities measured at fair value.

|                                                | <b>31 December</b>  |                         |                         |                         |
|------------------------------------------------|---------------------|-------------------------|-------------------------|-------------------------|
|                                                | <b><u>Total</u></b> | <b><u>(Level 1)</u></b> | <b><u>(Level 2)</u></b> | <b><u>(Level 3)</u></b> |
| <b>At 31 December 2021</b>                     |                     |                         |                         |                         |
| <b>Financial assets measured at fair value</b> |                     |                         |                         |                         |
| <b>Investments at FVTPL</b>                    | <b>113,420,745</b>  | <b>--</b>               | <b>165,732</b>          | <b>113,255,013</b>      |
| <b>Investments at FVOCI</b>                    | <b>32,976,299</b>   | <b>32,976,299</b>       | <b>--</b>               | <b>--</b>               |
| <b>Other current financial assets</b>          | <b>146,943,722</b>  | <b>--</b>               | <b>--</b>               | <b>146,943,722</b>      |
| <b>As at 31 December 2020</b>                  |                     |                         |                         |                         |
| <b>Financial assets measured at fair value</b> |                     |                         |                         |                         |
| <b>Investment at FVTPL</b>                     | <b>139,260,713</b>  | <b>--</b>               | <b>52,063,449</b>       | <b>87,197,264</b>       |
| <b>Investment at FVOCI</b>                     | <b>34,132,418</b>   | <b>34,132,418</b>       | <b>--</b>               | <b>--</b>               |
| <b>Other current financial assets</b>          | <b>21,460,423</b>   | <b>--</b>               | <b>--</b>               | <b>21,460,423</b>       |

There were no transfers between levels during the year ended 31 December 2021 and 31 December 2020. As at the reporting date, the carrying values of the financial assets including investment at amortized cost, due from related parties and receivable against margin lending and other current financial assets approximate their fair values, since the market commission rates for similar instruments are not significantly different from contracted rates, and due to short duration of financial instruments. An active market for these instruments is not available and the Company intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities. Mutual fund investments at FVTPL are classified under Level 2 for public funds and Level 3 for private funds. The valuations for mutual funds are generally derived from the net asset values of the funds. The fund manager deploys various techniques (such as discounted cash flow models and multiples method) for the valuation of underlying financial instruments classified under level 2 and 3 of the respective fund's fair value hierarchy.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement, as follows:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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**31 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES**

***Introduction***

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement, and monitoring, subject to risk limits and controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to various risks such as market risk (which includes interest rate risk, currency risk and, price risk), liquidity risk, credit risk and investment holding period risk arising from the financial instruments it holds.

***Risk management structure***

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. These risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors has established an appropriate Risk Management structure by creating a Risk and Compliance Committee which meets quarterly and receive reports from a dedicated Risk Management function. Day-to-day risk management activities are managed within each respective business unit. The Risk and Compliance Committee Board of Directors meets quarterly and is updated on all relevant aspects of the business, including risk management matters.

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

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

***Risk measurement and reporting system***

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models. The models make use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy, including the risk that the Company is willing to accept and the market environment of the Company. In addition, the Company monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

***Risk mitigation***

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

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



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**31 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

***Excessive risk concentration***

Concentration indicates the relative sensitivity of the Company's performance to developments affecting a industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Company has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The investment manager is instructed to reduce exposure or to use alternative investment instruments to manage excessive risk concentrations when they arise

***Credit risk***

Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be satisfactory. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Company maintains bank accounts with high credit rated financial institutions. The prevailing economic conditions do require the Company to continue to revise certain inputs and assumptions used for the determination of ECL. These primarily revolve around adjusting macroeconomic factors used by the Company in the estimation of ECL.

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

|                                                        | <b>31 December</b>        |                           |
|--------------------------------------------------------|---------------------------|---------------------------|
|                                                        | <b><u>2021</u></b>        | <b><u>2020</u></b>        |
| Investment in sukuk                                    | <b>29,407,164</b>         | 22,600,044                |
| Margin client receivables, net                         | <b>99,411,642</b>         | 42,291,123                |
| Due from related parties                               | <b>26,947,068</b>         | 21,459,721                |
| Other current financial assets                         | <b>303,987,821</b>        | 32,692,984                |
| Investment in a public managed fund – REIT             | <b>32,976,299</b>         | 34,132,418                |
| Investment in a public managed fund                    | --                        | 50,741,607                |
| Investment in privately managed funds                  | <b>106,420,745</b>        | 87,197,264                |
| Investment in discretionary portfolio management (DPM) | --                        | 1,321,842                 |
|                                                        | <b><u>599,150,739</u></b> | <b><u>292,437,003</u></b> |

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**31 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

Analysis of credit quality

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

| <u>Issuer</u>               | <u>Credit rating</u><br>(As per international<br>credit rating agency) | <u>31 December</u> |                   |
|-----------------------------|------------------------------------------------------------------------|--------------------|-------------------|
|                             |                                                                        | <u>2021</u>        | <u>2020</u>       |
| SAAB Tier II Sukuk          | Unrated                                                                | 4,999,436          | 4,998,091         |
| KSA Sukuk 05-10-2019        | A 3                                                                    | 5,108,529          | 5,140,954         |
| KSA Sukuk 05-01-2019        | A 3                                                                    | 2,606,889          | 2,665,235         |
| KSA Sukuk 06-10-2018        | A 3                                                                    | 2,585,577          | 2,626,440         |
| KSA Sukuk 05-07-2018        | A 3                                                                    | 2,513,708          | 2,518,459         |
| KSA Sukuk 04-07-2020        | A 3                                                                    | 2,594,039          | 2,650,999         |
| BSF Tier I Capital Sukuk    | Unrated                                                                | 1,999,774          | 1,999,866         |
| Alinma Tier I Capital Sukuk | Unrated                                                                | 7,000,000          | --                |
|                             |                                                                        | <u>29,407,952</u>  | <u>22,600,044</u> |

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

|       | <u>31 December</u> |                   |
|-------|--------------------|-------------------|
|       | <u>2021</u>        | <u>2020</u>       |
| Banks | <u>29,407,952</u>  | <u>22,600,044</u> |

Amounts arising from ECL

Impairment on money market securities, investments at amortized cost, marginal client receivables and other assets has been measured on a life-time expected loss basis. The Company considers that these exposures have low credit risk based on the external credit ratings of the counterparties.

12-month and lifetime probabilities of default are based on the approved ECL Methodology and impairment policy of the Company. Loss given default parameters generally reflect an assumed recovery rate which are linked to the composite credit ratings of the counterparties. However, if the asset were credit-impaired, then the estimate of loss would be based on a specific assessment of expected cash shortfalls and on the original effective interest rate.

The Company has recorded expected credit loss on money market placements, investments at amortized cost and other assets amounting to SR 4,460,127 as at 31 December 2021 (31 December 2020 SR 4,424,873)

The uncertainty of the impact of COVID-19 introduces significant estimation uncertainty in relation to the measurement of the Company's allowance for expected credit losses. The changing COVID-19 circumstances and the Government, business and customers responses could result in significant adjustments to the allowance in future financial years.

Cash and cash equivalents

Credit risk on cash and cash equivalents is limited as these are held with banks with investment grade ratings.

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**31 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

*Other financial assets*

Other financial assets include brokerage commission receivable. Credit risk attached to other financial assets is not significant and the Company expects to recover these fully at their stated carrying amounts.

*Credit concentration*

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions.

No significant concentrations of credit risk were identified by the management as at the reporting date.

The management has conducted an assessment as required under IFRS 9 and based on such assessment, the management believes that there is no need for any significant impairment loss other than those already recognised in these financial statements against the carrying value of cash and cash equivalents, receivable from margin lending, due from related parties and other financial assets.

*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by ensuring that enough funds are always available from Shareholders and related parties to meet any future commitments, and financing facilities are available.

The following are the remaining contractual maturities of financial Assets and financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

|                                        | Carrying<br>amount | On<br>Demand       | Within 3<br>months | 3 months to<br>1 year | Above 1<br>year    | No fixed<br>maturity | Total              |
|----------------------------------------|--------------------|--------------------|--------------------|-----------------------|--------------------|----------------------|--------------------|
| <b>31 December 2021</b>                |                    |                    |                    |                       |                    |                      |                    |
| <b>Financial Assets</b>                |                    |                    |                    |                       |                    |                      |                    |
| Investment at amortised cost           | 22,407,164         | --                 | --                 | --                    | 22,410,481         | --                   | 22,410,481         |
| Investments at FVTPL                   | 113,420,745        | --                 | --                 | --                    | 92,123,721         | 21,297,024           | 113,420,745        |
| Investments at FVOCI                   | 32,976,299         | --                 | --                 | --                    | 32,976,299         | --                   | 32,976,299         |
| Due from related parties               | 26,947,068         | --                 | 16,381,448         | --                    | --                 | 10,568,660           | 26,950,108         |
| Margin client receivables,<br>net      | 99,411,642         | --                 | 103,851,500        | --                    | --                 | --                   | 103,851,500        |
| Other current financial assets         | 303,987,821        | 10,795,109         | 9,437,756          | 283,768,868           | --                 | --                   | 304,001,733        |
| Bank balances                          | 94,150,040         | 94,150,040         | --                 | --                    | --                 | --                   | 94,150,040         |
| <b>Total financial assets</b>          | <b>693,300,779</b> | <b>104,945,149</b> | <b>129,670,704</b> | <b>283,768,868</b>    | <b>147,510,501</b> | <b>31,865,684</b>    | <b>697,760,906</b> |
| <b>Financial Liabilities</b>           |                    |                    |                    |                       |                    |                      |                    |
| Lease liability                        | 6,927,284          | --                 | --                 | --                    | 6,927,284          | --                   | 6,927,284          |
| Accrued expenses and other<br>payables | 92,976,822         | --                 | 87,601,960         | 5,324,862             | --                 | 50,000               | 92,976,822         |
| <b>Total financial liabilities</b>     | <b>99,904,106</b>  | <b>--</b>          | <b>87,601,960</b>  | <b>5,324,862</b>      | <b>6,927,284</b>   | <b>50,000</b>        | <b>99,904,106</b>  |

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**31 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

|                                     | Carrying<br>amount | On<br>demand | Within 3<br>months | 3 months to<br>1 year | Above 1<br>year | No fixed<br>maturity | Total       |
|-------------------------------------|--------------------|--------------|--------------------|-----------------------|-----------------|----------------------|-------------|
| 31 December 2020                    |                    |              |                    |                       |                 |                      |             |
| Financial Assets                    |                    |              |                    |                       |                 |                      |             |
| Investment at amortised cost        | 22,600,044         | --           | --                 | --                    | 22,607,827      | --                   | 22,607,827  |
| Investments at FVTPL                | 139,260,713        | --           | 52,063,449         | 75,110,477            | 12,086,787      | --                   | 139,260,713 |
| Investments at FVOCI                | 34,132,418         | --           | --                 | --                    | 34,132,418      | --                   | 34,132,418  |
| Due from related parties            | 21,459,721         | --           | 12,309,100         | 9,152,012             | --              | --                   | 21,461,112  |
| Margin client receivables, net      | 42,291,123         | --           | 26,313,496         | 20,393,004            | --              | --                   | 46,706,500  |
| Other current financial assets      | 32,692,985         | 5,552,354    | 6,087,816          | --                    | --              | 21,053,137           | 32,693,307  |
| Bank balances                       | 51,300,216         | 51,300,216   | --                 | --                    | --              | --                   | 51,300,216  |
| Total financial assets              | 343,737,220        | 56,852,570   | 96,773,861         | 104,655,493           | 68,827,032      | 21,053,137           | 348,162,093 |
| Financial Liabilities               |                    |              |                    |                       |                 |                      |             |
| Lease liability                     | 934,657            | --           | --                 | --                    | 934,657         | --                   | 934,657     |
| Due to related parties              | 1,610,985          | --           | 1,610,985          | --                    | --              | --                   | 1,610,985   |
| Accrued expenses and other payables | 62,842,955         | --           | 59,115,415         | 3,677,540             | --              | 50,000               | 62,842,955  |
| Total financial liabilities         | 65,388,597         | --           | 60,726,400         | 3,677,540             | 934,657         | 50,000               | 65,388,597  |

**Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments equals their fair value. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

**Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board of Directors has established limits on the interest gaps for stipulated periods. Company's investments in debt securities carry fixed interest rates and mature within five years. The difference of 100 basis points in SIBOR rate will not have a significant impact on the income from commission bearing financial instruments.

**Foreign exchange risk**

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals. Transactions in other foreign currencies are not material.

**Equity price risk**

Equity price risk is the risk of unfavourable changes in the fair values of equity instruments as the result of changes in the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities. The Company's investments are susceptible to market price risk arising from uncertainties about future prices. The investment manager manages this risk through diversification of its investment portfolio in terms of geographical distribution and/or industry concentration.

**Sensitivity analysis**

The table below sets out the effect on profit or loss and other comprehensive income of a reasonably possible weakening / strengthening in the individual equity market prices by 5% at reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables, commission and foreign currency rates, remain constant.

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**31 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

|                                              | 31 December |        |             |        |
|----------------------------------------------|-------------|--------|-------------|--------|
|                                              | <u>2021</u> |        | <u>2020</u> |        |
| Effect on profit and loss                    | SR          |        | SR          |        |
| Net gain / loss on investments held at FVTPL | + 5%        | 66,787 | + 5%        | 29,845 |
|                                              | - 5%        | 66,787 | - 5%        | 29,845 |

|                                              | 31 December |         |             |         |
|----------------------------------------------|-------------|---------|-------------|---------|
|                                              | <u>2021</u> |         | <u>2020</u> |         |
| Effect on other comprehensive income         | SR          |         | SR          |         |
| Net gain / loss on investments held at FVOCI | + 5%        | 170,190 | + 5%        | 106,664 |
|                                              | - 5%        | 170,190 | - 5%        | 106,664 |

***Concentration of equity price risk***

The following table analyses the Company's concentration of equity price risk in the Fund's equity portfolio, measured at FVTPL and FVOCI, by geographical distribution (based on counterparties' place of primary listing or, if not listed, place of domicile).

**% of equity securities and units in managed funds**

|                         | 31 December |             |
|-------------------------|-------------|-------------|
|                         | <u>2021</u> | <u>2020</u> |
| Kingdom of Saudi Arabia | 100%        | 100%        |

The following table analyses the Company's concentration of equity price risk in the Fund's equity portfolio by industrial distribution:

**% of equity securities and units in managed funds**

|                | 31 December |             |
|----------------|-------------|-------------|
|                | <u>2021</u> | <u>2020</u> |
| REIT Funds     | 24%         | 20%         |
| Listed Funds   | -           | 29%         |
| Unlisted Funds | 76%         | 51%         |

***Currency risk***

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not have any significant exposure to currency risk as all its significant monetary assets and monetary liabilities are denominated in Saudi Riyals. The Company did not undertake significant transactions in currencies other than Saudi Riyals and US dollars during the year.

**32 SEGMENTAL REPORTING**

The Company is organized into the following segments:

***Brokerage***

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

***Asset Management***

Fees from asset management of discretionary portfolio management, funds, real estate management, and alternative investments.

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**32 SEGMENTAL REPORTING (CONTINUED)**

***Murabaha***

Special commission income from Murabaha.

***Investment***

The investment division is engaged in managing the proprietary of investments in the Company

***Others***

Other segment is the residual segment of the Company.

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

|                         | <u>Brokerage</u> | <u>Asset<br/>management</u> | <u>Murabaha</u> | <u>Investment</u> | <u>Other</u> | <u>Total</u>  |
|-------------------------|------------------|-----------------------------|-----------------|-------------------|--------------|---------------|
| <b>31 December 2021</b> |                  |                             |                 |                   |              |               |
| Total assets            | 604,929,020      | 80,859,590                  | 42,783,751      | 6,761,978         | 8,720,018    | 744,054,357   |
| Total liabilities       | 113,692,339      | 15,197,016                  | 8,040,918       | 1,270,868         | 1,426,905    | 139,628,046   |
| Total operating income  | 484,445,582      | 64,754,822                  | 34,262,531      | 5,415,198         | -            | 588,878,133   |
| Other income            | -                | -                           | -               | -                 | 6,983,256    | 6,983,256     |
| Operating expenses      | (176,907,917)    | (23,646,909)                | (12,511,855)    | (1,977,501)       | (2,550,118)  | (217,594,300) |
| Net income before zakat | 307,537,665      | 41,107,913                  | 21,750,676      | 3,437,697         | 4,433,138    | 378,267,089   |
| <b>31 December 2020</b> |                  |                             |                 |                   |              |               |
| Total assets            | 264,829,823      | 63,036,861                  | 39,624,750      | 3,628,865         | 6,593,809    | 377,714,108   |
| Total liabilities       | 71,695,619       | 17,065,551                  | 10,727,345      | 982,419           | 1,785,098    | 102,256,031   |
| Total operating income  | 197,881,174      | 47,101,221                  | 29,607,662      | 2,711,493         | -            | 277,301,550   |
| Other income            | -                | -                           | -               | -                 | 4,926,902    | 4,926,902     |
| Operating expenses      | (114,131,302)    | (27,166,423)                | (17,076,718)    | (1,563,899)       | (2,841,674)  | (162,780,016) |
| Net income before zakat | 83,749,872       | 19,934,798                  | 12,530,944      | 1,147,594         | 2,085,228    | 119,448,436   |

The Company's assets, liabilities, and operations are entirely in Saudi Arabia.

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

|                                                                     | <b>31 December</b> |             |
|---------------------------------------------------------------------|--------------------|-------------|
|                                                                     | <b>2021</b>        | <b>2020</b> |
| Total operating income                                              | <b>588,878,133</b> | 277,301,550 |
| Adjustment for:                                                     |                    |             |
| - Special commission income other than from customers               | <b>(8,394,180)</b> | (5,942,194) |
| - Net gain on financial assets at fair value through profit or loss | <b>(3,162,501)</b> | (596,900)   |
| - Dividend income                                                   | <b>(2,252,697)</b> | (2,114,593) |
| Revenue from contract with customers                                | <b>575,068,755</b> | 268,647,863 |

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**33 COMMITMENTS AND CONTINGENCIES**

Derayah Financial Company, in the normal course of business, has not committed any guarantees during the year and has no outstanding guarantees from prior years.

As at 31 December 2021, Derayah Financial Company does not have any capital commitments.

**34 CAPITAL REGULATORY REQUIREMENTS AND CAPITAL ADEQUACY RATIO**

The capital base, minimum capital requirement and capital adequacy ratio of the Company as per the CMA's Prudential Rules are as follows:

|                                     | <b>31 December</b> |                    |
|-------------------------------------|--------------------|--------------------|
|                                     | <b><u>2021</u></b> | <b><u>2020</u></b> |
| <b>Capital base:</b>                | <b>SAR(000)</b>    | <b>SAR(000)</b>    |
| Tier 1 Capital                      | <b>582,989</b>     | 266,054            |
| Tier 2 Capital                      | <b>6,722</b>       | 3,318              |
| Total Capital base                  | <b>589,711</b>     | 269,372            |
| <b>Minimum capital requirement:</b> |                    |                    |
| Credit risk                         | <b>413,226</b>     | 72,357             |
| Market risk                         | <b>380</b>         | 8,542              |
| Operational risk                    | <b>54,399</b>      | 44,422             |
| Total minimum capital required      | <b>468,005</b>     | 125,321            |
| <b>Capital adequacy ratio:</b>      |                    |                    |
| Total Capital ratio (times)         | <b>1.26</b>        | 2.15               |
| Surplus in the Capital              | <b>121,706</b>     | 144,051            |

- The capital base consists of Tier 1 capital (which includes share capital and audited retained earnings) and Tier 2 capital as per article 4 and 5 of the Prudential Rules. The minimum capital requirements for market, credit and operational risk are calculated as per the requirements specified in part 3 of the Prudential Rules.
- The Company manages its capital base in light of Pillar I and Pillar II of the Prudential Rules - the capital base should not be less than the minimum capital requirement.
- The Company's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.
- The minimum capital base required as per Article 6(g) of the Authorised Persons regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia in respect of the licensed activities of the Company is SR 50 million.
- The Company is required to disclose on an annual basis certain information as per Pillar III of the Prudential Rules for public on the Company's website. However, these are not subject to review or audit by the external auditors of the Company.

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**35 ASSETS UNDER MANAGEMENT**

These represent client's cash accounts with the Company as at 31 December 2021 SR 7,599 million (2020: SR 5,554 million) to be used for the purpose of making investment on behalf of the clients.

The Company act in a fiduciary capacity, these balances are not included in the Company's financial statements.

**36 SUBSEQUENT EVENT**

The new company, as mentioned in note 13, has received license from Saudi Central Bank on 15 February 2022. There were no subsequent events after the statement of financial position date, other than already disclosed, which require adjustments to/or disclosure in the financial statements.

**37 APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements have been approved by the Board on 13 Shaban 1443 (corresponding to 16 March 2022).



**DERAYAH FINANCIAL COMPANY**  
(A Closed Joint Stock Company)  
**FINANCIAL STATEMENTS**  
For the year ended 31 December 2022  
Together with  
**INDEPENDENT AUDITOR'S REPORT**



## KPMG Professional Services

Riyadh Front, Airport Road  
P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Shareholders of Derayah Financial Company

## Opinion

We have audited the financial statements of Derayah Financial Company ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

## Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of SAR (40,000,000). (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.  
كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس ماله (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة التابعة له كي بي إم جي العالمية المحدودة، شركة الجائزة محدودة بصلاً، جميع الحقوق محفوظة.



## Independent auditor's report

To the Shareholders of Derayah Financial Company (continued)

### Key Audit Matters (continued) Investment in an associate

Refer to Note 9 and 24 and accounting policies 3.19 to the financial statements.

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>During the year ended 31 December 2022, the Company has recognised 20% interest in the recently established Bank D360 ("the Bank" / "D360" / "associate"). The investment has been accounted for using the equity method in accordance with the requirement of the applicable accounting standards due to the Company having significant influence on the Bank.</p> <p>The investment has been acquired at a consideration of SR 330 million, which comprised of SR 137 million paid by the Company in cash and SR 193 million in kind contribution paid as a compensation to the Company by the other shareholders of D360 for establishing the Bank.</p> <p>The Company has recognised an advisory fees income of SR 164 million in respect of SR 193 million aforementioned compensation provided by the Bank's other shareholders as the underlying performance obligation has been satisfied during the year, whereas SR 29 million has been deferred as it relates future performance obligations.</p> <p>The Company's investment in associate as at 31 December 2022 amounted to SR 292 million after recording a share of loss from associate for the year amounting to SR 38 million, representing 32% of the Company's total assets and 12% of the Company's total profit for the year, respectively.</p> <p>We considered the accounting for investment in the Bank and related transaction as a key audit matter because of its material impact on the Company's financial statements and the judgment involved in the recognition of related revenue.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Inspected the underlying agreements and evaluated Company's accounting for the associate on the investment date including the determination of acquisition date;</li> <li>Evaluated the appropriateness of the Company's accounting policies to measure investments using the equity method to be in the line with the requirements of the applicable accounting standards;</li> <li>We assessed the relationship resulting from the investment and the underlying judgement to determine the Company's significant influence on the Bank;</li> <li>Evaluated the appropriateness of the revenue recognised for the services rendered by the Company in the establishment of the Bank including assessment of the performance obligations satisfied and assessment of future performance obligations;</li> <li>We obtained the financial information of the Bank for the period ended 31 December 2022 and performed audit procedures to obtain sufficient appropriate audit evidence on the financial information of the Bank used by the Company for equity accounting in the financial statements;</li> <li>Considered the adequacy of the Company's disclosures in accordance with applicable accounting standards.</li> </ul> |



## Independent auditor's report

To the Shareholders of Derayah Financial Company (continued)

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report once it is made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

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



## Independent auditor's report

To the Shareholders of Derayah Financial Company (continued)

### Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the component within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### KPMG Professional Services

  
**Dr. Abdullah Hamad Al Fozan**

License No: 348

Riyadh: 8 Ramadan 1444H  
Corresponding to: 30 March 2023



**DERAYAH FINANCIAL COMPANY**  
**(A CLOSED JOINT STOCK COMPANY)**  
**STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2022  
*(Amount in Saudi Riyals)*

|                                                              | <i>Notes</i> | <b>2022</b>        | <b>2021</b> |
|--------------------------------------------------------------|--------------|--------------------|-------------|
| <b>ASSETS</b>                                                |              |                    |             |
| <b>NON-CURRENT ASSETS</b>                                    |              |                    |             |
| Property and equipment, net                                  | 6            | <b>35,703,809</b>  | 26,302,198  |
| Right-of-use assets, net                                     | 7            | <b>6,983,227</b>   | 8,791,034   |
| Intangible assets, net                                       | 8            | <b>13,142,426</b>  | 14,715,145  |
| Investment in an associate                                   | 9            | <b>291,795,800</b> | -           |
| Investments at amortised cost                                | 10           | <b>17,141,266</b>  | 22,407,164  |
| Investments at fair value through profit or loss             | 11           | <b>148,905,676</b> | 92,123,720  |
| Investments at fair value through other comprehensive income | 12           | <b>26,277,177</b>  | 32,976,299  |
| <b>TOTAL NON-CURRENT ASSETS</b>                              |              | <b>539,949,381</b> | 197,315,560 |
| <b>CURRENT ASSETS</b>                                        |              |                    |             |
| Due from related parties                                     | 16           | <b>32,967,267</b>  | 26,947,068  |
| Margin client receivables, net                               | 13           | <b>85,854,127</b>  | 99,411,642  |
| Prepayments                                                  |              | <b>4,689,282</b>   | 945,201     |
| Other current financial assets                               | 14           | <b>203,199,939</b> | 303,987,821 |
| Investments at fair value through profit or loss             | 11           | <b>14,812,352</b>  | 21,297,025  |
| Investments at amortised cost                                | 10           | <b>5,070,801</b>   | -           |
| Bank balances                                                | 15           | <b>30,363,108</b>  | 94,150,040  |
| <b>TOTAL CURRENT ASSETS</b>                                  |              | <b>376,956,876</b> | 546,738,797 |
| <b>TOTAL ASSETS</b>                                          |              | <b>916,906,257</b> | 744,054,357 |
| <b>LIABILITIES AND EQUITY</b>                                |              |                    |             |
| <b>NON-CURRENT LIABILITIES</b>                               |              |                    |             |
| Employees' defined benefit obligations                       | 17           | <b>21,550,028</b>  | 18,378,555  |
| Employees' Equity Award Plan ('EEAP')                        | 18           | <b>52,708,021</b>  | -           |
| Unearned revenue                                             | 24           | <b>29,382,344</b>  | -           |
| Lease liability                                              |              | <b>5,088,588</b>   | 6,927,284   |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                         |              | <b>108,728,981</b> | 25,305,839  |
| <b>CURRENT LIABILITIES</b>                                   |              |                    |             |
| Accrued expenses and other payables                          | 19           | <b>68,565,307</b>  | 92,976,822  |
| Zakat payable                                                | 20           | <b>21,295,229</b>  | 21,345,385  |
| <b>TOTAL CURRENT LIABILITIES</b>                             |              | <b>89,860,536</b>  | 114,322,207 |
| <b>TOTAL LIABILITIES</b>                                     |              | <b>198,589,517</b> | 139,628,046 |
| <b>EQUITY</b>                                                |              |                    |             |
| Share capital                                                | 21           | <b>162,290,130</b> | 161,090,130 |
| Statutory reserve                                            | 22           | <b>48,687,039</b>  | 48,327,039  |
| Retained earnings                                            |              | <b>511,333,539</b> | 392,092,737 |
| Other reserves                                               |              | <b>(3,993,968)</b> | 2,916,405   |
| <b>TOTAL EQUITY</b>                                          |              | <b>718,316,740</b> | 604,426,311 |
| <b>TOTAL LIABILITIES AND EQUITY</b>                          |              | <b>916,906,257</b> | 744,054,357 |

The attached notes 1 to 40 form an integral part of these financial statements.

**DERAYAH FINANCIAL COMPANY**  
(A CLOSED JOINT STOCK COMPANY)

**STATEMENT OF COMPREHENSIVE INCOME**

For the years ended 31 December

(Amounts in Saudi Riyals)

|                                                                                          | <u>Notes</u> | <u>2022</u>          | <u>2021</u>          |
|------------------------------------------------------------------------------------------|--------------|----------------------|----------------------|
| <b>OPERATING INCOME</b>                                                                  |              |                      |                      |
| Revenue from contract with customers                                                     | 24           | 613,736,916          | 575,068,755          |
| Special commission income                                                                | 25           | 35,220,555           | 8,394,180            |
| (Loss) / gain on investments, net                                                        | 26           | (5,314,944)          | 3,162,501            |
| Dividend income                                                                          |              | 1,817,591            | 2,252,697            |
| <b>TOTAL OPERATING INCOME</b>                                                            |              | <b>645,460,118</b>   | <b>588,878,133</b>   |
| <b>OPERATING EXPENSES</b>                                                                |              |                      |                      |
| Salaries and employee related expenses                                                   | 27           | (157,118,346)        | (98,288,378)         |
| Other general and administrative expenses                                                | 28           | (117,475,544)        | (113,196,953)        |
| Marketing expenses                                                                       |              | (9,299,752)          | (6,073,715)          |
| Allowance for expected credit losses                                                     | 29           | (190,648)            | (35,254)             |
| <b>TOTAL OPERATING EXPENSES</b>                                                          |              | <b>(284,084,290)</b> | <b>(217,594,300)</b> |
| <b>NET OPERATING INCOME</b>                                                              |              | <b>361,375,828</b>   | <b>371,283,833</b>   |
| Other (expenses) / income                                                                | 30           | (328,093)            | 6,983,256            |
| Share of loss in an associate                                                            | 9            | (38,204,200)         | -                    |
| <b>INCOME BEFORE ZAKAT</b>                                                               |              | <b>322,843,535</b>   | <b>378,267,089</b>   |
| Zakat charge for the year                                                                | 20           | (15,334,082)         | (12,788,017)         |
| <b>INCOME FOR THE YEAR</b>                                                               |              | <b>307,509,453</b>   | <b>365,479,072</b>   |
| <i>Other comprehensive (loss) / income not to be reclassified to income subsequently</i> |              |                      |                      |
| Financial assets at fair value through OCI – net change in fair value                    |              | (6,699,122)          | 4,867,763            |
| Remeasurement loss on defined benefit plan                                               | 17           | (211,251)            | (1,106,068)          |
| <b>OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR</b>                                  |              | <b>(6,910,373)</b>   | <b>3,761,695</b>     |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                                           |              | <b>300,599,080</b>   | <b>369,240,767</b>   |
| <b>EARNINGS PER SHARE</b>                                                                |              |                      |                      |
| Basic and diluted, earning per share                                                     | 31           | <b>18.95</b>         | <b>22.52</b>         |

The attached notes 1 to 40 form an integral part of these financial statements.

**DERAYAH FINANCIAL COMPANY**  
**(A CLOSED JOINT STOCK COMPANY )**  
**STATEMENT OF CHANGES IN EQUITY**  
For the years ended 31 December 2022  
*(Amounts in Saudi Riyals)*

|                                                                                       | <u>Share Capital</u> | <u>Statutory reserve</u> | <u>Fair value reserve</u> | <u>Other reserves</u> | <u>Retained earnings</u> | <u>Total</u>         |
|---------------------------------------------------------------------------------------|----------------------|--------------------------|---------------------------|-----------------------|--------------------------|----------------------|
| As at 1 January 2021                                                                  | 161,090,130          | 19,489,943               | 3,318,315                 | (2,699,633)           | 94,259,322               | 275,458,077          |
| Income for the year                                                                   | --                   | --                       | --                        | --                    | 365,479,072              | 365,479,072          |
| Other comprehensive income / (loss) for the year                                      | --                   | --                       | 4,867,763                 | (1,106,068)           | --                       | 3,761,695            |
| Realized gain on sale of investments at fair value through other comprehensive income | --                   | --                       | (1,463,972)               | --                    | 1,463,972                | --                   |
| Dividends distribution (note 23)                                                      | --                   | --                       | --                        | --                    | (40,272,533)             | (40,272,533)         |
| Transfer to statutory reserve                                                         | --                   | 28,837,096               | --                        | --                    | (28,837,096)             | --                   |
| Balance at 31 December 2021                                                           | 161,090,130          | 48,327,039               | 6,722,106                 | (3,805,701)           | 392,092,737              | 604,426,311          |
| <b>Issuance of share capital (note 21)</b>                                            | <b>1,200,000</b>     | --                       | --                        | --                    | <b>(1,200,000)</b>       | <b>--</b>            |
| <b>Income for the year</b>                                                            | <b>--</b>            | <b>--</b>                | <b>--</b>                 | <b>--</b>             | <b>307,509,453</b>       | <b>307,509,453</b>   |
| <b>Other comprehensive loss for the year</b>                                          | <b>--</b>            | <b>--</b>                | <b>(6,699,122)</b>        | <b>(211,251)</b>      | <b>--</b>                | <b>(6,910,373)</b>   |
| <b>Dividends distribution (note 23)</b>                                               | <b>--</b>            | <b>--</b>                | <b>--</b>                 | <b>--</b>             | <b>(186,708,651)</b>     | <b>(186,708,651)</b> |
| <b>Transfer to statutory reserve</b>                                                  | <b>--</b>            | <b>360,000</b>           | <b>--</b>                 | <b>--</b>             | <b>(360,000)</b>         | <b>--</b>            |
| <b>Balance at 31 December 2022</b>                                                    | <b>162,290,130</b>   | <b>48,687,039</b>        | <b>22,984</b>             | <b>(4,016,952)</b>    | <b>511,333,539</b>       | <b>718,316,740</b>   |

The attached notes 1 to 40 form an integral part of these financial statements.



**DERAYAH FINANCIAL COMPANY**  
(A CLOSED JOINT STOCK COMPANY)

**STATEMENT OF CASHFLOWS**

For the years ended 31 December

(Amounts in Saudi Riyals)

|                                                                                |              | <u>2022</u>          | <u>2021</u>          |
|--------------------------------------------------------------------------------|--------------|----------------------|----------------------|
| <b>OPERATING ACTIVITIES</b>                                                    | <i>Notes</i> |                      |                      |
| Income before zakat                                                            |              | 322,843,535          | 378,267,089          |
| <i>Non-cash adjustment to reconcile income before zakat to net cash flows:</i> |              |                      |                      |
| Provisions for employees' defined benefit obligations                          | 17           | 3,593,717            | 2,960,887            |
| Provisions for employees' equity award plan                                    | 18           | 52,708,021           | --                   |
| Advisory services                                                              | 24           | (163,806,472)        | --                   |
| Loss / (gain) on investments, net                                              | 26           | 5,314,944            | (3,162,501)          |
| Share of loss in an associate                                                  | 9            | 38,204,200           | --                   |
| Depreciation and amortization                                                  | 28           | 12,500,561           | 10,785,558           |
| Allowance for credit losses                                                    | 29           | 190,648              | 35,254               |
| Amortisation of premium on investment at amortized cost                        |              | 197,347              | 197,346              |
| Finance Cost                                                                   |              | 1,682,936            | 589,314              |
| <b>Operating cash flows before working capital changes</b>                     |              | <u>273,429,437</u>   | <u>389,672,947</u>   |
| Margin client receivables, net                                                 |              | 13,581,566           | (57,145,000)         |
| Other current financial assets                                                 |              | (36,240,826)         | (134,497,242)        |
| Prepayments                                                                    |              | (3,744,081)          | 250,695              |
| Due from related parties, net                                                  |              | (6,018,411)          | (5,488,996)          |
| Accrued expenses and other payables                                            |              | <u>(22,525,002)</u>  | <u>29,491,433</u>    |
|                                                                                |              | 218,482,683          | 222,283,837          |
| Zakat paid                                                                     | 20           | (15,384,238)         | (5,931,364)          |
| End of service benefits paid                                                   | 17           | (633,495)            | (568,462)            |
| Finance cost paid                                                              |              | <u>(1,682,936)</u>   | <u>(589,314)</u>     |
| <b>Cash generated from operating activities</b>                                |              | <u>200,782,014</u>   | <u>215,194,697</u>   |
| <b>INVESTING ACTIVITIES</b>                                                    |              |                      |                      |
| Purchase of financial assets at FVTPL                                          |              | (202,574,388)        | (129,075,111)        |
| Sale proceeds from financial assets at FVTPL                                   |              | 146,962,160          | 158,077,579          |
| Sale of financial assets classified as FVOCI                                   |              | --                   | 6,023,882            |
| Additions of property and equipment                                            |              | (15,595,595)         | (16,045,694)         |
| Purchase of intangible assets                                                  | 8            | (2,926,048)          | (11,767,248)         |
| Advance paid against investment in associate                                   |              | --                   | (136,811,184)        |
| <b>Cash (used in) / generated from investing activities</b>                    |              | <u>(74,133,871)</u>  | <u>(129,597,776)</u> |
| <b>FINANCING ACTIVITIES</b>                                                    |              |                      |                      |
| Dividends paid                                                                 | 23           | (186,708,651)        | (40,272,533)         |
| Lease liability paid                                                           | 7.1          | (3,725,209)          | (2,474,564)          |
| <b>Cash used in financing activities</b>                                       |              | <u>(190,433,860)</u> | <u>(42,747,097)</u>  |
| <b>NET (DECREASE) / INCREASE IN BANK</b>                                       |              |                      |                      |
| <b>BALANCES DURING THE YEAR</b>                                                |              | (63,785,717)         | 42,849,824           |
| Cash and cash equivalents at the beginning of the year                         |              | <u>94,150,040</u>    | <u>51,300,216</u>    |
| <b>BANK BALANCES AT THE END OF THE YEAR</b>                                    |              | <u>30,364,323</u>    | <u>94,150,040</u>    |
| <b>NON-CASH SUPPLEMENTAL INFORMATION</b>                                       |              |                      |                      |
| Right of use asset                                                             |              | 6,983,227            | 8,790,651            |
| Lease liabilities                                                              |              | (7,092,884)          | (9,108,363)          |
| Acquisition of investment in an associate                                      |              | <u>(193,188,816)</u> | <u>-</u>             |

The attached notes 1 to 40 form an integral part of these financial statements.

**DERAYAH FINANCIAL COMPANY**  
(A CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**1. ACTIVITIES**

Derayah Financial Company (the “Company”) is a Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010266977 dated 10 Jumada 1436H (corresponding to April 15, 2009).

The principal activities of the Company are to provide brokerage, advisory, custodian services, dealing as principal and dealing as agent, managing, and arranging. The Company has commenced its business on 8 Rajab 1430H (corresponding to July 1, 2009) under license number 08109-27 from the Capital Market Authority (“CMA”), dated 19 Jumada al-Akhirah 1429H (corresponding to June 23, 2008). The Company’s registered office is located at the following address:

Olaya Main Street, Olaya Centre  
P.O. Box 286546, Riyadh 11323  
Kingdom of Saudi Arabia

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

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The financial statements of the Company have been prepared in accordance with ‘International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”); and in compliance with the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the by-laws of the Company.

**2.2 Basis of measurement and presentation**

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

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

**2.3 Functional and presentation currency**

These financial statements are presented in Saudi Riyal (“SR”); which represents the functional currency of the Company. All the financial information rounded off to nearest Saudi Riyal except where otherwise indicated.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies used in the preparation of these financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2021, in addition, the Company adopted the accounting policies specified in note 3.19 and 3.20.

The following are the significant accounting policies applied by the Company in preparing its financial statements:

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.1 Financial instruments**

Classification of financial assets depends on the Company's business model for managing its financial assets and the contractual terms of the cash flows. The Company classifies its financial assets as:

- financial assets measured at amortised cost, or
- financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognised either through the statement of comprehensive income or through OCI.

Investments at amortised cost, time deposits, margin client receivables, due from related parties, and other current financial assets are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interests, are measured at amortised cost.

***Initial measurement***

Financial assets are initially measured at its fair value, plus transaction costs in the case of a financial asset not at fair value through statement of profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are recognised in the statement of comprehensive income. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the requirements as solely payment of principal and interest.

***Subsequent measurement***

***Debt instruments***

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

- *Amortised cost*  
Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the statement of comprehensive income when the asset is derecognised or impaired. Special commission income from these financial assets is included in special commission income using the effective interest rate method.
- *Fair Value through Other Comprehensive Income ("FVOCI")*  
Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special commission income and foreign exchange gains and losses, which are recognised in the statement of comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the statement of comprehensive income and recognised in other gains / (losses).

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.1 Financial instruments (continued)**

• *Fair Value through profit or loss ("FVTPL")*

Financial assets that do not meet the criteria for subsequent recognition at amortised cost or FVOCI, are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through the statement of comprehensive income and which is not part of a hedging relationship is recognised and presented net in the statement of comprehensive income in the year in which it arises.

***Equity instruments***

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

***De-recognition***

A financial asset or a part of a financial asset is de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- The Company has transferred substantially all the risks and rewards of the asset, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

***Impairment***

The Company assesses on a forward looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, carried at amortised cost and FVOCI, the ECL is based on a 12-month ECL and life time ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance increases in credit risk since origination, the allowance will be based on the lifetime ECL. For investment in sukus, margin client receivables, due from related parties, and other current financial assets, the Company applies the general approach.

***Financial liabilities***

The Company classifies its financial liabilities, as held at amortized cost. Amortized cost is calculate by taking into account any discount or premium on issue funds, and costs that are an integral part of the effective interest rate (EIR). Subsequent to initial recognition, financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit or loss or an entity has opted to measure a liability at fair value through profit or loss as per the requirements of IFRS 9. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

***Offsetting of financial instruments***

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

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Current versus non-current classification**

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized 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 Company classifies all other liabilities as non-current.

**3.3 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of comprehensive income during the year in which they are incurred.

The major categories of property and equipment are depreciated on a straight line basis as follows:

| <b>Asset categories</b>         | <b>Useful lives</b>                              |
|---------------------------------|--------------------------------------------------|
| Leasehold improvements          | Period of lease or 5 years; whichever is shorter |
| Furniture, fixture and fittings | 5 years                                          |
| Computer and office equipment   | 4 years                                          |
| Right of use asset              | Period of lease                                  |

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Impairment losses and gains and losses on disposals of property and equipment are included in statement of comprehensive income.

Work in progress is stated at cost incurred until the asset is ready for its intended use, thereafter, this cost is capitalised on the related assets. This includes the cost of contractors, materials, services and capital advances. Work in progress is not depreciated.

### **3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.3 Property and equipment (Continued)**

##### *Right of Use Assets*

The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurement of the lease liability. Generally, right of use assets would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the right of use assets' value.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment

##### *Lease Liability*

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

After the commencement date, Company measures the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability.
- Reducing the carrying amount to reflect the lease payments made and;
- Re-measuring the carrying amount to reflect any re-assessment or lease modification.

IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Company's Statement of Financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

Property and equipment and right of use assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

#### **3.4 Intangible assets**

Intangible assets consist of both internally and externally developed software. Expenditures on internally developed software is recognized as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and impairment, if any.

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

Amortization is recognized in statement of comprehensive income on a straight-line basis over the estimated useful life of the software from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is four years. Amortization method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.4 Intangible assets (continued)**

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

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

**3.5 Employee defined benefit obligations**

The Company operates a defined benefit scheme for its employees in accordance with labour regulations applicable in the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefits plan is determined using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in the retained earnings and are not reclassified to profit or loss in subsequent periods. Re-measurements are not reclassified to profit or loss in subsequent periods.

Interest expense is calculated by applying the discount rate to the net defined benefit liability. The Company recognises the following changes in the net defined benefit obligation under 'salaries and employee related expenses' in the statement of comprehensive income (by nature).

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income

The defined benefit asset or liability comprises the present value of the defined benefit obligation, less past service costs and less the fair value of plan assets out of which the obligations are to be settled. However, currently the plan is unfunded and has no assets.

**3.6 Accrued expenses**

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

**3.7 Zakat**

The Company is domiciled in the Kingdom of Saudi Arabia. The Company is subject to Zakat in accordance with the Regulations of the Zakat, Tax and Custom Authority ("ZATCA") as applicable in the Kingdom of Saudi Arabia. The Zakat charge is computed on the Zakat base. An estimate of Zakat arising therefrom is provided by a charge to the statement of comprehensive income.

**3.8 Other liabilities**

Provisions for restructuring costs, warranties and legal claims are recognized in other liabilities when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted where the effect is material.

**3.9 Contingent liabilities**

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.



### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.10 Statutory reserve

As per the Company's by-law, 10% of the net income for the year is transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of the share capital. The reserve is not available for distribution.

#### 3.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. These deposits are made with reputable banks and financial institutions within the Kingdom of Saudi Arabia having investment grade credit rating.

#### 3.12 Revenue from contracts with customers

The Company generates following revenue streams that are covered under *IFRS 15 Revenue from Contracts with Customers*:

- a) Fee and commission income
- b) Other operating income

##### a) Fee and commission income:

###### *Share brokerage service fee income*

The performance obligation is satisfied at the point in time at which trade (buy or sell order) is executed by the Client. Hence the Company recognizes the share brokerage service fee income, net of discount, if any, as and when a trade order is executed.

###### *Subscription fees from investment funds*

Performance obligation for Subscription fee is assignment of respective Fund units to Investor's account and considering that this happens as soon as an Approved Subscription Form is executed, therefore the Company rightfully recognizes the revenue against subscription fee at the time of fulfilment of performance obligation.

###### *Management fees from investment funds*

Management fees is computed on daily / weekly / monthly / semi-annually (annual % pro-rated for periodic accrual) with reference to periodic net asset value of the fund. The Company's practice for recognition of management fee is aligned with IFRS 15 since management fee is recognized on an accrual basis against rendering of asset management services that the Company is providing on an on-going basis.

###### *Performance fee from investment funds*

Performance fee income based on a fund's performance, relative to a benchmark or the realised appreciation of fund's investments, are types of variable consideration. In many cases, these performance fees are highly susceptible to market volatility until they are crystallised or are no longer subject to clawback, which may be after the end of the reporting period.

In case of the Company, effect of clawback does not apply since the Company does not recognized any revenue against performance fee until the end of respective period for testing of benchmark achievement when performance fee is crystallized and recorded as revenue. Analysis of performance fee at the Company reveals that performance fee income recognition at the Company is in accordance five step model in IFRS 15. The Company performs a daily accrual for performance fee based on defined benchmark as a difference between fund growth and benchmark growth. At the end of relevant period (month or quarter) aggregate growth of fund is compared against benchmark and if it is above Benchmark (a positive aggregate figure consolidation daily accruals), then performance fee is recognized, otherwise it is not recognized.



**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.12 Revenue from contracts with customers (continued)**

**b) Other operating income**

*Advisory fee income*

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

*Miscellaneous service income*

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

**3.13 Gains or loss on investments**

This relates to net gains or losses on remeasurement of financial assets held at fair value through profit or loss and gains or losses on derecognition of investments held at fair value through profit or loss and investments held at amortised cost.

**3.14 Dividend income**

Dividend income is recognised in profit or loss on the date when the Company's right to receive the payment is established.

**3.15 Special commission income and expense**

Special commission income and expense recognised in the statement of comprehensive income for all profit-bearing financial instruments using the effective interest method.

**3.16 Expenses**

Marketing expenses are those which specifically relate to promotion and marketing. All other expenses, other than employee's costs, financial charges and expenses allocated by the Company are classified as other general and administrative expenses.

**3.17 Bank overdrafts**

The bank overdrafts are the open overdraft facility the company has signed with its bank to meet its liquidity and cash management requirements.

**3.18 Margin client's receivables**

The margin client's receivables arise within brokerage business as shariah compliant margin financing. Margin client's receivables are recognized when cash / limits are advanced to the customer including the related cost. These are derecognized when borrowers repay their obligation or the balance is sold off or written off, or substantially all the risks and rewards of ownership are transferred to other party. A provision is established against the credit losses based on expected credit loss approach of IFRS 9 compliant with general quantification approach requirements for credit losses in general and when there is objective evidence that the company will not be able to collect all or part of the amounts due according to terms of the margin contract as specific provision.

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.19 Investment In An Associate**

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

The Company's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date.

The statement of comprehensive income reflects the Company's share of the results of operations of the associate. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate or joint venture. The aggregate of the Company's share of profit or loss of an associate is shown on the face of the statement of comprehensive income outside operating profit.

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

**3.20 Employees' Equity Award Plan**

The Company has introduced Employees' Equity Award Plan ('EEAP') for selected employees against the services provided by those employees for development of D360. Subject to completion of vesting period employees shall be granted specific number of shares of D360 as per the agreement signed amongst Derayah and the Eligible Employees, however the settlement of shares shall be made after 5 years of lock up period which is referenced from the month in which D360 has obtained registration from the Ministry of Commerce.

The present value of defined benefit obligation is calculated actuarially using Projected Unit Credit (PUC) method. The PUC method involves projection of the accrued benefits of the members till the date of benefits settlement. The projection is done by making an assumption about mortality, attrition, and eligible benefits (per plan). While the projection allows for full service being rendered (barring actuarial assumptions), the future service is not considered in the measurement of DBO, since the Employer's obligation is limited to the benefits earned in exchange for past service rendered during the current year as well as all prior years. The projected benefits are then discounted back to the statement of financial position date using the assumed discount rate.

Current service cost (CSC) is the present value of obligation in respect of the benefit earned during the current year only. It is also determined using the PUC method, as used for the measurement of DBO. CSC is measured at the end of the relevant year, rather than the start of the year. Therefore, it reflects the actual plan experience over the relevant accounting year. The interest on the current service cost is allowed for in the interest cost measurement of current service cost requires that a part of the accrued benefit be attributed to the current period of service. The attribution is done by reference to the plan's benefit formula, which does not lead to higher benefits being allocated during the later parts of any eligible employee's service. The benefit formula spreads the benefits evenly over a member's service, till the time the maximum benefit limit is reached.

#### **4 SIGNIFICANT JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements in conformity with IFRS as endorsed in the KSA and other standards and pronouncements issued by SOCPA requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Such judgements, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances.

Significant areas where management has used judgements, estimates and assumptions are as follows:

##### **4.1 Measurement of the expected credit loss allowance**

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the input, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.1 Impairment - Financial assets, which also sets out key sensitivities of the ECL to changes in these elements.

##### **4.2 Assumptions for employee defined benefit obligations**

Employee benefits represent obligations that will be settled in the future and require assumptions to project these obligations. IFRS requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases and return on assets, mortality rates, employment turnover and future healthcare costs. The management uses an external actuary for performing this calculation. Changes in key assumptions can have a significant impact on the projected benefit obligation and/or periodic employees' benefits incurred costs.

##### **4.3 Assumptions for Employees' Equity Award Plan ('EEAP')**

Employees' Equity Award Plan represents obligation in respect of benefits is the amount of future benefit based on number of shares granted to eligible employees in return for their service in the current and prior periods. IFRS requires management to make further assumptions regarding variables such as discount rates, fair value of shares, and rate of attrition. The management uses an external actuary for performing this calculation. Changes in the key assumptions can have a significant impact on the projected service plan.

##### **4.4 Going concern**

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

#### **5 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

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

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2022. The management has assessed that the amendments have no significant impact on the Company's financial statements.

- COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16);
- Annual Improvements to IFRS Standards 2018–2020;
- Reference to Conceptual Framework (Amendments to IFRS 3);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16); and
- Onerous contracts - Cost of Fulfilling a contract (Amendments to IAS 37).

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**5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)**

*New standards and amendments issued but not yet effective and not early adopted*

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Company's accounting year beginning on or after 1 January 2023 are listed below. The Company has opted not to early adopt these pronouncements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- IFRS 17, Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);

The management of the Company anticipates that the application of these new standards and amendments in the future will not have significant impact on the amounts reported.

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**6 PROPERTY AND EQUIPMENT, NET**

| <i>Cost</i>                                  | <u>Land</u>       | <u>Leasehold improvements</u> | <u>Computers and office equipment</u> | <u>Furniture, fixtures and fittings</u> | <u>Work in Progress</u> | <u>Total</u>      |
|----------------------------------------------|-------------------|-------------------------------|---------------------------------------|-----------------------------------------|-------------------------|-------------------|
| As at 1 January 2022                         | 12,299,352        | 5,372,624                     | 37,378,365                            | 2,173,988                               | 980,865                 | 58,205,194        |
| Additions during the year                    | -                 | 7,484,058                     | 4,453,389                             | -                                       | 2,362,540               | 14,299,987        |
| As at 31 December 2022                       | 12,299,352        | 12,856,682                    | 41,831,754                            | 2,173,988                               | 3,343,405               | 72,505,181        |
| <i>Accumulated depreciation</i>              |                   |                               |                                       |                                         |                         |                   |
| As at 1 January 2022                         | -                 | 5,179,775                     | 24,612,609                            | 2,110,612                               | -                       | 31,902,996        |
| Charge during the year                       | -                 | 161,949                       | 4,727,700                             | 8,727                                   | -                       | 4,898,376         |
| As at 31 December 2022                       | -                 | 5,341,724                     | 29,340,309                            | 2,119,339                               | -                       | 36,801,372        |
| <i>Net book value as at 31 December 2022</i> | <u>12,299,352</u> | <u>7,514,958</u>              | <u>12,491,445</u>                     | <u>54,649</u>                           | <u>3,343,405</u>        | <u>35,703,809</u> |
| <i>Cost</i>                                  |                   |                               |                                       |                                         |                         |                   |
| As at 1 January 2021                         | 12,299,352        | 5,372,624                     | 32,443,831                            | 2,100,022                               | -                       | 52,215,829        |
| Additions during the year                    | --                | --                            | 4,934,534                             | 73,966                                  | 980,865                 | 5,989,365         |
| As at 31 December 2021                       | 12,299,352        | 5,372,624                     | 37,378,365                            | 2,173,988                               | 980,865                 | 58,205,194        |
| <i>Accumulated depreciation</i>              |                   |                               |                                       |                                         |                         |                   |
| As at 1 January 2021                         | -                 | 4,691,566                     | 20,169,623                            | 2,100,022                               | -                       | 26,961,211        |
| Charge during the year                       | -                 | 488,209                       | 4,442,986                             | 10,590                                  | -                       | 4,941,785         |
| As at 31 December 2021                       | -                 | 5,179,775                     | 24,612,609                            | 2,110,612                               | -                       | 31,902,996        |
| <i>Net book value as at 31 December 2021</i> | <u>12,299,352</u> | <u>192,849</u>                | <u>12,765,756</u>                     | <u>63,376</u>                           | <u>980,865</u>          | <u>26,302,198</u> |

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

6.2 The work in progress relates to decor and equipment of head office.

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**7 RIGHT-OF-USE ASSETS**

|                                 | <b>31 December</b>       |                          |
|---------------------------------|--------------------------|--------------------------|
|                                 | <b><u>2022</u></b>       | <b><u>2021</u></b>       |
| <b>Cost</b>                     |                          |                          |
| At the beginning of the year    | 13,712,245               | 3,655,916                |
| Additions during the year       | <u>1,295,610</u>         | <u>10,056,329</u>        |
| <b>At the end of the year</b>   | <b><u>15,007,855</u></b> | <b><u>13,712,245</u></b> |
| <b>Accumulated depreciation</b> |                          |                          |
| At the beginning of the year    | 4,921,211                | 2,216,045                |
| Charge during the year          | <u>3,103,417</u>         | <u>2,705,166</u>         |
| <b>At the end of the year</b>   | <b><u>8,024,628</u></b>  | <b><u>4,921,211</u></b>  |
| <b>Net book value</b>           |                          |                          |
| <b>As at 31 December</b>        | <b><u>6,983,227</u></b>  | <b><u>8,791,034</u></b>  |

7.1 The movement of corresponding lease liability is as follows:

Movement in lease liability:

|                                     | <b>31 December</b>      |                         |
|-------------------------------------|-------------------------|-------------------------|
|                                     | <b><u>2022</u></b>      | <b><u>2021</u></b>      |
| <b>At the beginning of the year</b> | <b>9,108,363</b>        | <b>934,657</b>          |
| Additions during the year           | <b>1,295,510</b>        | <b>10,056,329</b>       |
| Payments during the year            | <b>(3,725,209)</b>      | <b>(2,474,564)</b>      |
| Finance cost on lease liability     | <b>414,220</b>          | <b>591,941</b>          |
| <b>At the end of the year</b>       | <b><u>7,092,884</u></b> | <b><u>9,108,363</u></b> |
| Current lease liability             | <b><u>2,004,296</u></b> | <b><u>2,181,079</u></b> |
| Non-current lease liability         | <b><u>5,088,588</u></b> | <b><u>6,927,284</u></b> |

**8 INTAGIBLE ASSETS, NET**

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

|                                 | <b><u>Work in Progress</u></b> | <b><u>Software</u></b>   | <b><u>Total</u></b>      |
|---------------------------------|--------------------------------|--------------------------|--------------------------|
| <b>Cost</b>                     |                                |                          |                          |
| As at 1 January 2022            | 786,938                        | 50,942,989               | 51,729,927               |
| Additions during the year       | <u>168,441</u>                 | <u>2,757,607</u>         | <u>2,926,048</u>         |
| <b>As at 31 December 2022</b>   | <b><u>955,379</u></b>          | <b><u>53,700,596</u></b> | <b><u>54,655,975</u></b> |
| <b>Accumulated amortization</b> |                                |                          |                          |
| As at 1 January 2022            | --                             | 37,014,781               | 37,014,781               |
| Charge during the year          | <u>--</u>                      | <u>4,498,768</u>         | <u>4,498,768</u>         |
| <b>As at 31 December 2022</b>   | <b><u>--</u></b>               | <b><u>41,513,549</u></b> | <b><u>41,513,549</u></b> |
| <b>Net book value</b>           |                                |                          |                          |
| <b>As at 31 December 2022</b>   | <b><u>955,379</u></b>          | <b><u>12,187,047</u></b> | <b><u>13,142,426</u></b> |

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**8 INTAGIBLE ASSETS, NET (CONTINUED)**

|                           | <u>Work in<br/>Progress</u> | <u>Software</u>   | <u>Total</u>      |
|---------------------------|-----------------------------|-------------------|-------------------|
| Cost                      |                             |                   |                   |
| As at 1 January 2021      | --                          | 39,962,678        | 39,962,678        |
| Additions during the year | 786,938                     | 10,980,311        | 11,767,249        |
| As at 31 December 2021    | <u>786,938</u>              | <u>50,942,989</u> | <u>51,729,927</u> |
| Accumulated amortization  |                             |                   |                   |
| As at 1 January 2021      | --                          | 33,876,174        | 33,876,174        |
| Charge during the year    | --                          | 3,138,607         | 3,138,607         |
| As at 31 December 2021    | <u>--</u>                   | <u>37,014,781</u> | <u>37,014,781</u> |
| Net book value            |                             |                   |                   |
| As at 31 December 2021    | <u>786,938</u>              | <u>13,928,208</u> | <u>14,715,145</u> |

**9 INVESTMENT IN AN ASSOCIATE**

The Company holds 20% equity in Bank D360. This comprises of SR 137 million directly invested and SR 193 million contributed by other shareholders as a recognition of the Company's efforts for development of the Bank D360. The Company has determined that it has significant influence over D360 and has accounted for the investment using the equity method (note 3.19). Below is the movement in the carrying value of investment in an associate.

|                               | <u>31 December<br/>2022</u> |
|-------------------------------|-----------------------------|
| Investment during the year    | 330,000,000                 |
| Share of loss during the year | <u>(38,204,200)</u>         |
|                               | <u>291,795,800</u>          |

Summarised financial results of the Bank D360:

|                                     | <u>31 December<br/>2022</u> |
|-------------------------------------|-----------------------------|
| Total Assets                        | 1,495,190,000               |
| Total Liabilities                   | <u>(36,211,000)</u>         |
| Net Assets                          | 1,458,979,000               |
| Company's share of net assets (20%) | 291,795,800                 |
| Net loss for the year               | <u>(191,021,000)</u>        |
| Company's share of net loss (20%)   | <u>(38,204,200)</u>         |

**10 INVESTMENT AT AMORTISED COST**

|                                          | <u>31 December<br/>2022</u> | <u>2021</u>       |
|------------------------------------------|-----------------------------|-------------------|
| Investment at amortized cost (note 10.1) | 22,213,134                  | 22,410,481        |
| Allowance for credit losses (note 10.2)  | <u>(1,067)</u>              | <u>(3,317)</u>    |
|                                          | <u>22,212,067</u>           | <u>22,407,164</u> |

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**10 INVESTMENT AT AMORTISED COST (CONTINUED)**

10.1 The breakup of the investment is as follows;

|                                              | <u>Maturity date</u> | <u>31 December<br/>2022</u> | <u>31 December<br/>2021</u> |
|----------------------------------------------|----------------------|-----------------------------|-----------------------------|
| <b>Current investments at amortized cost</b> |                      |                             |                             |
| KSA Sukuk 04-07-2020                         | 25 Jul 2023          | 2,535,522                   | 2,594,332                   |
| KSA Sukuk 05-01-2019                         | 24 Oct 2023          | 2,535,522                   | 2,607,183                   |
| SAAB Tier II Sukuk                           | 22 Jul 2030          | 5,000,000                   | 5,000,000                   |
| KSA Sukuk 05-10-2019                         | 23 Mar 2025          | 5,071,046                   | 5,109,105                   |
| KSA Sukuk 06-10-2018                         | 23 Jan 2024          | 2,535,522                   | 2,585,869                   |
| KSA Sukuk 05-07-2018                         | 26 Jul 2024          | 2,535,522                   | 2,513,992                   |
| BSF Tier 1 Sukuk                             | 03 May 2026          | 2,000,000                   | 2,000,000                   |
|                                              |                      | <u>22,213,134</u>           | <u>22,410,481</u>           |

The sukuk are earning commission income at profit rates ranging from 1.6% to 4.5% per annum.

|                                                 |                   |                   |
|-------------------------------------------------|-------------------|-------------------|
| Sukuk with maturity date of less than 12 months | <u>5,070,801</u>  | <u>-</u>          |
| Sukuk with maturity date after 12 months        | <u>17,141,266</u> | <u>22,407,164</u> |

10.2 Movement of allowance for credit losses

|                                      | <u>31 December<br/>2022</u> | <u>2021</u>  |
|--------------------------------------|-----------------------------|--------------|
| Balance at the beginning of the year | 3,317                       | 7,783        |
| Reversal for the year                | (2,250)                     | (4,466)      |
| Balance at the end of the year       | <u>1,067</u>                | <u>3,317</u> |

**11 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Investments at FVTPL consists of investments in local, regional and international funds and debt security. The movements are set out below:

|                                               | <u>31 December 2022</u> |                                     |                    |
|-----------------------------------------------|-------------------------|-------------------------------------|--------------------|
|                                               | <u>Cost</u>             | <u>Unrealized<br/>Gain / (loss)</u> | <u>Fair Value</u>  |
| Real estate fund (11.1)                       | 21,297,025              | (7,373,533)                         | 13,923,492         |
| Mutual fund (11.1)                            | 919,530                 | (30,670)                            | 888,860            |
| <b>Total current investments at FVTPL</b>     | <u>22,216,555</u>       | <u>(7,404,203)</u>                  | <u>14,812,352</u>  |
| Mutual funds (11.2)                           | 142,356,077             | (450,401)                           | 141,905,676        |
| Alinma Bank Tier 1 Sukuk                      | 7,000,000               | ---                                 | 7,000,000          |
| <b>Total non-current investments at FVTPL</b> | <u>149,356,077</u>      | <u>(450,401)</u>                    | <u>148,905,676</u> |
| <b>Total investments at FVTPL</b>             | <u>171,572,632</u>      | <u>(7,854,604)</u>                  | <u>163,718,028</u> |



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**11 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)**

|                                        | 31 December 2021   |                                     |                    |
|----------------------------------------|--------------------|-------------------------------------|--------------------|
|                                        | <u>Cost</u>        | <u>Unrealized<br/>Gain / (Loss)</u> | <u>Fair Value</u>  |
| Real estate fund                       | 22,177,411         | (880,386)                           | 21,297,025         |
| Total current investments at FVTPL     | <u>22,177,411</u>  | <u>(880,386)</u>                    | <u>21,297,025</u>  |
| Mutual funds                           | 82,907,598         | 2,216,122                           | 85,123,720         |
| Alinma Bank Tier 1 Sukuk               | <u>7,000,000</u>   | <u>---</u>                          | <u>7,000,000</u>   |
| Total non-current investments at FVTPL | <u>89,907,598</u>  | <u>2,216,122</u>                    | <u>92,123,720</u>  |
| Total investments at FVTPL             | <u>112,085,009</u> | <u>1,335,736</u>                    | <u>113,420,745</u> |

11.1 Investment in real estate fund represents 22,705 units (31 December 2021: 22,705 units) in the Company's managed unlisted Durrat Al Khaleej Real Estate Fund, and investment in 100,000 units (31 December 2021: 100,000 units) in the Company's managed unlisted Derayah Healthcare Fund. Both the funds are treated as current, as these are under liquidation.

11.2 Investment in mutual fund represents the investment in the Company's managed unlisted funds. The investments have been treated as non-current as the funds have termination date of more than one year from the reporting date.

**12 INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

|                                      | 31 December 2022         |                            |                          |
|--------------------------------------|--------------------------|----------------------------|--------------------------|
|                                      | <u>Cost</u>              | <u>Unrealized<br/>Gain</u> | <u>Fair<br/>Value</u>    |
| <b>Derayah REIT Fund (note 12.1)</b> | <u><b>32,976,299</b></u> | <u><b>(6,699,122)</b></u>  | <u><b>26,277,177</b></u> |
|                                      | 31 December 2021         |                            |                          |
|                                      | <u>Cost</u>              | <u>Unrealized<br/>Gain</u> | <u>Fair<br/>Value</u>    |
| Derayah REIT Fund (note 12.1)        | <u>26,254,193</u>        | <u>6,722,106</u>           | <u>32,976,299</u>        |

12.1 Investments in REIT fund represents 2,596,559 units (31 December 2021: 2,596,559 units) in the Company's managed listed Derayah REIT Fund (a related party).

**13 MARGIN CLIENT RECEIVABLES, NET**

|                                                  | 31 December              |                    |
|--------------------------------------------------|--------------------------|--------------------|
|                                                  | <u>2022</u>              | <u>2021</u>        |
| Margin client receivables                        | <u>90,269,934</u>        | 103,851,500        |
| Allowance for expected credit losses (note 13.1) | <u>(4,415,807)</u>       | <u>(4,439,858)</u> |
|                                                  | <u><b>85,854,127</b></u> | <u>99,411,642</u>  |

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**13 MARGIN CLIENT RECEIVABLES, NET (CONTINUED)**

13.1 Movement of allowance for expected credit losses

|                                            | <b>31 December</b>      |                         |
|--------------------------------------------|-------------------------|-------------------------|
|                                            | <b><u>2022</u></b>      | <b><u>2021</u></b>      |
| Balance at the beginning of the year       | <b>4,439,858</b>        | 4,415,377               |
| (Reversal) / charge for the year           | <b>(24,051)</b>         | 24,481                  |
| Balance at the end of the year (note 13.2) | <b><u>4,415,807</u></b> | <b><u>4,439,858</u></b> |

13.2 This includes SR 4,402,500 (31 December 2021: SR 4,402,500) held against certain customers.

**14 OTHER CURRENT FINANCIAL ASSETS**

|                                                  | <b>31 December</b>        |                           |
|--------------------------------------------------|---------------------------|---------------------------|
|                                                  | <b><u>2022</u></b>        | <b><u>2021</u></b>        |
| Muqassa deposit (note 14.1)                      | <b>162,500,000</b>        | -                         |
| Other receivables                                | <b>36,008,637</b>         | 13,826,335                |
| Employees loans and advances                     | <b>4,922,736</b>          | 6,406,490                 |
| Due from D360 (14.2)                             | -                         | 146,957,724               |
| Advance paid against investments (note 14.3)     | -                         | 136,811,184               |
| Allowance for expected credit losses (note 14.4) | <b>(231,434)</b>          | (13,912)                  |
|                                                  | <b><u>203,199,939</u></b> | <b><u>303,987,821</u></b> |

14.1 This amount represents deposit with Muqassa. The deposit is maintained through an omnibus client collateral account with Muqassa in compliance of mandatory requirement of the Muqassa clearing procedures.

14.2 This amount relates to establishment of D360 and has been collected during the year ended 31 December 2022.

14.3 The Company had paid SR 136.81 million as an advance against investment in shares of the Bank D360. The Bank has issued the shares in the current year, and these have been accounted for as investment in an associate.

14.3 Movement of allowance for expected credit losses:

|                                      | <b>31 December</b>    |                      |
|--------------------------------------|-----------------------|----------------------|
|                                      | <b><u>2022</u></b>    | <b><u>2021</u></b>   |
| Balance at the beginning of the year | <b>13,912</b>         | 1,011                |
| Charge for the year                  | <b>217,522</b>        | 12,901               |
| Balance at the end of the year       | <b><u>231,434</u></b> | <b><u>13,912</u></b> |

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**15 BANK BALANCES**

|                                                      | <b>31 December</b>       |                          |
|------------------------------------------------------|--------------------------|--------------------------|
|                                                      | <b><u>2022</u></b>       | <b><u>2021</u></b>       |
| Cash at banks – current accounts, gross              | <b>30,364,323</b>        | 94,150,040               |
| Allowance for the expected credit losses (note 15.1) | <b>(1,215)</b>           | --                       |
| Cash at banks – current accounts, net                | <b><u>30,363,108</u></b> | <b><u>94,150,040</u></b> |

15.1 The bank balance is maintained with local banks having investment grade credit rating.

**16 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties of the Company comprise of group companies including its affiliates, its shareholders and funds managed by the Company. The Company and its related parties transact with each other in the ordinary course of business.

Significant transactions and balances arising from transactions with related parties, other than those disclosed elsewhere in the financial statements, are as follows:

| <b><u>Name of related party</u></b>  | <b><u>Nature of transaction</u></b>             | <b>For the year ended</b> |                    |
|--------------------------------------|-------------------------------------------------|---------------------------|--------------------|
|                                      |                                                 | <b><u>31 December</u></b> |                    |
|                                      |                                                 | <b><u>2022</u></b>        | <b><u>2021</u></b> |
| Derayah REIT Fund                    | <i>Receipts</i>                                 | <b>11,513,856</b>         | 11,712,124         |
| Derayah REIT Fund                    | <i>Management fees</i>                          | <b>8,773,463</b>          | 9,039,964          |
| Derayah REIT Fund                    | <i>Payment on the behalf of the Fund</i>        | <b>812,500</b>            | --                 |
| Derayah REIT Fund                    | <i>Dividend</i>                                 | <b>1,817,591</b>          | 2,252,697          |
| Derayah Healthcare Fund              | <i>Receipts</i>                                 | <b>1,083,002</b>          | 1,121,324          |
| Derayah Healthcare Fund              | <i>Management fees</i>                          | <b>964,621</b>            | 1,095,061          |
| Derayah Healthcare Fund              | <i>Payment on the behalf of the Fund</i>        | <b>6,382</b>              | --                 |
| Derayah Real Estate Income Fund II   | <i>Management fees</i>                          | --                        | 205,068            |
| Derayah Real Estate Income Fund III  | <i>Receipts</i>                                 | <b>4,479,825</b>          | 2,221,502          |
| Derayah Real Estate Income Fund III  | <i>Management fee</i>                           | <b>4,479,825</b>          | 4,479,825          |
| Derayah Real Estate Income Fund III  | <i>Transaction fees</i>                         | --                        | 1,288,765          |
| Derayah Trade Finance Fund SAR       | <i>Management fees and brokerage commission</i> | <b>51,355,903</b>         | 90,951,630         |
| Derayah Trade Finance Fund SAR       | <i>Payment on the behalf of the Fund</i>        | <b>22,312</b>             | --                 |
| Derayah IPO Fund                     | <i>Transaction fees</i>                         | --                        | 97,581             |
| Derayah Asia Venture Capital Fund    | <i>Receipts</i>                                 | <b>1,647,942</b>          | 4,441,261          |
| Derayah Asia Venture Capital Fund    | <i>Management fees</i>                          | <b>2,974,355</b>          | 4,441,261          |
| Derayah Venture Capital Fund         | <i>Receipts</i>                                 | <b>3,103,531</b>          | --                 |
| Derayah Venture Capital Fund         | <i>Management fees</i>                          | <b>1,834,302</b>          | 1,985,640          |
| Derayah Venture Capital Fund         | <i>Payment on the behalf of the Fund</i>        | <b>1,109,129</b>          | --                 |
| Derayah Private Fund 10              | <i>Receipts</i>                                 | <b>704,083</b>            | --                 |
| Derayah Private Fund 10              | <i>Management fees</i>                          | <b>693,080</b>            | 539,351            |
| Derayah Free Style Saudi Equity Fund | <i>Receipts</i>                                 | <b>1,254,741</b>          | 668,981            |
| Derayah Free Style Saudi Equity Fund | <i>Management fees</i>                          | <b>1,283,170</b>          | 668,981            |
| Derayah Free Style Saudi Equity Fund | <i>Payment on the behalf of the Fund</i>        | <b>12,500</b>             | --                 |

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**16 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

| <u>Name of related party</u>        | <u>Nature of transaction</u>       | <b>For the year ended<br/>31 December</b> |             |
|-------------------------------------|------------------------------------|-------------------------------------------|-------------|
|                                     |                                    | <u>2022</u>                               | <u>2021</u> |
| Derayah Private Fund 20             | Receipts                           | 823,057                                   | 373,721     |
| Derayah Private Fund 20             | Management fees                    | 846,642                                   | 373,721     |
| Derayah Private Fund 20             | Payment made on behalf of the Fund | --                                        | 44,676      |
| Derayah GCC Fund                    | Receipts                           | 869,227                                   | 365,100     |
| Derayah GCC Fund                    | Management fees                    | 866,880                                   | 365,100     |
| Derayah GCC Fund                    | Payment on the behalf of the Fund  | 12,500                                    | --          |
| Durat Al Khalij Real Estate Fund    | Payment made on behalf of the Fund | 1,300,000                                 | 1,415,000   |
| Talal Al-Yasmin Fund                | Receipts                           | 4,091,485                                 | --          |
| Talal Al-Yasmin Fund                | Management fees                    | 1,377,757                                 | --          |
| Talal Al-Yasmin Fund                | Transaction fees                   | 414,273                                   | 2,185,000   |
| Talal Al-Yasmin Fund                | Payment on the behalf of the Fund  | 114,455                                   | --          |
| AL-Wajiha Al Arabia Fund            | Receipts                           | 5,946,570                                 | --          |
| AL-Wajiha Al Arabia Fund            | Management fees                    | 990,994                                   | --          |
| AL-Wajiha Al Arabia Fund            | Transaction fees                   | 2,651,076                                 | 2,300,000   |
| AL-Wajiha Al Arabia Fund            | Payment on the behalf of the Fund  | 4,500                                     | --          |
| Derayah Global Venture Capital Fund | Management fees                    | 3,221,137                                 | --          |
| Derayah Global Venture Capital Fund | Payment made on behalf of the Fund | --                                        | 68,556      |
| Derayah Private Equity Fund         | Receipts                           | 2,970,246                                 | --          |
| Derayah Private Equity Fund         | Management fees                    | 5,683,401                                 | 65,419      |
| Derayah Private Equity Fund         | Payment made on behalf of the Fund | 622,149                                   | --          |
| Derayah Trade Finance Fund USD      | Receipts                           | 3,763,932                                 | 3,178,850   |
| Derayah Trade Finance Fund USD      | Management fees                    | 4,057,093                                 | 3,178,850   |
| Derayah Retail Fund                 | Receipts                           | 279,277                                   | --          |
| Derayah Retail Fund                 | Management fees                    | 1,171,116                                 | --          |
| Derayah Retail Fund                 | Payment on the behalf of the Fund  | 279,277                                   | --          |
| Private Fund 813                    | Management fees                    | 136,944                                   | --          |
| Private Fund 25                     | Management fees                    | 7,722                                     | --          |
| Private Fund 15                     | Management fees                    | 8,922                                     | --          |
| Private Fund 15                     | Payment on the behalf of the Fund  | 56,884                                    | --          |

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

|                                        | <b>For the year ended<br/>31 December</b> |                   |
|----------------------------------------|-------------------------------------------|-------------------|
|                                        | <u>2022</u>                               | <u>2021</u>       |
| Salaries and employee related benefits | 21,765,212                                | 31,861,210        |
| Board of Directors remuneration        | 1,600,000                                 | 1,750,000         |
|                                        | <b>31 December</b>                        |                   |
|                                        | <u>2022</u>                               | <u>2021</u>       |
| Due from related parties               | 32,968,519                                | 26,950,108        |
| Allowance for credit losses            | (1,252)                                   | (3,040)           |
|                                        | <u>32,967,267</u>                         | <u>26,947,068</u> |

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**16 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

**16.1 Movement of allowance for expected credit losses**

|                                      | <b>31 December</b> |             |
|--------------------------------------|--------------------|-------------|
|                                      | <b>2022</b>        | <b>2021</b> |
| Balance at the beginning of the year | <b>3,040</b>       | 702         |
| Reversal / charge for the year       | <b>(1,788)</b>     | 2,338       |
| Balance at the end of the year       | <b>1,252</b>       | 3,040       |

Balances resulting from transactions with related parties, other than those disclosed elsewhere in the financial statements, are as follows:

|                                         | <b><u>Nature of Balance</u></b>  | <b>31 December</b> |             |
|-----------------------------------------|----------------------------------|--------------------|-------------|
|                                         |                                  | <b>2022</b>        | <b>2021</b> |
| <b><i>Related party receivables</i></b> |                                  |                    |             |
| Derayah REIT Fund                       | <i>Management fee receivable</i> | <b>4,392,924</b>   | 4,503,226   |
| Derayah Real Estate Income Fund II      | <i>Management fee receivable</i> | <b>1,551,453</b>   | 1,551,453   |
| Derayah Real Estate Income Fund III     | <i>Management fee receivable</i> | <b>2,258,323</b>   | 2,258,323   |
| Durat Al Khalij Real Estate Fund        | <i>Management fee receivable</i> | <b>11,865,620</b>  | 10,565,620  |
| Derayah Health Care Fund                | <i>Management fee receivable</i> | <b>437,172</b>     | 549,171     |
| Derayah Venture Capital Fund            | <i>Management fee receivable</i> | <b>854,726</b>     | 1,014,826   |
| Derayah Private Fund 10                 | <i>Management fee receivable</i> | <b>45,325</b>      | 56,328      |
| Derayah Freestyle Saudi Equity Fund     | <i>Management fee receivable</i> | <b>145,061</b>     | 104,130     |
| Derayah Asia Venture Capital Fund       | <i>Management fee receivable</i> | <b>2,974,355</b>   | 1,647,942   |
| Derayah Global Venture Capital Fund     | <i>Management fee receivable</i> | <b>3,221,137</b>   | 68,556      |
| Derayah Private Fund 20                 | <i>Management fee receivable</i> | <b>68,241</b>      | 44,676      |
| Derayah Private Equity Fund             | <i>Management fee receivable</i> | <b>3,400,723</b>   | 65,419      |
| Derayah Retail Fund                     | <i>Management fee receivable</i> | <b>1,171,117</b>   | -           |
| Derayah Private Fund 25                 | <i>Management fee receivable</i> | <b>7,722</b>       | -           |
| Derayah Trade Finance Fund USD          | <i>Management fee receivable</i> | <b>293,161</b>     | -           |
| Derayah GCC Fund                        | <i>Management fee receivable</i> | <b>78,709</b>      | -           |
| Derayah Private Fund 813                | <i>Management fee receivable</i> | <b>136,944</b>     | -           |
| Derayah Trading Finance Fund SAR        | <i>Due from related party</i>    | -                  | 35,438      |
| Derayah Private Fund 15                 | <i>Due from related party</i>    | <b>65,806</b>      | -           |
| Talal AlYasmin fund                     | <i>Transaction fees</i>          | -                  | 2,185,000   |
| AlWajiha Alarabia Fund                  | <i>Transaction fees</i>          | -                  | 2,300,000   |
|                                         |                                  | <b>32,968,519</b>  | 26,950,108  |

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**17 EMPLOYEE DEFINED BENEFIT OBLIGATIONS**

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

|                                             | <b>For the year ended<br/>31 December</b> |                   |
|---------------------------------------------|-------------------------------------------|-------------------|
|                                             | <b>2022</b>                               | <b>2021</b>       |
| Balance at beginning of the year            | 18,378,555                                | 14,880,062        |
| Current service cost                        | 2,996,414                                 | 2,514,485         |
| Interest cost                               | 597,303                                   | 446,402           |
| Amount recognized in profit or loss account | 3,593,717                                 | 2,960,887         |
| <b>Remeasurement loss</b>                   |                                           |                   |
| Demographic assumptions                     | --                                        | --                |
| Financial assumptions                       | --                                        | --                |
| Experience assumptions                      | 211,251                                   | 1,106,068         |
| Actuarial losses recognised in OCI          | 211,251                                   | 1,106,068         |
| Benefits paid during the year               | (633,495)                                 | (568,462)         |
| <b>Balance at the end of the year</b>       | <b>21,550,028</b>                         | <b>18,378,555</b> |

The Company carried out an employee benefits actuarial valuation, using the projected unit credit method, of its liability as at 31 December 2022 arising from the end of service benefits to qualifying in-service employees.

*Significant actuarial assumptions*

The following were the principal actuarial assumptions:

**Key actuarial assumptions**

|                                | <b>31 December</b> |             |
|--------------------------------|--------------------|-------------|
|                                | <b>2022</b>        | <b>2021</b> |
| <i>Financial assumptions</i>   |                    |             |
| Discount rate used             | 4.25%              | 3.25%       |
| Salary growth rate             | 4.25%              | 3.25%       |
| <i>Demographic assumptions</i> |                    |             |
| Retirement age                 | 60                 | 60          |

*Sensitivity analysis*

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation. The following is a sensitivity analysis for the salary increase and discount rate assumptions that were performed at the previous and current valuation date:

|                                | <b>31 December</b> |             |
|--------------------------------|--------------------|-------------|
|                                | <b>2022</b>        | <b>2021</b> |
| Discount rate +1%              | (1,833,383)        | (1,626,380) |
| Discount rate -1%              | 2,117,830          | 1,887,492   |
| Long term salary increases +1% | 1,871,664          | 1,673,774   |
| Long term salary increases -1% | (1,659,241)        | (1,477,458) |

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**18 EMPLOYEES' EQUITY AWARD PLAN ('EEAP')**

During the year, the Company has introduced an employee' equity award plan, whereby, the eligible employees that supported the establishment of the Bank D360 are entitled to shares of the Bank D360. Number of eligible employees are 17.

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

|                                                            | <b>For the year<br/>ended 31<br/>December<br/>2022</b> |
|------------------------------------------------------------|--------------------------------------------------------|
| Current service cost                                       | <b>51,970,109</b>                                      |
| Interest cost                                              | <b>737,912</b>                                         |
| Amount recognized in the statement of comprehensive income | <b>52,708,021</b>                                      |
| <b>Balance at the end of the year</b>                      | <b>52,708,021</b>                                      |

**Key actuarial assumptions**

|                    | <b>31 December<br/>2022</b> |
|--------------------|-----------------------------|
| Discount rate used | <b>5.0%</b>                 |

**Sensitivity analysis**

The following is a sensitivity analysis for the fair value change and discount rate assumptions that were performed at current valuation date:

|                                         | <b>31 December<br/>2022</b> |
|-----------------------------------------|-----------------------------|
| Discount Rate +1%                       | <b>(115,787)</b>            |
| Discount Rate -1%                       | <b>117,550</b>              |
| SAR 1 increase in fair value of benefit | <b>5,555,614</b>            |
| SAR 1 decrease in fair value of benefit | <b>(5,555,614)</b>          |

**19 ACCRUED EXPENSES AND OTHER PAYABLES**

|                                        | <b>31 December<br/>2022</b> | <b>2021</b>       |
|----------------------------------------|-----------------------------|-------------------|
| Bonus payable                          | <b>27,579,192</b>           | 32,934,246        |
| Accounts and other payables            | <b>16,141,332</b>           | 22,052,435        |
| Commission payable                     | <b>8,420,808</b>            | 20,245,823        |
| Accrued salaries and employee benefits | <b>6,274,624</b>            | 5,324,862         |
| VAT payable                            | <b>7,135,323</b>            | 9,436,576         |
| Current portion of lease liability     | <b>2,004,296</b>            | 2,181,079         |
| GOSI Payable                           | <b>959,732</b>              | 751,801           |
| Provision for office restoration       | <b>50,000</b>               | 50,000            |
|                                        | <b>68,565,307</b>           | <b>92,976,822</b> |

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**20 ZAKAT PAYABLE**

Movement in provision for zakat during the years ended 31 December 2022 and 2021, is as follows:

|                                              | <b>31 December</b>  |                   |
|----------------------------------------------|---------------------|-------------------|
|                                              | <b>2022</b>         | <b>2021</b>       |
| At the beginning of the year                 | <b>21,345,385</b>   | 14,488,731        |
| Zakat charge for the year (note 20.1 & 20.2) | <b>15,334,082</b>   | 12,788,017        |
| Paid during the year                         | <b>(15,384,238)</b> | (5,931,363)       |
| <b>At the end of the year</b>                | <b>21,295,229</b>   | <b>21,345,385</b> |

**20.1 Components of zakat base and provision**

The significant components of the zakat base under zakat and income tax regulations are principally comprised of equity, provisions at the beginning of year and estimated zakat income, less deductions for the net book value of property, plant and equipment, investments and certain other items.

|                                                 | <b>31 December</b>   |              |
|-------------------------------------------------|----------------------|--------------|
|                                                 | <b>2022</b>          | <b>2021</b>  |
| Equity                                          | <b>607,904,688</b>   | 279,345,969  |
| Book value of long-term assets                  | <b>(327,499,987)</b> | (35,093,232) |
| Dividends                                       | <b>(186,708,651)</b> | (40,272,533) |
|                                                 | <b>93,696,050</b>    | 203,980,204  |
| Impact of conversion of Hijri to Gregorian year | <b>2,911,459</b>     | 6,338,368    |
|                                                 | <b>96,607,509</b>    | 210,318,572  |
| Adjusted net income for the year                | <b>394,965,585</b>   | 382,800,545  |
| Zakat base                                      | <b>491,573,094</b>   | 593,119,117  |
| Zakat charge for the year @ 2.5%                | <b>12,289,327</b>    | 14,827,978   |

**20.2 Status of assessments**

The Company has filed its zakat and tax returns for the years since inception and has settled the zakat and tax liability as per the returns. During the year 2020, ZATCA issued an assessment against the years 2014-2018 claiming an additional zakat liability amounting to SR 6.57 million. The Company has filed an appeal against these assessment.

Moreover, during the year 2022, the Company paid SR 1.33 million for the year 2014. The Company has fully provided for the amount in addition to filing an objection with ZATCA.

**21 SHARE CAPITAL**

|                                          | <b>31 December</b> |             |
|------------------------------------------|--------------------|-------------|
|                                          | <b>2022</b>        | <b>2021</b> |
| Ordinary share capital (SR 10 per share) | <b>162,290,130</b> | 161,090,130 |

Share capital of SR 162 million (2021: SR 161 million) is divided into 16,229,013 shares (2021: 16,109,013 shares) of SR 10 each, which is wholly paid. During the year, the Company issued 120,000 shares from its retained earnings.



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**22 STATUTORY RESERVES**

The Saudi Arabian Regulations for Companies issued on 6 May, 2016 (corresponding to Rajab 28, 1437H) requires companies to set aside 10% of their annual net income to a statutory reserve until such reserve reaches 30% of the share capital. The reserve is not available for distribution to the shareholders of the Company.

**23 DIVIDENDS**

The Board of Directors, through the power vested by the shareholders, in their meetings held on 17 Ramadhan 1443H (corresponding to 18 April 2022), 4 Thul-Hijjah 1443H (corresponding to 03 July 2022), 10 Rabi' al-Awwal 1444H (corresponding to 06 October 2022) and 21 Jumada al-Ula 1444H (corresponding to 15 December 2022) approved the interim cash dividend of 15%, 15%, 15% and 70% of share capital at SR 11.50 per share for distribution from the retained earnings. Total cash dividend declared and paid during the year amounted to SR 186,708,651 (2021: SR 40,272,533).

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**24 REVENUE FROM CONTRACTS WITH CUSTOMERS**

| <b>For the year ended 31 December 2022</b>  |                           |                             |                          |                    |
|---------------------------------------------|---------------------------|-----------------------------|--------------------------|--------------------|
|                                             | <b>Brokerage<br/>Fees</b> | <b>Asset<br/>Management</b> | <b>Advisory<br/>Fees</b> | <b>Total</b>       |
| <b>Types of service</b>                     |                           |                             |                          |                    |
| Brokerage services                          | 379,740,773               | --                          | --                       | 379,740,773        |
| Asset management services                   | --                        | 70,189,671                  | --                       | 70,189,671         |
| Advisory services                           | --                        | --                          | 163,806,472              | 163,806,472        |
| Total revenue from contracts with customers | <u>379,740,773</u>        | <u>70,189,671</u>           | <u>163,806,472</u>       | <u>613,736,916</u> |
| <b>Timing of revenue recognition</b>        |                           |                             |                          |                    |
| Services rendered at a point in time        | 379,740,773               | --                          | 163,806,472              | 543,547,245        |
| Services rendered over the time             | --                        | 70,189,671                  | --                       | 70,189,671         |
| Total revenue from contracts with customers | <u>379,740,773</u>        | <u>70,189,671</u>           | <u>163,806,472</u>       | <u>613,736,916</u> |
| <b>For the year ended 31 December 2021</b>  |                           |                             |                          |                    |
|                                             | <b>Brokerage<br/>Fees</b> | <b>Asset<br/>Management</b> | <b>Advisory<br/>Fees</b> | <b>Total</b>       |
| <b>Types of service</b>                     |                           |                             |                          |                    |
| Brokerage services                          | 510,313,933               | --                          | --                       | 510,313,933        |
| Asset management services                   | --                        | 64,754,822                  | --                       | 64,754,822         |
| Total revenue from contracts with customers | <u>510,313,933</u>        | <u>64,754,822</u>           | <u>--</u>                | <u>575,068,755</u> |
| <b>Timing of revenue recognition</b>        |                           |                             |                          |                    |
| Services rendered at a point in time        | 510,313,933               | --                          | --                       | 510,313,933        |
| Services rendered over the time             | --                        | 64,754,822                  | --                       | 64,754,822         |
| Total revenue from contracts with customers | <u>510,313,933</u>        | <u>64,754,822</u>           | <u>--</u>                | <u>575,068,755</u> |

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**24 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)**

***Performance obligations***

Information about the Company's performance obligations are summarised below:

***Brokerage services:***

This consist of a separate and distinct performance obligation i.e. to act as a broker (agent) in providing trading facility on stock exchange or capital markets to client against the commission. The performance obligation is complete for buy orders when a buy order is executed; and similarly, for a sell order when it is executed on behalf of its principals (clients). Clients can directly place buy/sell order using internet-based trading platform or use Company's phone call or email service for placing orders.

The income is recognized upon execution of related deals / transactions and presented in statement of income net of discounts.

***Asset management services:***

This consist of a separate and distinct performance obligation i.e. to provide asset management services to the mutual funds under the Company's management. As per the terms and condition of the funds, the management fees is computed on daily / weekly / monthly/ semi-annually (annual % pro-rated for periodic accrual) with reference to periodic net asset value of the fund. The Company's practice for recognition of management fee is aligned with IFRS 15 since management fee is recognized on an accrual basis against rendering of asset management services that the Company is providing on an on-going basis. Performance fees are earned from some arrangements when contractually agreed performance levels are exceeded within specified performance measurement periods, typically over one year. The fees are recognised when they can be reliably estimated and / or crystallised, and there is deemed to be a low probability of a significant reversal in future periods. This is usually at the end of the performance period or upon early redemption by a fund investor. Once crystallised, performance fees typically cannot be clawed-back.

***Advisory services:***

This represents compensation of SR 193 million received on account of successful establishment of the Bank D360. The Company has recorded SR 164 million gain out of SR 193 million as the performance obligation has been met during the year. Remaining SR 29 million has been recorded as an unearned revenue as the performance obligation is yet to be met.

***Geographical distribution***

The Company generates all its revenue from the Kingdom of Saudi Arabia.

**25 SPECIAL COMMISSION INCOME**

|                                        | <b>For the year ended 31<br/>December</b> |                         |
|----------------------------------------|-------------------------------------------|-------------------------|
|                                        | <b><u>2022</u></b>                        | <b><u>2021</u></b>      |
| Special commission income earned from: |                                           |                         |
| - Financial institutions               | <b>34,296,018</b>                         | 7,794,636               |
| - Investments                          | <b>924,537</b>                            | 599,544                 |
|                                        | <b><u>35,220,555</u></b>                  | <b><u>8,394,180</u></b> |

**26 (LOSS) / GAIN ON INVESTMENTS, NET**

|                                                                                   | <b>For the year ended 31<br/>December</b> |                         |
|-----------------------------------------------------------------------------------|-------------------------------------------|-------------------------|
|                                                                                   | <b><u>2022</u></b>                        | <b><u>2021</u></b>      |
| Unrealized (loss) / gain on investments at fair value through profit or loss, net | <b>(7,854,604)</b>                        | 1,335,736               |
| Realized gain on investments at fair value through profit or loss, net            | <b>2,539,660</b>                          | 1,826,765               |
|                                                                                   | <b><u>(5,314,944)</u></b>                 | <b><u>3,162,501</u></b> |

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**27 SALARIES AND EMPLOYEE RELATED EXPENSES**

|                                        | <b>For the year ended 31<br/>December</b> |                          |
|----------------------------------------|-------------------------------------------|--------------------------|
|                                        | <b><u>2022</u></b>                        | <b><u>2021</u></b>       |
| Salaries and employee related expenses | <b>97,163,680</b>                         | 92,301,583               |
| GOSI expense                           | <b>4,250,231</b>                          | 3,472,310                |
| End of service benefit                 | <b>2,996,414</b>                          | 2,514,485                |
| Employees' Equity Award Plan           | <b>52,708,021</b>                         | -                        |
|                                        | <b><u>157,118,346</u></b>                 | <b><u>98,288,378</u></b> |

**28 OTHER GENERAL AND ADMINISTRATIVE EXPENSES**

|                       |                    | <b>For the year ended 31<br/>December</b> |                           |
|-----------------------|--------------------|-------------------------------------------|---------------------------|
|                       | <b><u>Note</u></b> | <b><u>2022</u></b>                        | <b><u>2021</u></b>        |
| Professional expenses |                    | <b>32,458,235</b>                         | 23,948,622                |
| Value Added Tax       | 28.1               | <b>31,393,502</b>                         | 2,609,426                 |
| Commission expenses   |                    | <b>13,678,681</b>                         | 51,245,444                |
| IT expenses           |                    | <b>14,758,808</b>                         | 14,063,239                |
| Depreciation          | 6,7                | <b>8,001,793</b>                          | 7,646,951                 |
| Utilities             |                    | <b>6,741,446</b>                          | 5,644,461                 |
| Amortization          | 8                  | <b>4,498,768</b>                          | 3,138,607                 |
| Office expenses       |                    | <b>2,343,866</b>                          | 1,905,455                 |
| Finance charges       |                    | <b>2,097,728</b>                          | 1,264,436                 |
| Office maintenance    |                    | <b>1,502,717</b>                          | 1,730,312                 |
|                       |                    | <b><u>117,475,544</u></b>                 | <b><u>113,196,953</u></b> |

28.1 This includes SR 29 million VAT charged on the SR 193 Million pertaining to compensation received on account of successful establishment of the Bank D360.

**29 ALLOWANCE FOR EXPECTED CREDIT LOSSES**

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

|                               |                    | <b>31 December</b>      |                         |
|-------------------------------|--------------------|-------------------------|-------------------------|
|                               | <b><u>Note</u></b> | <b><u>2022</u></b>      | <b><u>2021</u></b>      |
| Margin client receivables     | 13                 | <b>4,415,807</b>        | 4,439,858               |
| Other current financial asset | 14                 | <b>231,434</b>          | 13,912                  |
| Due from related parties      | 16                 | <b>1,252</b>            | 3,040                   |
| Bank balances                 | 15                 | <b>1,215</b>            | --                      |
| Investment at amortised cost  | 10                 | <b>1,067</b>            | 3,317                   |
|                               |                    | <b><u>4,650,775</u></b> | <b><u>4,460,127</u></b> |

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

|                              | <b>For the year ended 31<br/>December</b> |                         |
|------------------------------|-------------------------------------------|-------------------------|
|                              | <b><u>2022</u></b>                        | <b><u>2021</u></b>      |
| At the beginning of the year | <b>4,460,127</b>                          | 4,424,873               |
| Charge for the year, net     | <b>190,648</b>                            | 35,254                  |
| At the end of the year       | <b><u>4,650,775</u></b>                   | <b><u>4,460,127</u></b> |

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**30 OTHER (EXPENSES) / INCOME**

|                                      | <b>For the year ended 31 December</b> |                         |
|--------------------------------------|---------------------------------------|-------------------------|
|                                      | <b><u>2022</u></b>                    | <b><u>2021</u></b>      |
| Foreign exchange (loss) / gains, net | <b>(1,143,430)</b>                    | 5,349,389               |
| Price Streamer Fees & Advisory       | <b>815,337</b>                        | 1,633,867               |
|                                      | <b><u>(328,093)</u></b>               | <b><u>6,983,256</u></b> |

**31 EARNINGS PER SHARE**

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. The diluted earnings per share is the same as the basic earnings per share.

|                                            | <b>31 December</b> |                    |
|--------------------------------------------|--------------------|--------------------|
|                                            | <b><u>2022</u></b> | <b><u>2021</u></b> |
| Income for the year                        | <b>307,509,453</b> | 365,479,072        |
| Weighted average number of ordinary shares | <b>16,229,013</b>  | 16,229,013         |
| Basic and diluted, earnings per share      | <b>18.95</b>       | 22.52              |

**32 FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Set out below is an overview of financial assets, other than cash and cash equivalents, held by the Company:

|                                                              | <b>31 December</b> |                    |
|--------------------------------------------------------------|--------------------|--------------------|
|                                                              | <b><u>2022</u></b> | <b><u>2021</u></b> |
| <b>Financial assets at amortised cost</b>                    |                    |                    |
| Investment at amortised cost                                 | <b>22,212,067</b>  | 22,407,164         |
| Due from related parties                                     | <b>32,967,267</b>  | 26,947,068         |
| Margin client receivables, net                               | <b>85,854,127</b>  | 99,411,642         |
| Other current financial assets                               | <b>203,199,939</b> | 157,044,049        |
| <b>Financial assets at fair value through OCI</b>            |                    |                    |
| Investment in a public managed fund – REIT                   | <b>26,277,177</b>  | 32,976,299         |
| <b>Financial assets at fair value through profit or loss</b> |                    |                    |
| Investment in privately managed funds                        | <b>156,718,028</b> | 106,420,745        |
| Alinma Bank Tier 1 Sukuk                                     | <b>7,000,000</b>   | 7,000,000          |
| Investment in associate                                      | <b>291,795,800</b> | --                 |
| Other current financial assets                               | <b>--</b>          | 146,943,772        |
| <b>Total financial assets</b>                                | <b>826,024,405</b> | 599,150,739        |
| <b>Total current</b>                                         | <b>341,904,486</b> | 451,643,556        |
| <b>Total non-current</b>                                     | <b>484,119,919</b> | 147,507,183        |

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**32 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

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

|                                                | <b>31 December</b> |             |
|------------------------------------------------|--------------------|-------------|
|                                                | <b>2022</b>        | <b>2021</b> |
| <b>Financial liabilities at amortised cost</b> |                    |             |
| Lease liability                                | <b>7,092,884</b>   | 9,108,363   |
| Accrued expenses and other payables            | <b>66,561,011</b>  | 90,795,743  |
| <b>Total financial liabilities</b>             | <b>73,653,895</b>  | 99,904,106  |
| <b>Total current liabilities</b>               | <b>68,565,307</b>  | 92,976,822  |
| <b>Total non-current liabilities</b>           | <b>5,088,588</b>   | 6,927,284   |

**33 FAIR VALUE HIERARCHY**

The following table provides the fair value measurement hierarchy of the Company's financial assets as at 31 December 2022 and 31 December 2021 which are measured at fair value. There are no financial liabilities measured at fair value.

|                                                | <b>31 December</b> |                   |                  |                    |
|------------------------------------------------|--------------------|-------------------|------------------|--------------------|
|                                                | <b>Total</b>       | <b>(Level 1)</b>  | <b>(Level 2)</b> | <b>(Level 3)</b>   |
| <b>At 31 December 2022</b>                     |                    |                   |                  |                    |
| <b>Financial assets measured at fair value</b> |                    |                   |                  |                    |
| <b>Investments at FVTPL</b>                    | <b>163,718,028</b> | --                | <b>159,231</b>   | <b>163,558,797</b> |
| <b>Investments at FVOCI</b>                    | <b>26,277,177</b>  | <b>26,277,177</b> | --               | --                 |
| <b>Other current financial assets</b>          | --                 | --                | --               | --                 |
| <b>As at 31 December 2021</b>                  |                    |                   |                  |                    |
| <b>Financial assets measured at fair value</b> |                    |                   |                  |                    |
| <b>Investment at FVTPL</b>                     | <b>113,420,745</b> | --                | <b>165,732</b>   | <b>113,255,013</b> |
| <b>Investment at FVOCI</b>                     | <b>32,976,299</b>  | <b>32,976,299</b> | --               | --                 |
| <b>Other current financial assets</b>          | <b>146,943,722</b> | --                | --               | <b>146,943,722</b> |

There were no transfers between levels during the year ended 31 December 2022 and 31 December 2021. As at the reporting date, the carrying values of the financial assets not measured at fair value including investment at amortized cost, due from related parties and receivable against margin lending and other current financial assets approximate their fair values, since the market commission rates for similar instruments are not significantly different from contracted rates, and due to short duration of financial instruments. An active market for these instruments is not available and the Company intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities. Mutual fund investments at FVTPL are classified under Level 2 for public funds and Level 3 for private funds depending on whether net asset value of the funds is published on a stock exchange. The valuations for mutual funds are generally derived from the net asset values of the funds.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement, as follows:

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**33 FAIR VALUE HIERARCHY (CONTINUED)**

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.

**34 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES**

***Introduction***

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement, and monitoring, subject to risk limits and controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to various risks such as market risk (which includes interest rate risk, currency risk and, price risk), liquidity risk, credit risk and investment holding period risk arising from the financial instruments it holds.

***Risk management structure***

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. These risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors has established an appropriate Risk Management structure by creating a Risk and Compliance Committee which meets quarterly and receive reports from a dedicated Risk Management function. Day-to-day risk management activities are managed within each respective business unit. The Risk and Compliance Committee meets quarterly and is updated on all relevant aspects of the business, including risk management matters.

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

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

***Risk measurement and reporting system***

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models. The models make use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy, including the risk that the Company is willing to accept and the market environment of the Company. In addition, the Company monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

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**34 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

***Risk mitigation***

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

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

***Excessive risk concentration***

Concentration indicates the relative sensitivity of the Company's performance to developments affecting a industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Company has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The investment manager is instructed to reduce exposure or to use alternative investment instruments to manage excessive risk concentrations when they arise

***Credit risk***

Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be satisfactory. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Company maintains bank accounts with high credit rated financial institutions. The prevailing economic conditions do require the Company to continue to revise certain inputs and assumptions used for the determination of ECL. These primarily revolve around adjusting macroeconomic factors used by the Company in the estimation of ECL.

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

|                                            | <b>31 December</b>        |                           |
|--------------------------------------------|---------------------------|---------------------------|
|                                            | <b><u>2022</u></b>        | <b><u>2021</u></b>        |
| Bank balances                              | <b>30,363,108</b>         | 94,150,040                |
| Investment in sukuk                        | <b>22,212,067</b>         | 29,407,164                |
| Margin client receivables, net             | <b>85,854,127</b>         | 99,411,642                |
| Due from related parties                   | <b>32,967,267</b>         | 26,947,068                |
| Other current financial assets             | <b>203,199,939</b>        | 303,987,821               |
| Investment in a public managed fund – REIT | <b>26,277,177</b>         | 32,976,299                |
| Investment in privately managed funds      | <b>163,718,028</b>        | 106,420,745               |
|                                            | <b><u>564,591,713</u></b> | <b><u>693,300,779</u></b> |



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**34 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

Analysis of credit quality

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

| <u>Issuer</u>               | <u>Credit rating</u><br>(As per international<br>credit rating agency) | <u>31 December</u> |             |
|-----------------------------|------------------------------------------------------------------------|--------------------|-------------|
|                             |                                                                        | <u>2022</u>        | <u>2021</u> |
| SAAB Tier II Sukuk          | A2 / BBB+                                                              | <b>5,000,000</b>   | 4,999,436   |
| KSA Sukuk 05-10-2019        | A1                                                                     | <b>5,071,046</b>   | 5,108,529   |
| KSA Sukuk 05-01-2019        | A1                                                                     | <b>2,535,522</b>   | 2,606,889   |
| KSA Sukuk 06-10-2018        | A1                                                                     | <b>2,535,522</b>   | 2,585,577   |
| KSA Sukuk 05-07-2018        | A1                                                                     | <b>2,535,522</b>   | 2,513,708   |
| KSA Sukuk 04-07-2020        | A1                                                                     | <b>2,535,522</b>   | 2,594,039   |
| BSF Tier I Capital Sukuk    | A2 / BBB+                                                              | <b>2,000,000</b>   | 1,999,774   |
| Alinma Tier I Capital Sukuk | BBB+                                                                   | <b>7,000,000</b>   | 7,000,000   |
|                             |                                                                        | <b>29,213,134</b>  | 29,407,952  |

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

|       | <u>31 December</u> |             |
|-------|--------------------|-------------|
|       | <u>2022</u>        | <u>2021</u> |
| Banks | <b>29,213,134</b>  | 29,407,952  |

Amounts arising from ECL

Impairment on money market securities, investments at amortized cost, marginal client receivables and other assets has been measured on a life-time expected loss basis. The Company considers that these exposures have low credit risk based on the external credit ratings of the counterparties.

12-month and lifetime probabilities of default are based on the approved ECL Methodology and impairment policy of the Company. Loss given default parameters generally reflect an assumed recovery rate which are linked to the composite credit ratings of the counterparties. However, if the asset were credit-impaired, then the estimate of loss would be based on a specific assessment of expected cash shortfalls and on the original effective interest rate.

The Company has recorded expected credit loss on money market placements, investments at amortized cost and other assets amounting to SR 4,650,775 as at 31 December 2022 (31 December 2021 SR 4,460,127)

Cash and cash equivalents

Credit risk on cash and cash equivalents is limited as these are held with banks with investment grade ratings.

Other financial assets

Other financial assets include dividend receivable. Credit risk attached to other financial assets is not significant and the Company expects to recover these fully at their stated carrying amounts.

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**34 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

*Credit concentration*

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions.

No significant concentrations of credit risk were identified by the management as at the reporting date.

The management has conducted an assessment as required under IFRS 9 and based on such assessment, the management has recorded the allowance for expected credit losses against the carrying value of bank balances, margin client receivables, due from related parties and other current financial assets.

*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by ensuring that enough funds are always available from operations to meet any future commitments, and financing facilities are available.

The following are the remaining contractual maturities of financial Assets and financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

|                                     | On Demand | Within 3 months | 3 months to 1 year | Above 1 year | No fixed maturity | Total      |
|-------------------------------------|-----------|-----------------|--------------------|--------------|-------------------|------------|
| <b>31 December 2022</b>             |           |                 |                    |              |                   |            |
| <b>Financial Liabilities</b>        |           |                 |                    |              |                   |            |
| Lease liability                     | --        | --              | 2,004,296          | 5,088,588    | --                | 7,092,884  |
| Accrued expenses and other payables | --        | 62,240,683      | 4,270,328          | --           | 50,000            | 66,561,011 |
| <b>Total financial liabilities</b>  | --        | 62,240,683      | 6,274,624          | 5,088,588    | 50,000            | 73,653,895 |
|                                     | On Demand | Within 3 months | 3 months to 1 year | Above 1 year | No fixed maturity | Total      |
| <b>31 December 2021</b>             |           |                 |                    |              |                   |            |
| <b>Financial Liabilities</b>        |           |                 |                    |              |                   |            |
| Lease liability                     | --        | --              | 2,181,079          | 6,927,284    | --                | 9,108,363  |
| Accrued expenses and other payables | --        | 87,601,960      | 3,143,783          | --           | 50,000            | 90,795,743 |
| <b>Total financial liabilities</b>  | --        | 87,601,960      | 5,324,862          | 6,927,284    | 50,000            | 99,904,106 |

*Market risk*

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments equals their fair value. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

*Foreign exchange risk*

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals. Transactions in other foreign currencies are not material.

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**34 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**Interest risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board of Directors has established limits on the special commission gaps for stipulated periods. Company's investments in sukuks carry fixed interest rates and mature within five years.

**Equity price risk**

Equity price risk is the risk of unfavourable changes in the fair values of equity instruments as the result of changes in the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities. The Company's investments are susceptible to market price risk arising from uncertainties about future prices. The investment manager manages this risk through diversification of its investment portfolio in terms of geographical distribution and/or industry concentration.

**Sensitivity analysis**

The table below sets out the effect on profit or loss and other comprehensive income of a reasonably possible weakening / strengthening in the individual equity market prices by 5% at reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables, commission and foreign currency rates, remain constant.

|                                              | <b>31 December</b> |                  |             |          |
|----------------------------------------------|--------------------|------------------|-------------|----------|
|                                              | <b>2022</b>        |                  | <b>2021</b> |          |
| <b>Effect on profit and loss</b>             | <b>SR</b>          |                  | <b>SR</b>   |          |
| Net gain / loss on investments held at FVTPL | + 5%               | <b>392,730</b>   | + 5%        | 66,787   |
|                                              | - 5%               | <b>(392,730)</b> | - 5%        | (66,787) |

|                                              | <b>31 December</b> |                |             |           |
|----------------------------------------------|--------------------|----------------|-------------|-----------|
|                                              | <b>2022</b>        |                | <b>2021</b> |           |
| <b>Effect on other comprehensive income</b>  | <b>SR</b>          |                | <b>SR</b>   |           |
| Net gain / loss on investments held at FVOCI | + 5%               | <b>1,149</b>   | + 5%        | 170,190   |
|                                              | - 5%               | <b>(1,149)</b> | - 5%        | (170,190) |

**Concentration of equity price risk**

Fund's equity portfolio, measured at FVTPL and FVOCI, by geographical distribution (based on counterparties' place of primary listing or, if not listed, place of domicile) is held 100% in the Kingdom of Saudi Arabia.

Company's concentration of equity price risk in the portfolio:

**% of equity securities and units in managed funds**

|                | <b>31 December</b> |             |
|----------------|--------------------|-------------|
|                | <b>2022</b>        | <b>2021</b> |
| REIT Funds     | <b>14%</b>         | 24%         |
| Unlisted Funds | <b>86%</b>         | 76%         |

**Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not have any significant exposure to currency risk as all its significant monetary assets and monetary liabilities are denominated in Saudi Riyals. The Company did not undertake significant transactions in currencies other than Saudi Riyals and US dollars during the year.

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**35 SEGMENTAL REPORTING**

The Company is organized into the following major business segments:

**Brokerage**

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

**Asset Management**

Fees from asset management of discretionary portfolio, funds, real estate management, and alternative investments.

**Murabaha**

Special commission income from Murabaha.

**Investment**

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

**Advisory**

Advisory relates to the services offered for establishment of Bank D360.

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

| <b>31 December 2022</b>       | <b>Brokerage</b> | <b>Asset<br/>management</b> | <b>Murabaha</b> | <b>Investment</b> | <b>Advisory</b> | <b>Total</b>  |
|-------------------------------|------------------|-----------------------------|-----------------|-------------------|-----------------|---------------|
| Total assets                  | 322,863,382      | 59,676,695                  | 52,575,175      | 481,791,005       | -               | 916,906,257   |
| Total liabilities             | 41,021,981       | 7,582,328                   | 6,680,032       | 61,214,811        | 82,090,365      | 198,589,517   |
| Total operating income        | 379,740,773      | 70,189,671                  | 35,220,555      | (3,497,353)       | 163,806,472     | 645,460,118   |
| Operating expenses            | (71,268,884)     | (13,173,037)                | (11,605,448)    | (106,350,578)     | (81,686,343)    | (284,084,290) |
| Other expense                 | (904,105)        | 576,012                     | -               | -                 | -               | (328,093)     |
| Share of loss in an associate | -                | -                           | -               | (38,204,200)      | -               | (38,204,200)  |
| Net income before zakat       | 307,567,784      | 57,592,646                  | 23,615,107      | (148,052,131)     | 82,120,129      | 322,843,535   |
| <b>31 December 2021</b>       | <b>Brokerage</b> | <b>Asset<br/>management</b> | <b>Murabaha</b> | <b>Investment</b> | <b>Advisory</b> | <b>Total</b>  |
| Total assets                  | 426,926,496      | 54,173,613                  | 116,557,204     | 146,397,044       | -               | 744,054,357   |
| Total liabilities             | 80,116,340       | 10,166,133                  | 21,872,938      | 27,472,635        | -               | 139,628,046   |
| Total operating income        | 510,313,933      | 64,754,822                  | 8,394,180       | 5,415,198         | -               | 588,878,133   |
| Other income                  | 5,349,389        | 1,633,867                   | -               | -                 | -               | 6,983,256     |
| Operating expenses            | (124,852,131)    | (15,842,753)                | (34,086,466)    | (42,812,950)      | -               | (217,594,300) |
| Net income before zakat       | 390,811,191      | 50,545,936                  | (25,692,286)    | (37,397,752)      | -               | 378,267,089   |

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**35 SEGMENTAL REPORTING (CONTINUED)**

The Company's assets, liabilities, and operations are entirely in Saudi Arabia.

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

|                                                                            | <b>31 December</b>        |                           |
|----------------------------------------------------------------------------|---------------------------|---------------------------|
|                                                                            | <b><u>2022</u></b>        | <b><u>2021</u></b>        |
| Total operating income                                                     | <b>645,460,118</b>        | 588,878,133               |
| Adjustment for:                                                            |                           |                           |
| - <i>Special commission income other than from customers</i>               | <b>(35,220,555)</b>       | (8,394,180)               |
| - <i>Net gain on financial assets at fair value through profit or loss</i> | <b>5,314,944</b>          | (3,162,501)               |
| - <i>Dividend income</i>                                                   | <b>(1,817,591)</b>        | (2,252,697)               |
| Revenue from contract with customers                                       | <b><u>613,736,916</u></b> | <b><u>575,068,755</u></b> |

**36 CAPITAL REGULATORY REQUIREMENTS AND CAPITAL ADEQUACY RATIO**

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

|                                     | <b>31 December</b>    |                       |
|-------------------------------------|-----------------------|-----------------------|
|                                     | <b><u>2022</u></b>    | <b><u>2021</u></b>    |
| <b>Capital base:</b>                | <b>SAR (000)</b>      | <b>SAR (000)</b>      |
| Tier 1 Capital                      | <b>705,151</b>        | 582,777               |
| Tier 2 Capital                      | <b>23</b>             | 6,722                 |
| Total Capital base                  | <b><u>705,174</u></b> | <b><u>589,499</u></b> |
| <b>Minimum capital requirement:</b> |                       |                       |
| Credit risk                         | <b>409,186</b>        | 365,396               |
| Market risk                         | <b>1,001</b>          | 380                   |
| Operational risk                    | <b>75,582</b>         | 54,399                |
| Total minimum capital required      | <b><u>485,769</u></b> | <b><u>420,175</u></b> |
| <b>Capital adequacy ratio:</b>      |                       |                       |
| Total Capital ratio (times)         | <b><u>1.45</u></b>    | <b><u>1.40</u></b>    |
| Surplus in the Capital              | <b><u>219,406</u></b> | <b><u>169,324</u></b> |

Capital Base of the Company comprises of:

- Tier-1 capital consists of paid-up share capital, retained earnings, reserves excluding revaluation reserves as per Article 4 of the Rules.
- Tier-2 capital consists of revaluation reserves as per Article 4 of the Rules.

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**36 CAPITAL REGULATORY REQUIREMENTS AND CAPITAL ADEQUACY RATIO (CONTINUED)**

The Minimum Capital Requirements for Market, Credit & Operational Risk are calculated as per the requirements specified in Part 3 of the Rules.

The Company is required to maintain adequate capital as specified in the Rules. The capital adequacy ratio shall not be less than 1.

Certain information as required by Pillar III of the Prudential Rules will be made available to the public on the Company's website, however, this information is not subject to review or audit by the external auditors of the Company.

The Company's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.

**37 ASSETS UNDER MANAGEMENT**

The Company manages investment portfolios and mutual funds on behalf of its customers, which amounts to SR 6,945 million as at 31 December 2022 (31 December 2021: SR 6,453 million). Such balances are not included in the Company's financial statements as these are held by the Company in fiduciary capacity.

**38 SUBSEQUENT EVENT**

The new Companies Law issued through Royal Decree M/132 on 01 Thul-Hijjah 1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26 Jumada al-Alkhirah 1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26 Jumada al-Alkhirah 1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its by-laws for any changes to align the by-laws to the provisions of the Law. Consequently, the Company shall present the amended by-laws to the shareholders in their Extraordinary / Annual General Assembly meeting for their ratification.

There were no subsequent events after the statement of financial position date, other than already disclosed, which require adjustments to / or disclosure in the financial statements.

**39 COMPARATIVE FIGURES**

Certain comparative numbers has been re-classified, re-arranged or additionally incorporated in these financial statements wherever necessary to facilitate comparison and better presentation.

**40 APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements have been approved by the Board on 23 March 2023 (corresponding to 1 Ramadan 1444).

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**FINANCIAL STATEMENTS**  
For the year ended 31 December 2023  
Together with  
**INDEPENDENT AUDITOR'S REPORT**



## KPMG Professional Services

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

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة روشن، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Shareholders of Derayah Financial Company

## Opinion

We have audited the financial statements of Derayah Financial Company ("the Company"), which comprise the statement of financial position as at 31 December 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of SAR 40,000,000. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مبنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠٠٠٠٠٠٠٠) ريال سعودي متفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة التجزئة محدودة بضمان. جميع الحقوق محفوظة.





## Independent Auditor's Report

To the Shareholders of Derayah Financial Company (continued)

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



## Independent Auditor's Report

To the Shareholders of Derayah Financial Company (continued)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

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

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

### KPMG Professional Services



**Hani Hamzah A. Bedairi**  
License No: 460

Riyadh: 28 March 2024  
Corresponding to: 18 Ramadan 1445H

**DERAYAH FINANCIAL COMPANY**  
(A SAUDI CLOSED JOINT STOCK COMPANY)

**STATEMENT OF FINANCIAL POSITION**

As at 31 December

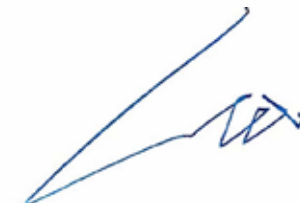
(Amounts in Saudi Riyals)

|                                                              | <u>Notes</u> | <u>2023</u>          | <u>2022</u>        |
|--------------------------------------------------------------|--------------|----------------------|--------------------|
| <b>ASSETS</b>                                                |              |                      |                    |
| <b>NON-CURRENT ASSETS</b>                                    |              |                      |                    |
| Property and equipment, net                                  | 6            | 38,176,641           | 35,703,809         |
| Right-of-use assets, net                                     | 7            | 4,944,683            | 6,983,227          |
| Intangible assets, net                                       | 8            | 15,343,604           | 13,142,426         |
| Investment in an associate                                   | 9            | 263,852,000          | 291,795,800        |
| Investments at amortised cost, net                           | 10           | 25,229,705           | 17,141,266         |
| Investments at fair value through profit or loss             | 11           | 165,585,652          | 148,905,676        |
| Investments at fair value through other comprehensive income | 12           | 21,421,612           | 26,277,177         |
| <b>TOTAL NON-CURRENT ASSETS</b>                              |              | <b>534,553,897</b>   | <b>539,949,381</b> |
| <b>CURRENT ASSETS</b>                                        |              |                      |                    |
| Due from related parties, net                                | 16           | 47,351,328           | 32,830,323         |
| Margin client receivables, net                               | 13           | 75,317,730           | 85,854,127         |
| Prepayments                                                  |              | 8,175,031            | 4,689,282          |
| Other current financial assets, net                          | 14           | 324,551,231          | 203,336,883        |
| Investments at fair value through profit or loss             | 11           | 25,921,623           | 14,812,352         |
| Investments at amortised cost, net                           | 10           | 5,004,980            | 5,070,801          |
| Cash and cash equivalents, net                               | 15           | 20,888,231           | 30,363,108         |
| <b>TOTAL CURRENT ASSETS</b>                                  |              | <b>507,210,154</b>   | <b>376,956,876</b> |
| <b>TOTAL ASSETS</b>                                          |              | <b>1,041,764,051</b> | <b>916,906,257</b> |
| <b>LIABILITIES AND EQUITY</b>                                |              |                      |                    |
| <b>NON-CURRENT LIABILITIES</b>                               |              |                      |                    |
| Employees' defined benefit obligations                       | 17           | 24,968,100           | 21,550,028         |
| Employees' Equity Award Plan ('EEAP')                        | 18           | 57,953,547           | 52,708,021         |
| Unearned revenue                                             | 19           | 29,382,344           | 29,382,344         |
| Lease liability                                              | 7            | 3,220,934            | 5,088,588          |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                         |              | <b>115,524,925</b>   | <b>108,728,981</b> |
| <b>CURRENT LIABILITIES</b>                                   |              |                      |                    |
| Accrued expenses and other payables                          | 20           | 90,287,696           | 68,565,307         |
| Zakat payable                                                | 21           | 24,143,322           | 21,295,229         |
| <b>TOTAL CURRENT LIABILITIES</b>                             |              | <b>114,431,018</b>   | <b>89,860,536</b>  |
| <b>TOTAL LIABILITIES</b>                                     |              | <b>229,955,943</b>   | <b>198,589,517</b> |
| <b>EQUITY</b>                                                |              |                      |                    |
| Share capital                                                | 22           | 162,290,130          | 162,290,130        |
| Statutory reserve                                            | 23           | 48,687,039           | 48,687,039         |
| Retained earnings                                            |              | 613,831,390          | 511,333,539        |
| Other reserves                                               |              | (13,000,451)         | (3,993,968)        |
| <b>TOTAL EQUITY</b>                                          |              | <b>811,808,108</b>   | <b>718,316,740</b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>                          |              | <b>1,041,764,051</b> | <b>916,906,257</b> |

The attached notes 1 to 42 form an integral part of these financial statements.

**DERAYAH FINANCIAL COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the years ended 31 December  
*(Amounts in Saudi Riyals)*

|                                                                                          | <i>Notes</i> | <b>2023</b>          | <b>2022</b>          |
|------------------------------------------------------------------------------------------|--------------|----------------------|----------------------|
| <b>OPERATING INCOME</b>                                                                  |              |                      |                      |
| Revenue from contract with customers                                                     | 25           | 470,033,491          | 613,736,916          |
| Special commission income                                                                | 26           | 135,614,978          | 35,220,555           |
| Gain / (loss) on investments, net                                                        | 27           | 16,966,026           | (5,314,944)          |
| Dividend income                                                                          |              | 913,989              | 1,817,591            |
| <b>TOTAL OPERATING INCOME</b>                                                            |              | <b>623,528,484</b>   | <b>645,460,118</b>   |
| <b>OPERATING EXPENSES</b>                                                                |              |                      |                      |
| Salaries and employee related expenses                                                   | 28           | (127,536,577)        | (157,118,346)        |
| Other general and administrative expenses                                                | 29           | (123,067,223)        | (117,475,544)        |
| Marketing expenses                                                                       |              | (6,028,148)          | (9,299,752)          |
| Allowance for expected credit losses                                                     | 30           | (432,864)            | (190,648)            |
| <b>TOTAL OPERATING EXPENSES</b>                                                          |              | <b>(257,064,812)</b> | <b>(284,084,290)</b> |
| <b>NET OPERATING INCOME</b>                                                              |              | <b>366,463,672</b>   | <b>361,375,828</b>   |
| Other income / (expenses)                                                                | 31           | 9,426,371            | (328,093)            |
| Share of loss in an associate                                                            | 9            | (27,943,800)         | (38,204,200)         |
| <b>INCOME BEFORE ZAKAT</b>                                                               |              | <b>347,946,243</b>   | <b>322,843,535</b>   |
| Zakat charge for the year                                                                | 21           | (18,242,210)         | (15,334,082)         |
| <b>INCOME FOR THE YEAR</b>                                                               |              | <b>329,704,033</b>   | <b>307,509,453</b>   |
| <i>Other comprehensive (loss) / income not to be reclassified to income subsequently</i> |              |                      |                      |
| Financial assets at fair value through OCI – net change in fair value                    |              | (4,855,565)          | (6,699,122)          |
| Remeasurement gain / (loss) on defined benefit plan                                      | 17           | 186,862              | (211,251)            |
| Remeasurement loss on employees' equity award plan                                       | 18           | (4,337,780)          | --                   |
| <b>OTHER COMPREHENSIVE LOSS FOR THE YEAR</b>                                             |              | <b>(9,006,483)</b>   | <b>(6,910,373)</b>   |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                                           |              | <b>320,697,550</b>   | <b>300,599,080</b>   |
| <b>EARNINGS PER SHARE</b>                                                                |              |                      |                      |
| Basic and diluted, earning per share                                                     | 32           | 20.32                | 18.95                |

The attached notes 1 to 42 form an integral part of these financial statements.

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

|                                       | <u>Share Capital</u> | <u>Statutory reserve</u> | <u>Fair value reserve</u> | <u>Other reserves</u> | <u>Retained earnings</u> | <u>Total</u>       |
|---------------------------------------|----------------------|--------------------------|---------------------------|-----------------------|--------------------------|--------------------|
| As at 1 January 2022                  | 161,090,130          | 48,327,039               | 6,722,106                 | (3,805,701)           | 392,092,737              | 604,426,311        |
| Issuance of share capital             | 1,200,000            | --                       | --                        | --                    | (1,200,000)              | --                 |
| Income for the year                   | --                   | --                       | --                        | --                    | 307,509,453              | 307,509,453        |
| Other comprehensive loss for the year | --                   | --                       | (6,699,122)               | (211,251)             | --                       | (6,910,373)        |
| Dividends distribution (note 24)      | --                   | --                       | --                        | --                    | (186,708,651)            | (186,708,651)      |
| Transfer to statutory reserve         | --                   | 360,000                  | --                        | --                    | (360,000)                | --                 |
| <b>Balance at 31 December 2022</b>    | <b>162,290,130</b>   | <b>48,687,039</b>        | <b>22,984</b>             | <b>(4,016,952)</b>    | <b>511,333,539</b>       | <b>718,316,740</b> |
| Income for the year                   | --                   | --                       | --                        | --                    | 329,704,033              | 329,704,033        |
| Other comprehensive loss for the year | --                   | --                       | (4,855,565)               | (4,150,918)           | --                       | (9,006,483)        |
| Dividends distribution (note 24)      | --                   | --                       | --                        | --                    | (227,206,182)            | (227,206,182)      |
| <b>Balance at 31 December 2023</b>    | <b>162,290,130</b>   | <b>48,687,039</b>        | <b>(4,832,581)</b>        | <b>(8,167,870)</b>    | <b>613,831,390</b>       | <b>811,808,108</b> |

The attached notes 1 to 42 form an integral part of these financial statements.

**DERAYAH FINANCIAL COMPANY**  
(A SAUDI CLOSED JOINT STOCK COMPANY)

**STATEMENT OF CASHFLOWS**

For the years ended 31 December

(Amounts in Saudi Riyals)

|                                                                                |              | <u>2023</u>          | <u>2022</u>          |
|--------------------------------------------------------------------------------|--------------|----------------------|----------------------|
| <b>OPERATING ACTIVITIES</b>                                                    | <i>Notes</i> |                      |                      |
| Income before zakat                                                            |              | 347,946,243          | 322,843,535          |
| <i>Non-cash adjustment to reconcile income before zakat to net cash flows:</i> |              |                      |                      |
| Provisions for employees' defined benefit obligations                          | 17           | 3,622,334            | 3,593,717            |
| Provisions for employees' equity award plan                                    | 18           | —                    | 52,708,021           |
| Advisory services                                                              | 25           | —                    | (163,806,472)        |
| (Gain) / loss on investments, net                                              | 27           | (16,966,026)         | 5,314,944            |
| Share of loss in an associate                                                  | 9            | 27,943,800           | 38,204,200           |
| Depreciation and amortisation                                                  | 29           | 13,717,336           | 12,500,561           |
| Allowance for credit losses                                                    | 30           | 432,864              | 190,648              |
| Amortisation of premium on investment at amortized cost                        |              | 171,802              | 197,347              |
| Finance cost                                                                   |              | 2,475,512            | 1,682,936            |
| <b>Operating cash flows before working capital changes</b>                     |              | <b>379,343,865</b>   | <b>273,429,437</b>   |
| Margin client receivables, net                                                 |              | 9,930,279            | 13,581,566           |
| Other current financial assets, net                                            |              | (121,025,685)        | (36,240,826)         |
| Prepayments                                                                    |              | (3,485,749)          | (3,744,081)          |
| Due from related parties, net                                                  |              | (14,526,292)         | (6,018,411)          |
| Accrued expenses and other payables                                            |              | 21,787,913           | (22,525,002)         |
|                                                                                |              | <b>272,024,331</b>   | <b>218,482,683</b>   |
| Zakat paid                                                                     | 21           | (15,394,117)         | (15,384,238)         |
| End of service benefits paid                                                   | 17           | (933,276)            | (633,495)            |
| Finance cost paid                                                              |              | (334,169)            | (1,682,936)          |
| <b>Cash generated from operating activities</b>                                |              | <b>255,362,769</b>   | <b>200,782,014</b>   |
| <b>INVESTING ACTIVITIES</b>                                                    |              |                      |                      |
| Purchase of financial assets at FVTPL                                          |              | (218,386,871)        | (202,574,388)        |
| Purchase of financial assets at amortized cost                                 |              | (13,202,978)         | —                    |
| Proceeds from disposal of financial assets at FVTPL                            |              | 207,563,650          | 146,962,160          |
| Proceeds from redemption of financial assets at amortized cost                 |              | 5,000,000            | —                    |
| Additions of property and equipment                                            | 6            | (9,851,520)          | (15,595,595)         |
| Additions of intangible assets                                                 | 8            | (5,838,710)          | (2,926,048)          |
| <b>Cash used in investing activities</b>                                       |              | <b>(34,716,429)</b>  | <b>(74,133,871)</b>  |
| <b>FINANCING ACTIVITIES</b>                                                    |              |                      |                      |
| Dividends paid                                                                 | 24           | (227,206,182)        | (186,708,651)        |
| Lease liability paid                                                           | 7.1          | (2,913,472)          | (3,725,209)          |
| <b>Cash used in financing activities</b>                                       |              | <b>(230,119,654)</b> | <b>(190,433,860)</b> |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>               |              | <b>(9,473,314)</b>   | <b>(63,785,717)</b>  |
| Cash and cash equivalents at the beginning of the year                         |              | <b>30,364,323</b>    | <b>94,150,040</b>    |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>                        |              | <b>20,891,009</b>    | <b>30,364,323</b>    |
| <b>NON-CASH SUPPLEMENTAL INFORMATION</b>                                       |              |                      |                      |
| Right of use asset                                                             |              | 4,944,683            | 6,983,227            |
| Lease liability                                                                |              | 5,159,705            | (7,092,884)          |
| Acquisition of investment in an associate                                      |              | —                    | (193,188,816)        |

The attached notes 1 to 42 form an integral part of these financial statements.

**DERAYAH FINANCIAL COMPANY**  
(A SAUDI CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2023  
(Amounts in Saudi Riyals)

---

**1. ACTIVITIES**

Derayah Financial Company (the “Company”) is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010266977 dated 10 Jumada II 1436H (corresponding to 15 April 2009).

The principal activities of the Company are to provide brokerage, advisory, custodian services, dealing as principal and dealing as agent, managing, and arranging securities. The Company has commenced its business on 8 Rajab 1430H (corresponding to 1 July 2009) under license number 08109-27 from the Capital Market Authority (“CMA”), dated 19 Jumada al-Alkhirah 1429H (corresponding to 23 June 2008). The Company’s registered office is located at the following address:

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

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

During the year, the Company has established a fully owned subsidiary Derayah Technology Services in Egypt with a share capital of USD 1 million. The subsidiary has no material impact on the financial statements and therefore, has not been consolidated in these financial statements. The nature and purpose of the subsidiary is to provide information technology services to Derayah Financial Company.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”); and in compliance with the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the by-laws of the Company.

**2.2 Basis of measurement and presentation**

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

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

**2.3 Functional and presentation currency**

These financial statements are presented in Saudi Riyal (“SR”); which represents the functional currency of the Company. All the financial information rounded off to nearest Saudi Riyal except where otherwise indicated.



**DERAYAH FINANCIAL COMPANY**  
(A SAUDI CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2023  
(Amounts in Saudi Riyals)

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**3. MATERIAL ACCOUNTING POLICIES**

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, unless otherwise stated. In addition, the Company adopted *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2) from 01 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in certain instances.

**3.1 Financial instruments**

Classification of financial assets depends on the Company's business model for managing its financial assets and the contractual terms of the cash flows. The Company classifies its financial assets as:

- financial assets measured at amortised cost, or
- financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognised either through the statement of comprehensive income or through OCI.

Investments at amortised cost, time deposits, margin client receivables, due from related parties, and other current financial assets are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interests, are measured at amortised cost.

***Initial measurement***

Financial assets are initially measured at its fair value, plus transaction costs in the case of a financial asset not at fair value through statement of profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are recognised in the statement of comprehensive income. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the requirements as solely payment of principal and interest.

***Subsequent measurement***

***Debt instruments***

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

- ***Amortised cost***  
Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the statement of comprehensive income when the asset is derecognised or impaired. Special commission income from these financial assets is included in special commission income using the effective interest rate method.
- ***Fair Value through Other Comprehensive Income ("FVOCI")***  
Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special commission income and foreign exchange gains and losses, which are recognised in the statement of comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the statement of comprehensive income and recognised in other gains / (losses).
- ***Fair Value through profit or loss ("FVTPL")***  
Financial assets that do not meet the criteria for subsequent recognition at amortised cost or FVOCI, are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through the statement of comprehensive income and which is not part of a hedging relationship is recognised and presented net in the statement of comprehensive income in the year in which it arises.



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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.1 Financial instruments (continued)**

***Equity instruments***

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

***De-recognition***

A financial asset or a part of a financial asset is de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- The Company has transferred substantially all the risks and rewards of the asset, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

***Impairment***

The Company assesses on a forward looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, carried at amortised cost and FVOCI, the ECL is based on a 12-month ECL and life time ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance increases in credit risk since origination, the allowance will be based on the lifetime ECL. For investment in sukuk, margin client receivables, due from related parties, cash and cash equivalents, and other current financial assets, the Company applies the general approach.

***Financial liabilities***

The Company classifies its financial liabilities, as held at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the effective interest rate (EIR). Subsequent to initial recognition, financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss or an entity has opted to measure a liability at fair value through profit or loss as per the requirements of IFRS 9. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

***Offsetting of financial instruments***

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

**3.2 Current versus non-current classification**

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized 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.

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**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.2 Current versus non-current classification (continued)**

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 Company classifies all other liabilities as non-current.

**3.3 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of comprehensive income during the year in which they are incurred.

The major categories of property and equipment are depreciated on a straight line basis as follows:

| <b>Asset categories</b>         | <b>Useful lives</b>                              |
|---------------------------------|--------------------------------------------------|
| Leasehold improvements          | Period of lease or 5 years; whichever is shorter |
| Furniture, fixture and fittings | 5 years                                          |
| Computer and office equipment   | 4 years                                          |
| Right of use asset              | Period of lease                                  |

The Company allocates the amount initially recognised in respect of an item of property and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognised when replaced. Residual values, method of amortisation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Impairment losses and gains and losses on disposals of property and equipment are included in statement of comprehensive income.

Work in progress is stated at cost incurred until the asset is ready for its intended use, thereafter, this cost is capitalised on the related assets. This includes the cost of contractors, materials, services and capital advances. Work in progress is not depreciated.

*Right of Use Assets*

The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurement of the lease liability. Generally, right of use assets would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the right of use assets' value.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment

### **3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **3.3 Property and equipment (Continued)**

##### *Lease Liability*

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

After the commencement date, Company measures the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability.
- Reducing the carrying amount to reflect the lease payments made and;
- Re-measuring the carrying amount to reflect any re-assessment or lease modification.

IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognised in the Company's Statement of Financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognises a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortised over the useful life.

Property and equipment and right of use assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

#### **3.4 Intangible assets**

Intangible assets consist of both internally and externally developed software. Expenditures on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment, if any.

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

Amortisation is recognised in statement of comprehensive income on a straight-line basis over the estimated useful life of the software from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is four years. Amortisation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.5 Zakat**

The Company is domiciled in the Kingdom of Saudi Arabia. The Company is subject to Zakat in accordance with the Regulations of the Zakat, Tax and Custom Authority ("ZATCA") as applicable in the Kingdom of Saudi Arabia. The Zakat charge is computed on the Zakat base. An estimate of Zakat arising therefrom is provided by a charge to the statement of comprehensive income.

**3.6 Contingent liabilities**

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

**3.7 Revenue from contracts with customers**

The Company generates following revenue streams that are covered under *IFRS 15 Revenue from Contracts with Customers*:

- a) Fee and commission income
- b) Other operating income

**a) Fee and commission income:**

*Brokerage service fee income*

The performance obligation is satisfied at the point in time at which trade (buy or sell order) is executed by the Client. Hence the Company recognises the share brokerage service fee income, net of discount, if any, as and when a trade order is executed.

*Management fees from investment funds*

Management fees is computed on daily / weekly / monthly / semi-annually (annual % pro-rated for periodic accrual) with reference to periodic net asset value of the fund. The Company's practice for recognition of management fee is aligned with IFRS 15 since management fee is recognised on an accrual basis against rendering of asset management services that the Company is providing on an on-going basis.

*Performance fee from investment funds*

Performance fee income based on a fund's performance, relative to a benchmark or the realised appreciation of fund's investments, are types of variable consideration. In many cases, these performance fees are highly susceptible to market volatility until they are crystallised or are no longer subject to clawback, which may be after the end of the reporting period.

*Subscription fees from investment funds*

Performance obligation for Subscription fee is assignment of respective Fund units to Investor's account and considering that this happens as soon as an Approved Subscription Form is executed, therefore the Company rightfully recognises the revenue against subscription fee at the time of fulfilment of performance obligation.

In case of the Company, effect of clawback does not apply since the Company does not recognise any revenue against performance fee until the end of respective period for testing of benchmark achievement when performance fee is crystallized and recorded as revenue. Analysis of performance fee by the Company reveals that performance fee income recognition at the Company is in accordance five step model in IFRS 15. The Company performs a daily accrual for performance fee based on defined benchmark as a difference between fund growth and benchmark growth. At the end of relevant period (month or quarter) aggregate growth of fund is compared against benchmark and if it is above Benchmark (a positive aggregate figure consolidation daily accruals), then performance fee is recognised, otherwise it is not recognised.

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**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.7 Revenue from contracts with customers (continued)**

**b) Other operating income**

*Advisory fee income*

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

*Miscellaneous service income*

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

**3.8 Fiduciary assets**

Assets held in a fiduciary capacity are not treated as assets of the Company, and accordingly, are not included in the financial statements. In the normal course of business, the Company agrees with the clients to place the clients' cash in a remunerative bank accounts and the commission earned is recognised in the statement of comprehensive income (note 39.2).

**3.9 Gains or loss on investments**

This relates to net gains or losses on remeasurement of financial assets held at fair value through profit or loss and gains or losses on derecognition of investments held at fair value through profit or loss and investments held at amortised cost.

**3.10 Margin client's receivables**

The margin client's receivables arise within brokerage business as shariah compliant margin financing. Margin client's receivables are recognised when cash / limits are advanced to the customer including the related cost. These are derecognised when borrowers repay their obligation or the balance is sold off or written off, or substantially all the risks and rewards of ownership are transferred to other party. A provision is established against the credit losses based on expected credit loss approach of IFRS 9 compliant with general quantification approach requirements for credit losses in general and when there is objective evidence that the company will not be able to collect all or part of the amounts due according to terms of the margin contract as specific provision.

**3.11 Investment In An Associate**

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

The Company's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date.

The statement of comprehensive income reflects the Company's share of the results of operations of the associate. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate or joint venture. The aggregate of the Company's share of profit or loss of an associate is shown on the face of the statement of comprehensive income outside operating profit.

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**3 MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.11 Investment In An Associate (continued)**

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

**3.12 Employee defined benefit obligations**

The Company operates a defined benefit scheme for its employees in accordance with labour regulations applicable in the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefits plan is determined using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in the retained earnings and are not reclassified to profit or loss in subsequent periods. Re-measurements are not reclassified to profit or loss in subsequent periods.

Interest expense is calculated by applying the discount rate to the net defined benefit liability. The Company recognises the following changes in the net defined benefit obligation under 'salaries and employee related expenses' in the statement of comprehensive income (by nature).

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income

The defined benefit asset or liability comprises the present value of the defined benefit obligation, less past service costs and less the fair value of plan assets out of which the obligations are to be settled. However, currently the plan is unfunded and has no assets.

**3.13 Employees' Equity Award Plan**

The Company has introduced Employees' Equity Award Plan ('EEAP') for selected employees against the services provided by those employees for development of the Bank D360 ('D360'). Subject to completion of vesting period employees shall be granted specific number of shares of D360 as per the agreement signed amongst Derayah and the Eligible Employees, however the settlement of shares shall be made after 5 years of lock up period which is referenced from the month in which D360 has obtained registration from the Ministry of Commerce.

The present value of defined benefit obligation is calculated actuarially using Projected Unit Credit (PUC) method. The PUC method involves projection of the accrued benefits of the members till the date of benefits settlement. The projection is done by making an assumption about mortality, attrition, and eligible benefits (per plan). While the projection allows for full service being rendered (barring actuarial assumptions), the future service is not considered in the measurement of DBO, since the Employer's obligation is limited to the benefits earned in exchange for past service rendered during the current year as well as all prior years. The projected benefits are then discounted back to the statement of financial position date using the assumed discount rate.

Current service cost (CSC) is the present value of obligation in respect of the benefit earned during the current year only. It is also determined using the PUC method, as used for the measurement of DBO. CSC is measured at the end of the relevant year, rather than the start of the year. Therefore, it reflects the actual plan experience over the relevant accounting year. The interest on the current service cost is allowed for in the interest cost measurement of current service cost requires that a part of the accrued benefit be attributed to the current period of service. The attribution is done by reference to the plan's benefit formula, which does not lead to higher benefits being allocated during the later parts of any eligible employee's service. The benefit formula spreads the benefits evenly over a member's service, till the time the maximum benefit limit is reached.

#### **4 SIGNIFICANT JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements in conformity with IFRS as endorsed in the KSA and other standards and pronouncements issued by SOCPA requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Such judgements, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances.

Significant areas where management has used judgements, estimates and assumptions are as follows:

##### **4.1 Measurement of the expected credit loss allowance**

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the input, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.1 Impairment - Financial assets, which also sets out key sensitivities of the ECL to changes in these elements.

##### **4.2 Assumptions for employee defined benefit obligations**

Employee benefits represent obligations that will be settled in the future and require assumptions to project these obligations. IFRS requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases and return on assets, mortality rates, employment turnover and future healthcare costs. The management uses an external actuary for performing this calculation. Changes in key assumptions can have a significant impact on the projected benefit obligation and/or periodic employees' benefits incurred costs.

##### **4.3 Assumptions for Employees' Equity Award Plan ('EEAP')**

Employees' Equity Award Plan represents obligation in respect of benefits is the amount of future benefit based on number of shares granted to eligible employees in return for their service in the current and prior periods. IFRS requires management to make further assumptions regarding variables such as discount rates, fair value of shares, and rate of attrition. The management uses an external actuary for performing this calculation. Changes in the key assumptions can have a significant impact on the projected service plan.

##### **4.4 Going concern**

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



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**5 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

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

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2023. The management has assessed that the new standards and amendments have no significant impact on the Company's financial statements.

|                |                                                                                                         |
|----------------|---------------------------------------------------------------------------------------------------------|
| 1 January 2023 | IFRS 17 Insurance Contracts, including amendments Initial Application of IFRS 17 and IFRS 9             |
| 1 January 2023 | Disclosure Initiative: Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2          |
| 1 January 2023 | Definition of Accounting Estimates – Amendments to IAS 8                                                |
| 1 January 2023 | Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 |

*New standards and amendments issued but not yet effective and not early adopted*

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Company's accounting year beginning on or after 1 January 2024 are listed below. The Company has opted not to early adopt these pronouncements.

|                                      |                                                                                                                                                |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 January 2024                       | Classification of Liabilities as Current or Non-current – Amendments to IAS 1 and Non-current liabilities with covenants – Amendments to IAS 1 |
| 1 January 2024                       | Lease Liability in a Sale and Leaseback – Amendments to IFRS 16                                                                                |
| 1 January 2024                       | Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7                                                                                 |
| 1 January 2025                       | Lack of Exchangeability – Amendments to IAS 21                                                                                                 |
| Effective date deferred indefinitely | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28                       |

The management of the Company anticipates that the application of these new standards and amendments in the future will not have significant impact on the amounts reported.



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**6 PROPERTY AND EQUIPMENT, NET**

|                                              | <u>Land</u>       | <u>Leasehold improvements</u> | <u>Computers and office equipment</u> | <u>Furniture, fixtures and fittings</u> | <u>Work in Progress</u> | <u>Total</u>      |
|----------------------------------------------|-------------------|-------------------------------|---------------------------------------|-----------------------------------------|-------------------------|-------------------|
| <i>Cost</i>                                  |                   |                               |                                       |                                         |                         |                   |
| As at 1 January 2023                         | 12,299,352        | 12,856,682                    | 41,831,754                            | 2,173,988                               | 3,343,405               | 72,505,181        |
| Additions during the year                    | --                | 135,171                       | 6,367,480                             | 522,255                                 | 2,826,614               | 9,851,520         |
| Transfers during the year                    | --                | 157,259                       | 2,388,026                             | 798,120                                 | (3,343,405)             | --                |
| Written off during the year                  | --                | (3,375,909)                   | --                                    | (2,100,022)                             | --                      | (5,475,931)       |
| As at 31 December 2023                       | 12,299,352        | 9,773,203                     | 50,587,260                            | 1,394,341                               | 2,826,614               | 76,880,770        |
| <i>Accumulated depreciation</i>              |                   |                               |                                       |                                         |                         |                   |
| As at 1 January 2023                         | --                | 5,341,724                     | 29,340,309                            | 2,119,339                               | --                      | 36,801,372        |
| Charge during the year                       | --                | 1,523,998                     | 5,718,263                             | 136,427                                 | --                      | 7,378,688         |
| Written off during the year                  | --                | (3,375,909)                   | --                                    | (2,100,022)                             | --                      | (5,475,931)       |
| As at 31 December 2023                       | --                | 3,489,813                     | 35,058,572                            | 155,744                                 | --                      | 38,704,129        |
| <i>Net book value as at 31 December 2023</i> | <u>12,299,352</u> | <u>6,283,390</u>              | <u>15,528,688</u>                     | <u>1,238,597</u>                        | <u>2,826,614</u>        | <u>38,176,641</u> |
|                                              |                   |                               |                                       |                                         |                         |                   |
| <i>Cost</i>                                  |                   |                               |                                       |                                         |                         |                   |
| As at 1 January 2022                         | 12,299,352        | 5,372,624                     | 37,378,365                            | 2,173,988                               | 980,865                 | 58,205,194        |
| Additions during the year                    | --                | --                            | 3,398,536                             | --                                      | 10,901,451              | 14,299,987        |
| Capitalization during the year               | --                | 7,484,058                     | 1,054,853                             | --                                      | (8,538,911)             | --                |
| As at 31 December 2022                       | 12,299,352        | 12,856,682                    | 41,831,754                            | 2,173,988                               | 3,343,405               | 72,505,181        |
| <i>Accumulated depreciation</i>              |                   |                               |                                       |                                         |                         |                   |
| As at 1 January 2022                         | --                | 5,179,775                     | 24,612,609                            | 2,110,612                               | --                      | 31,902,996        |
| Charge during the year                       | --                | 161,949                       | 4,727,700                             | 8,727                                   | --                      | 4,898,376         |
| As at 31 December 2022                       | --                | 5,341,724                     | 29,340,309                            | 2,119,339                               | --                      | 36,801,372        |
| <i>Net book value as at 31 December 2022</i> | <u>12,299,352</u> | <u>7,514,958</u>              | <u>12,491,445</u>                     | <u>54,649</u>                           | <u>3,343,405</u>        | <u>35,703,809</u> |

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**6 PROPERTY AND EQUIPMENT, NET**

- 6.1 The Company holds a land on which Company has a plan to construct a new head office in the near future. This land is not held for rental or other appreciation purposes.
- 6.2 The work in progress relates to setting up of IT data centre and server room in head office.

**7 RIGHT-OF-USE ASSETS, NET**

|                                      | <b>31 December</b>       | <b>2022</b>              |
|--------------------------------------|--------------------------|--------------------------|
|                                      | <b><u>2023</u></b>       | <b><u>2022</u></b>       |
| <b>Cost</b>                          |                          |                          |
| As at 1 January                      | 15,007,855               | 13,712,245               |
| Additions during the year            | 662,572                  | 1,295,610                |
| Written off during the year          | <u>(3,913,469)</u>       | <u>--</u>                |
| <b>As at 31 December</b>             | <b><u>11,756,958</u></b> | <b><u>15,007,855</u></b> |
| <b>Accumulated depreciation</b>      |                          |                          |
| As at 1 January                      | 8,024,628                | 4,921,211                |
| Charge during the year               | 2,701,116                | 3,103,417                |
| Written off during the year          | <u>(3,913,469)</u>       | <u>--</u>                |
| <b>As at 31 December</b>             | <b><u>6,812,275</u></b>  | <b><u>8,024,628</u></b>  |
| <b>Net book value at 31 December</b> | <b><u>4,944,683</u></b>  | <b><u>6,983,227</u></b>  |

- 7.1 The movement of corresponding lease liability is as follows:

Movement in lease liability:

|                                     | <b>31 December</b>      | <b>2022</b>             |
|-------------------------------------|-------------------------|-------------------------|
|                                     | <b><u>2023</u></b>      | <b><u>2022</u></b>      |
| <b>At the beginning of the year</b> | <b>7,092,884</b>        | <b>9,108,363</b>        |
| Additions during the year           | 662,572                 | 1,295,510               |
| Payments during the year            | <u>(2,913,472)</u>      | <u>(3,725,209)</u>      |
| Finance cost on lease liability     | <u>317,721</u>          | <u>414,220</u>          |
| <b>At the end of the year</b>       | <b><u>5,159,705</u></b> | <b><u>7,092,884</u></b> |
| Current lease liability             | <u>1,938,771</u>        | <u>2,004,296</u>        |
| Non-current lease liability         | <b><u>3,220,934</u></b> | <b><u>5,088,588</u></b> |

**8 INTANGIBLE ASSETS, NET**

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

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

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**8 INTANGIBLE ASSETS, NET (CONTINUED)**

|                                              | <u>Work in Progress</u> | <u>Software</u>   | <u>Total</u>      |
|----------------------------------------------|-------------------------|-------------------|-------------------|
| Cost                                         |                         |                   |                   |
| As at 1 January 2022                         | 786,938                 | 50,942,988        | 51,729,926        |
| Additions during the year                    | 168,441                 | 2,757,608         | 2,926,049         |
| As at 31 December 2022                       | <u>955,379</u>          | <u>53,700,596</u> | <u>54,655,975</u> |
| Accumulated amortization                     |                         |                   |                   |
| As at 1 January 2022                         | --                      | 37,014,781        | 37,014,781        |
| Charge during the year                       | --                      | 4,498,768         | 4,498,768         |
| As at 31 December 2022                       | <u>--</u>               | <u>41,513,549</u> | <u>41,513,549</u> |
| <i>Net book value as at 31 December 2022</i> | <u>955,379</u>          | <u>12,187,047</u> | <u>13,142,426</u> |

**9 INVESTMENT IN AN ASSOCIATE**

The Company holds 20% equity in Bank D360. The investment was made in the year ended 31 December 2022 and comprises of SR 137 million directly invested and SR 193 million contributed by other shareholders as a recognition of the Company's efforts for development of the Bank D360. The Company has determined that it has significant influence over D360 and has accounted for the investment using the equity method (note 3.11). Below is the movement in the carrying value of investment in an associate.

|                                 | <u>31 December</u> | <u>2022</u>        |
|---------------------------------|--------------------|--------------------|
|                                 | <u>2023</u>        |                    |
| Investment as at 1 January      | 291,795,800        | --                 |
| Investment made during the year | --                 | 330,000,000        |
| Share of loss during the year   | (27,943,800)       | (38,204,200)       |
| Investment as at 31 December    | <u>263,852,000</u> | <u>291,795,800</u> |

Summarised financial results of the Bank D360:

|                                     | <u>31 December</u>   | <u>2022</u>          |
|-------------------------------------|----------------------|----------------------|
|                                     | <u>2023</u>          |                      |
| Total Assets                        | 1,368,616,000        | 1,495,190,000        |
| Total Liabilities                   | (49,356,000)         | (36,211,000)         |
| Net Assets                          | <u>1,319,260,000</u> | <u>1,458,979,000</u> |
| Company's share of net assets (20%) | <u>263,852,000</u>   | <u>291,795,800</u>   |
| Net loss for the year               | (139,719,000)        | (191,021,000)        |
| Company's share of net loss (20%)   | <u>(27,943,800)</u>  | <u>(38,204,200)</u>  |

**10 INVESTMENT AT AMORTISED COST, NET**

|                                                  | <u>31 December</u> | <u>2022</u>       |
|--------------------------------------------------|--------------------|-------------------|
|                                                  | <u>2023</u>        |                   |
| Investment at amortised cost (note 10.1)         | 30,244,310         | 22,213,134        |
| Allowance for expected credit losses (note 10.2) | (9,625)            | (1,067)           |
|                                                  | <u>30,234,685</u>  | <u>22,212,067</u> |
| Sukuk with maturity date of less than 12 months  | 5,004,980          | 5,070,801         |
| Sukuk with maturity date after 12 months         | <u>25,229,705</u>  | <u>17,141,266</u> |

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**10 INVESTMENT AT AMORTISED COST, NET (CONTINUED)**

10.1 The breakup of the investment is as follows;

|                                          | <u>Maturity date</u> | <u>31 December</u><br><u>2023</u> | <u>2022</u>       |
|------------------------------------------|----------------------|-----------------------------------|-------------------|
| Kingdom of Saudi Arabia Sukuk 07-05-2018 | 25 July 2023         | --                                | 2,535,522         |
| Kingdom of Saudi Arabia Sukuk 05-10-2018 | 24 October 2023      | --                                | 2,535,522         |
| Kingdom of Saudi Arabia Sukuk 05-01-2019 | 23 January 2024      | <b>2,503,355</b>                  | 2,535,522         |
| Kingdom of Saudi Arabia Sukuk 04-07-2020 | 26 July 2024         | <b>2,503,219</b>                  | 2,535,522         |
| Kingdom of Saudi Arabia Sukuk 05-10-2019 | 23 March 2025        | <b>5,038,463</b>                  | 5,071,046         |
| Banque Saudi Fransi Tier 1 Sukuk         | 03 May 2026          | <b>2,000,000</b>                  | 2,000,000         |
| Saudi Awwal Bank Tier II Sukuk           | 22 July 2030         | <b>5,000,000</b>                  | 5,000,000         |
| Kingdom of Saudi Arabia Sukuk 08-08-2023 | 17 August 2031       | <b>3,736,918</b>                  | --                |
| Kingdom of Saudi Arabia Sukuk 09-08-2023 | 17 August 2032       | <b>1,995,953</b>                  | --                |
| Kingdom of Saudi Arabia Sukuk 10-08-2023 | 17 August 2033       | <b>3,736,405</b>                  | --                |
| Kingdom of Saudi Arabia Sukuk 30-04-2019 | 24 April 2049        | <b>3,729,997</b>                  | --                |
|                                          |                      | <b>30,244,310</b>                 | <b>22,213,134</b> |

The sukuks are earning commission income at profit rates ranging from 1.64% to 4.64% (2022: 1.6% to 4.5%) per annum.

10.2 Movement of allowance for credit losses

|                                      | <u>31 December</u><br><u>2023</u> | <u>2022</u>  |
|--------------------------------------|-----------------------------------|--------------|
| Balance at the beginning of the year | <b>1,067</b>                      | 3,317        |
| Charge / (reversal) for the year     | <b>8,558</b>                      | (2,250)      |
| Balance at the end of the year       | <b>9,625</b>                      | <b>1,067</b> |

**11 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

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

|                                                           | <u>31 December 2023</u> |                                           |                    |
|-----------------------------------------------------------|-------------------------|-------------------------------------------|--------------------|
|                                                           | <u>Cost</u>             | <u>Unrealised</u><br><u>Gain / (loss)</u> | <u>Fair Value</u>  |
| Real estate fund (note 11.1)                              | <b>25,877,855</b>       | (966,256)                                 | <b>24,911,599</b>  |
| Private equity fund (note 11.1)                           | <b>888,860</b>          | --                                        | <b>888,860</b>     |
| Equity securities                                         | <b>121,164</b>          | --                                        | <b>121,164</b>     |
| <b>Total current investments at FVTPL</b>                 | <b>26,887,879</b>       | <b>(966,256)</b>                          | <b>25,921,623</b>  |
| Equity funds                                              | <b>35,027,766</b>       | <b>11,478,448</b>                         | <b>46,506,214</b>  |
| Corporate sukuks (note 11.2)                              | <b>42,186,490</b>       | --                                        | <b>42,186,490</b>  |
| Money market funds                                        | <b>33,571,576</b>       | <b>1,440,629</b>                          | <b>35,012,205</b>  |
| Equity securities (note 11.3)                             | <b>27,001,400</b>       | --                                        | <b>27,001,400</b>  |
| Venture capital and private equity funds                  | <b>13,612,532</b>       | (789,089)                                 | <b>12,823,443</b>  |
| Real estate funds                                         | <b>2,055,900</b>        | --                                        | <b>2,055,900</b>   |
| <b>Total non-current investments at FVTPL (note 11.4)</b> | <b>153,455,664</b>      | <b>12,129,988</b>                         | <b>165,585,652</b> |
| <b>Total investments at FVTPL (note 11.5)</b>             | <b>180,343,543</b>      | <b>11,163,732</b>                         | <b>191,507,275</b> |

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**11 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)**

|                                                       | 31 December 2022   |                                     |                    |
|-------------------------------------------------------|--------------------|-------------------------------------|--------------------|
|                                                       | <u>Cost</u>        | <u>Unrealised<br/>Gain / (Loss)</u> | <u>Fair Value</u>  |
| Real estate fund (note 11.1)                          | 21,297,025         | (7,373,533)                         | 13,923,492         |
| Private equity fund (note 11.1)                       | 919,530            | (30,670)                            | 888,860            |
| Total current investments at FVTPL                    | <u>22,216,555</u>  | <u>(7,404,203)</u>                  | <u>14,812,352</u>  |
| Money market funds                                    | 111,482,670        | 1,311,539                           | 112,794,209        |
| Equity funds                                          | 15,129,952         | (5,018)                             | 15,124,934         |
| Venture capital and private equity funds              | 13,117,055         | (1,756,922)                         | 11,360,133         |
| Corporate sukuku (note 11.2)                          | 7,000,000          | --                                  | 7,000,000          |
| Equity securities                                     | 2,626,400          | --                                  | 2,626,400          |
| Total non-current investments at FVTPL<br>(note 11.4) | <u>149,356,077</u> | <u>(450,401)</u>                    | <u>148,905,676</u> |
| Total investments at FVTPL (note 11.5)                | <u>171,572,632</u> | <u>(7,854,604)</u>                  | <u>163,718,028</u> |

- 11.1 Investment in real estate fund represents 43,705 units (2022: 22,705 units) in the Company's managed unlisted Durat Al Khaleej Real Estate Fund, and investment in private equity fund represents 100,000 units (2022: 100,000 units) in the Company's managed unlisted Derayah Healthcare Fund. Both the funds are treated as current, as these are under liquidation.
- 11.2 The sukuku are earning commission income at profit rates ranging from 4.00% to 7.57% (2022: 4.00%) per annum.
- 11.3 This includes investment of SR 15 million made by the Company in BwaTech (a related party) during the year.
- 11.4 The investments have been treated as non-current based on the Company's investment model and management's intention to hold the investment for more than one year from the reporting date.
- 11.5 This includes investment of SR 115,689,270 (2022: 147,942,043) made by the Company in Company-managed funds (related parties).

**12 INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

|                                      | 31 December 2023         |                            |                          |
|--------------------------------------|--------------------------|----------------------------|--------------------------|
|                                      | <u>Cost</u>              | <u>Unrealized<br/>Loss</u> | <u>Fair<br/>Value</u>    |
| <b>Derayah REIT Fund (note 12.1)</b> | <u><b>26,277,177</b></u> | <u><b>(4,855,565)</b></u>  | <u><b>21,421,612</b></u> |

|                               | 31 December 2022  |                            |                       |
|-------------------------------|-------------------|----------------------------|-----------------------|
|                               | <u>Cost</u>       | <u>Unrealized<br/>Loss</u> | <u>Fair<br/>Value</u> |
| Derayah REIT Fund (note 12.1) | <u>32,976,299</u> | <u>(6,699,122)</u>         | <u>26,277,177</u>     |

- 12.1 Investments in REIT fund represents 2,596,559 units (2022: 2,596,559 units) in the Company's managed listed Derayah REIT Fund (a related party).

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**13 MARGIN CLIENT RECEIVABLES, NET**

|                                                  | <b>31 December</b>        |                           |
|--------------------------------------------------|---------------------------|---------------------------|
|                                                  | <b><u>2023</u></b>        | <b><u>2022</u></b>        |
| Margin client receivables                        | 77,339,655                | 90,269,934                |
| Allowance for expected credit losses (note 13.2) | <b><u>(2,021,925)</u></b> | <b><u>(4,415,807)</u></b> |
|                                                  | <b><u>75,317,730</u></b>  | <b><u>85,854,127</u></b>  |

13.1 Staging of margin client receivables:

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

|                                         | <b>31 December 2022</b>        |                                                        |                                                    |                           |
|-----------------------------------------|--------------------------------|--------------------------------------------------------|----------------------------------------------------|---------------------------|
|                                         | <b><u>12 month<br/>ECL</u></b> | <b><u>Lifetime ECL<br/>not credit<br/>impaired</u></b> | <b><u>Lifetime<br/>ECL credit<br/>impaired</u></b> | <b><u>Total</u></b>       |
| Margin client<br>receivables            | 64,358,769                     | 25,911,165                                             | --                                                 | 90,269,934                |
| Allowance for expected<br>credit losses | <b><u>(2,452)</u></b>          | <b><u>(4,413,355)</u></b>                              | <b><u>--</u></b>                                   | <b><u>(4,415,807)</u></b> |
|                                         | <b><u>64,356,317</u></b>       | <b><u>21,497,810</u></b>                               | <b><u>--</u></b>                                   | <b><u>85,854,127</u></b>  |

13.2 Movement of allowance for expected credit losses:

|                                            | <b>31 December</b>        |                         |
|--------------------------------------------|---------------------------|-------------------------|
|                                            | <b><u>2023</u></b>        | <b><u>2022</u></b>      |
| Balance at the beginning of the year       | 4,415,807                 | 4,439,858               |
| Charge / (reversal) for the year           | 606,118                   | (24,051)                |
| Written off during the year (note 13.3)    | <b><u>(3,000,000)</u></b> | <b><u>--</u></b>        |
| Balance at the end of the year (note 13.4) | <b><u>2,021,925</u></b>   | <b><u>4,415,807</u></b> |

13.3 Provision held against a specific customer was written off during the year against the settlement of margin client receivable balance.

13.4 This includes SR 1,402,500 (2022: SR 4,402,500) held against specific customers.

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**14 OTHER CURRENT FINANCIAL ASSETS, NET**

|                                                  | <b>31 December</b>        |                           |
|--------------------------------------------------|---------------------------|---------------------------|
|                                                  | <b><u>2023</u></b>        | <b><u>2022</u></b>        |
| Muqassa deposit (note 14.1)                      | <b>231,436,414</b>        | 162,500,000               |
| Accrued brokerage fees                           | <b>61,085,066</b>         | 19,577,971                |
| Other receivables (note 14.2)                    | <b>27,012,074</b>         | 16,567,610                |
| Employees loans and advances                     | <b>5,060,449</b>          | 4,922,736                 |
| Allowance for expected credit losses (note 14.3) | <b>(42,772)</b>           | (231,434)                 |
|                                                  | <b><u>324,551,231</u></b> | <b><u>203,336,883</u></b> |

14.1 This amount represents deposit with Muqassa. The deposit is maintained through an omnibus client collateral account in compliance with mandatory requirements of the Muqassa clearing procedures.

14.2 This includes a receivable of SR 4,304,540 (2022: Nil) from Derayah Technology Services (a related party).

14.3 Movement of allowance for expected credit losses:

|                                      | <b>31 December</b>   |                       |
|--------------------------------------|----------------------|-----------------------|
|                                      | <b><u>2023</u></b>   | <b><u>2022</u></b>    |
| Balance at the beginning of the year | <b>231,434</b>       | 13,912                |
| (Reversal) / charge for the year     | <b>(188,662)</b>     | 217,522               |
| Balance at the end of the year       | <b><u>42,772</u></b> | <b><u>231,434</u></b> |

**15 CASH AND CASH EQUIVALENTS, NET**

|                                                  | <b>31 December</b>       |                          |
|--------------------------------------------------|--------------------------|--------------------------|
|                                                  | <b><u>2023</u></b>       | <b><u>2022</u></b>       |
| Cash at banks – current accounts, gross          | <b>20,891,009</b>        | 30,364,323               |
| Allowance for expected credit losses (note 15.1) | <b>(2,778)</b>           | (1,215)                  |
| Cash at banks – current accounts, net            | <b><u>20,888,231</u></b> | <b><u>30,363,108</u></b> |

**16 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties of the Company includes shareholders and funds managed by the Company. The Company and its related parties transact with each other in the ordinary course of business.

Significant transactions and balances arising from transactions with related parties, other than those disclosed elsewhere in the financial statements, are as follows:

|                                     |                                          | <b>For the year ended</b> |                    |
|-------------------------------------|------------------------------------------|---------------------------|--------------------|
|                                     |                                          | <b>31 December</b>        |                    |
| <b><u>Name of related party</u></b> | <b><u>Nature of transaction</u></b>      | <b><u>2023</u></b>        | <b><u>2022</u></b> |
| Derayah REIT Fund                   | <i>Receipts</i>                          | <b>11,274,572</b>         | 11,513,856         |
| Derayah REIT Fund                   | <i>Management fees</i>                   | <b>10,761,656</b>         | 8,773,463          |
| Derayah REIT Fund                   | <i>Payment on the behalf of the Fund</i> | <b>1,789,890</b>          | 812,500            |
| Derayah REIT Fund                   | <i>Dividend</i>                          | <b>913,989</b>            | 1,817,591          |

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**16 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

| <u>Name of related party</u>              | <u>Nature of transaction</u>                    | <b>For the year ended</b> |             |
|-------------------------------------------|-------------------------------------------------|---------------------------|-------------|
|                                           |                                                 | <b>31 December</b>        |             |
|                                           |                                                 | <b>2023</b>               | <b>2022</b> |
| Derayah Healthcare Fund                   | <i>Receipts</i>                                 | <b>437,172</b>            | 1,083,002   |
| Derayah Healthcare Fund                   | <i>Management fees</i>                          | --                        | 964,621     |
| Derayah Healthcare Fund                   | <i>Payment on the behalf of the Fund</i>        | --                        | 6,382       |
| Derayah Real Estate Income Fund II        | <i>Receipts</i>                                 | <b>1,551,453</b>          | --          |
| Derayah Real Estate Income Fund III       | <i>Receipts</i>                                 | <b>2,462,934</b>          | 4,479,825   |
| Derayah Real Estate Income Fund III       | <i>Management fee</i>                           | <b>4,915,524</b>          | 4,479,825   |
| Derayah Trade Finance Fund SAR            | <i>Management fees and brokerage commission</i> | <b>105,096,511</b>        | 51,355,903  |
| Derayah Trade Finance Fund SAR            | <i>Payment on the behalf of the Fund</i>        | --                        | 22,312      |
| Derayah Asia Venture Capital Fund         | <i>Receipts</i>                                 | --                        | 1,647,942   |
| Derayah Asia Venture Capital Fund         | <i>Management fees</i>                          | <b>276,063</b>            | 2,974,355   |
| Derayah Venture Capital Fund              | <i>Receipts</i>                                 | <b>970,471</b>            | 3,103,531   |
| Derayah Venture Capital Fund              | <i>Management fees</i>                          | <b>2,062,496</b>          | 1,834,302   |
| Derayah Venture Capital Fund              | <i>Payment on the behalf of the Fund</i>        | <b>20,669</b>             | 1,109,129   |
| Derayah Private Fund 10                   | <i>Receipts</i>                                 | <b>683,536</b>            | 704,083     |
| Derayah Private Fund 10                   | <i>Management fees</i>                          | <b>638,211</b>            | 693,080     |
| Derayah Freestyle Saudi Equity Fund       | <i>Receipts</i>                                 | <b>7,551,530</b>          | 1,254,741   |
| Derayah Freestyle Saudi Equity Fund       | <i>Management fees</i>                          | <b>7,406,469</b>          | 1,283,170   |
| Derayah Freestyle Saudi Equity Fund       | <i>Payment on the behalf of the Fund</i>        | <b>20,000</b>             | 12,500      |
| Derayah Private Fund 20                   | <i>Receipts</i>                                 | <b>636,634</b>            | 823,057     |
| Derayah Private Fund 20                   | <i>Management fees</i>                          | <b>568,393</b>            | 846,642     |
| Derayah GCC Growth and Income Equity Fund | <i>Receipts</i>                                 | <b>1,215,067</b>          | 869,227     |
| Derayah GCC Growth and Income Equity Fund | <i>Management fees</i>                          | <b>1,139,631</b>          | 866,880     |
| Derayah GCC Growth and Income Equity Fund | <i>Payment made on behalf of the Fund</i>       | <b>19,977</b>             | 12,500      |
| Durat Al Khaleej Real Estate Fund         | <i>Receipts</i>                                 | <b>43,195</b>             | --          |
| Durat Al Khaleej Real Estate Fund         | <i>Payment made on behalf of the Fund</i>       | <b>38,395</b>             | 1,300,000   |
| Derayah Global Venture Capital Fund       | <i>Management fees</i>                          | <b>3,328,470</b>          | 3,221,137   |
| Derayah Global Venture Capital Fund       | <i>Payment made on behalf of the Fund</i>       | <b>465,294</b>            | --          |



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**16 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

| <u>Name of related party</u>              | <u>Nature of transaction</u>              | <b>For the year ended</b> |             |
|-------------------------------------------|-------------------------------------------|---------------------------|-------------|
|                                           |                                           | <b>31 December</b>        |             |
|                                           |                                           | <b>2023</b>               | <b>2022</b> |
| Derayah Tilal Al Yasmeen Real Estate Fund | <i>Receipts</i>                           | --                        | 4,091,485   |
| Derayah Tilal Al Yasmeen Real Estate Fund | <i>Management fees</i>                    | --                        | 1,377,757   |
| Derayah Tilal Al Yasmeen Real Estate Fund | <i>Transaction fees</i>                   | --                        | 414,273     |
| Derayah Tilal Al Yasmeen Real Estate Fund | <i>Payment made on behalf of the Fund</i> | --                        | 114,455     |
| Al Wajiha Al Arabia Fund                  | <i>Receipts</i>                           | --                        | 5,946,570   |
| Al Wajiha Al Arabia Fund                  | <i>Management fees</i>                    | --                        | 990,994     |
| Al Wajiha Al Arabia Fund                  | <i>Transaction fees</i>                   | --                        | 2,651,076   |
| Al Wajiha Al Arabia Fund                  | <i>Payment made on behalf of the Fund</i> | --                        | 4,500       |
| Derayah Private Equity Fund               | <i>Receipts</i>                           | <b>3,623,030</b>          | 2,970,246   |
| Derayah Private Equity Fund               | <i>Management fees</i>                    | <b>3,623,027</b>          | 5,683,401   |
| Derayah Private Equity Fund               | <i>Payment made on behalf of the Fund</i> | <b>188,205</b>            | 622,149     |
| Derayah Trade Finance Fund USD            | <i>Receipts</i>                           | <b>3,083,801</b>          | 3,763,932   |
| Derayah Trade Finance Fund USD            | <i>Management fees</i>                    | <b>2,797,850</b>          | 4,057,093   |
| Derayah Retail Fund                       | <i>Receipts</i>                           | <b>1,193,756</b>          | 279,277     |
| Derayah Retail Fund                       | <i>Management fees</i>                    | <b>2,080,346</b>          | 1,171,116   |
| Derayah Retail Fund                       | <i>Payment made on behalf of the Fund</i> | --                        | 279,277     |
| Derayah Private Fund 25                   | <i>Receipts</i>                           | <b>183,595</b>            | --          |
| Derayah Private Fund 25                   | <i>Management fees</i>                    | <b>175,873</b>            | 7,722       |
| Derayah Private Fund 15                   | <i>Receipts</i>                           | <b>170,518</b>            | --          |
| Derayah Private Fund 15                   | <i>Management fees</i>                    | <b>161,596</b>            | 8,922       |
| Derayah Private Fund 15                   | <i>Payment made on behalf of the Fund</i> | --                        | 56,884      |
| Derayah Private Fund 30                   | <i>Receipts</i>                           | <b>289,483</b>            | --          |
| Derayah Private Fund 30                   | <i>Management fees</i>                    | <b>289,483</b>            | --          |
| Wadi Masharee Real Estate Fund            | <i>Management fees</i>                    | <b>1,926,250</b>          | --          |
| Wadi Masharee Real Estate Fund            | <i>Brokerage and Financing fees</i>       | <b>3,651,250</b>          | --          |
| Derayah Saudi Equity Fund                 | <i>Receipts</i>                           | <b>247,261</b>            | --          |
| Derayah Saudi Equity Fund                 | <i>Management fees</i>                    | <b>247,261</b>            | --          |
| Derayah Sukuk Fund                        | <i>Receipts</i>                           | <b>228,554</b>            | --          |
| Derayah Sukuk Fund                        | <i>Management fees</i>                    | <b>228,554</b>            | --          |

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**16 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

| <u>Name of related party</u>     | <u>Nature of transaction</u>       | <b>For the year ended</b> |             |
|----------------------------------|------------------------------------|---------------------------|-------------|
|                                  |                                    | <b>31 December</b>        |             |
|                                  |                                    | <b>2023</b>               | <b>2022</b> |
| Al Waha Real Estate Fund         | Payment made on behalf of the Fund | 539,010                   | --          |
| Derayah Credit Fund              | Payment made on behalf of the Fund | 71,806                    | --          |
| Derayah Alremal Real Estate Fund | Payment made on behalf of the Fund | 11,253                    | --          |
| Derayah Gulf Real Estate Fund    | Payment made on behalf of the Fund | 9,400                     | --          |
| Derayah Tawafuq Fund             | Payment made on behalf of the Fund | 6,563                     | --          |

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

|                                        | <b>For the year ended</b> |                   |
|----------------------------------------|---------------------------|-------------------|
|                                        | <b>31 December</b>        |                   |
|                                        | <b>2023</b>               | <b>2022</b>       |
| Salaries and employee related benefits | 26,424,101                | 21,765,212        |
| Board of Directors remuneration        | 1,725,000                 | 1,600,000         |
|                                        | <b>31 December</b>        |                   |
|                                        | <b>2023</b>               | <b>2022</b>       |
| Due from related parties               | 47,357,867                | 32,831,575        |
| Allowance for expected credit losses   | (6,539)                   | (1,252)           |
|                                        | <b>47,351,328</b>         | <b>32,830,323</b> |

**16.1 Movement of allowance for expected credit losses:**

|                                      | <b>31 December</b> |              |
|--------------------------------------|--------------------|--------------|
|                                      | <b>2023</b>        | <b>2022</b>  |
| Balance at the beginning of the year | 1,252              | 3,040        |
| Charge / (reversal) for the year     | 5,287              | (1,788)      |
| Balance at the end of the year       | <b>6,539</b>       | <b>1,252</b> |

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**16 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

Balances resulting from transactions with related parties, other than those disclosed elsewhere in the financial statements, are as follows:

| <u>Name of related party</u>        | <u>Nature of Balance</u>            | <b>31 December</b>       |                          |
|-------------------------------------|-------------------------------------|--------------------------|--------------------------|
|                                     |                                     | <b><u>2023</u></b>       | <b><u>2022</u></b>       |
| Durat Al Khaleej Real Estate Fund   | Management fee receivable           | 11,860,820               | 11,865,620               |
| Derayah Global Venture Capital Fund | Management fee receivable           | 7,014,901                | 3,221,137                |
| Derayah REIT Fund                   | Management fee receivable           | 6,583,887                | 4,392,924                |
| Wadi Masharee Real Estate Fund      | Management and other fee receivable | 5,577,500                | --                       |
| Derayah Real Estate Income Fund III | Management fee receivable           | 4,710,913                | 2,258,323                |
| Derayah Private Equity Fund         | Management fee receivable           | 3,588,925                | 3,400,723                |
| Derayah Asia Venture Capital Fund   | Management fee receivable           | 3,250,418                | 2,974,355                |
| Derayah Retail Fund                 | Management fee receivable           | 2,057,707                | 1,171,117                |
| Derayah Venture Capital Fund        | Management fee receivable           | 1,967,420                | 854,726                  |
| Al Waha Real Estate Fund            | Due from related party              | 539,010                  | --                       |
| Derayah Credit Fund                 | Due from related party              | 71,806                   | --                       |
| Derayah Private Fund 15             | Due from related party              | 56,884                   | 65,806                   |
| Derayah GCC Fund                    | Due from related party              | 23,250                   | 78,709                   |
| Derayah Freestyle Saudi Equity Fund | Due from related party              | 20,000                   | 145,061                  |
| Alremal Real Estate Fund            | Due from related party              | 11,253                   | --                       |
| Derayah Gulf Real Estate Fund       | Due from related party              | 9,400                    | --                       |
| Derayah Trade Finance Fund USD      | Management fee receivable           | 7,210                    | 293,161                  |
| Tawafuq Fund                        | Due from related party              | 6,563                    | --                       |
| Derayah Health Care Fund            | Management fee receivable           | --                       | 437,172                  |
| Derayah Real Estate Income Fund II  | Management fee receivable           | --                       | 1,551,453                |
| Derayah Private Fund 20             | Management fee receivable           | --                       | 68,241                   |
| Derayah Private Fund 25             | Management fee receivable           | --                       | 7,722                    |
| Derayah Private Fund 10             | Management fee receivable           | --                       | 45,325                   |
|                                     |                                     | <b><u>47,357,867</u></b> | <b><u>32,831,575</u></b> |

**17 EMPLOYEE DEFINED BENEFIT OBLIGATIONS**

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

|                                                        | <b>For the year ended</b> |                          |
|--------------------------------------------------------|---------------------------|--------------------------|
|                                                        | <b><u>31 December</u></b> |                          |
|                                                        | <b><u>2023</u></b>        | <b><u>2022</u></b>       |
| Balance at beginning of the year                       | 21,550,028                | 18,378,555               |
| Current service cost                                   | 3,622,334                 | 2,996,414                |
| Interest cost                                          | 915,876                   | 597,303                  |
| Amount recognised in statement of comprehensive income | 4,538,210                 | 3,593,717                |
| <b>Remeasurement (gain) / loss recognised in OCI</b>   |                           |                          |
| Experience assumptions                                 | (186,862)                 | 211,251                  |
| Benefits paid during the year                          | (933,276)                 | (633,495)                |
| <b>Balance at the end of the year</b>                  | <b><u>24,968,100</u></b>  | <b><u>21,550,028</u></b> |

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**17 EMPLOYEE DEFINED BENEFIT OBLIGATIONS (CONTINUED)**

The Company carried out an employee benefits actuarial valuation, using the projected unit credit method, of its liability as at 31 December 2023 arising from the end of service benefits to qualifying in-service employees.

*Significant actuarial assumptions*

The following were the principal actuarial assumptions:

| <i>Key actuarial assumptions</i> | <b>31 December</b> |                    |
|----------------------------------|--------------------|--------------------|
|                                  | <b><u>2023</u></b> | <b><u>2022</u></b> |
| <i>Financial assumptions</i>     |                    |                    |
| Discount rate used               | 4.75%              | 4.25%              |
| Salary growth rate               | 4.75%              | 4.25%              |
| <i>Demographic assumptions</i>   |                    |                    |
| Retirement age                   | 60                 | 60                 |

*Sensitivity analysis*

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation. The following is a sensitivity analysis for the salary increase and discount rate assumptions that were performed at the previous and current valuation date:

|                                | <b>31 December</b> |                    |
|--------------------------------|--------------------|--------------------|
|                                | <b><u>2023</u></b> | <b><u>2022</u></b> |
| Discount rate +1%              | (2,056,925)        | (1,833,383)        |
| Discount rate -1%              | 2,370,742          | 2,117,830          |
| Long term salary increases +1% | 2,093,694          | 1,871,664          |
| Long term salary increases -1% | (1,860,360)        | (1,659,241)        |

**18 EMPLOYEES' EQUITY AWARD PLAN ('EEAP')**

The Company has an employees' equity award plan, whereby, the eligible individuals (currently employed with the Bank D360) that supported the establishment of the Bank D360 are entitled to shares of the Bank D360. These shares will be granted from the Company's own shareholding of the Bank D360, which may reduce the shareholding of the Company on equity settlement of the award plan liability (Note 9). These shares, if opted, will be settled after completion of the Saudi Central Bank lock up period on Bank D360 shares in August 2027. Number of eligible employees are 17.

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

|                                                        | <b>For the year ended</b> |                          |
|--------------------------------------------------------|---------------------------|--------------------------|
|                                                        | <b>31 December</b>        |                          |
|                                                        | <b><u>2023</u></b>        | <b><u>2022</u></b>       |
| Balance at beginning of the year                       | 52,708,021                | --                       |
| Current service cost                                   | --                        | 51,970,109               |
| Interest cost                                          | 907,746                   | 737,912                  |
| Amount recognized in statement of comprehensive income | 907,746                   | 52,708,021               |
| <b>Remeasurement loss recognised in OCI</b>            |                           |                          |
| Financial assumptions                                  | 4,337,780                 | --                       |
| <b>Balance at the end of the year</b>                  | <b><u>57,953,547</u></b>  | <b><u>52,708,021</u></b> |

| <i>Key actuarial assumptions</i> | <b>31 December</b> |                    |
|----------------------------------|--------------------|--------------------|
|                                  | <b><u>2023</u></b> | <b><u>2022</u></b> |
| Discount rate used               | 5.78%              | 5.00%              |

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**18 EMPLOYEES' EQUITY AWARD PLAN ('EEAP') (CONTINUED)**

*Sensitivity analysis*

The following is a sensitivity analysis for the fair value change and discount rate assumptions that were performed at current valuation date:

|                                        | <b>31 December</b> |                    |
|----------------------------------------|--------------------|--------------------|
|                                        | <b><u>2023</u></b> | <b><u>2022</u></b> |
| Discount rate +1%                      | (29,394)           | (115,787)          |
| Discount rate -1%                      | 29,678             | 117,550            |
| SR 1 increase in fair value of benefit | 5,603,024          | 5,555,614          |
| SR 1 decrease in fair value of benefit | (5,603,024)        | (5,555,614)        |

**19 UNEARNED REVENUE**

During the period ended 31 December 2022, the Company earned a compensation of SR 193 million received on account of successful establishment of the Bank D360. The Company recorded SR 164 million gain out of SR 193 million as the performance obligation was met in the year ended 31 December 2022. Remaining SR 29 million was recorded as unearned revenue as the performance obligation is yet to be met.

**20 ACCRUED EXPENSES AND OTHER PAYABLES**

|                                        | <b>31 December</b>       |                          |
|----------------------------------------|--------------------------|--------------------------|
|                                        | <b><u>2023</u></b>       | <b><u>2022</u></b>       |
| Bonus payable                          | 39,000,001               | 27,579,192               |
| Accounts and other payables            | 27,339,666               | 16,191,332               |
| Commission payable                     | 8,475,738                | 8,420,808                |
| Accrued salaries and employee benefits | 3,056,896                | 6,274,624                |
| VAT payable                            | 9,836,327                | 7,135,323                |
| Current portion of lease liability     | 1,938,771                | 2,004,296                |
| GOSI Payable                           | 640,297                  | 959,732                  |
|                                        | <b><u>90,287,696</u></b> | <b><u>68,565,307</u></b> |

**21 ZAKAT PAYABLE**

Movement in provision for zakat during the years ended 31 December 2023 and 2022, is as follows:

|                                              | <b>31 December</b>       |                          |
|----------------------------------------------|--------------------------|--------------------------|
|                                              | <b><u>2023</u></b>       | <b><u>2022</u></b>       |
| At the beginning of the year                 | 21,295,229               | 21,345,385               |
| Zakat charge for the year (note 21.1 & 21.2) | 18,242,210               | 15,334,082               |
| Paid during the year                         | (15,394,117)             | (15,384,238)             |
| <b>At the end of the year</b>                | <b><u>24,143,322</u></b> | <b><u>21,295,229</u></b> |

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**21 ZAKAT PAYABLE (CONTINUED)**

**21.1 Components of zakat base and provision**

The significant components of the zakat base under zakat and income tax regulations are principally comprised of equity, provisions at the beginning of year and estimated zakat income, less deductions for the net book value of property, plant and equipment, investments and certain other items.

|                                                 | <b>31 December</b>   |                    |
|-------------------------------------------------|----------------------|--------------------|
|                                                 | <b><u>2023</u></b>   | <b><u>2022</u></b> |
| Equity                                          | <b>722,310,708</b>   | 601,509,906        |
| Provisions and other additions                  | <b>116,517,597</b>   | 6,394,782          |
| Book value of long-term assets                  | <b>(375,832,383)</b> | (327,499,987)      |
| Dividends                                       | <b>(227,206,182)</b> | (186,708,651)      |
|                                                 | <b>235,789,740</b>   | 93,696,050         |
| Impact of conversion of Hijri to Gregorian year | <b>7,992,873</b>     | 2,911,459          |
|                                                 | <b>243,782,613</b>   | 96,607,509         |
| Adjusted net income for the year                | <b>353,002,081</b>   | 394,965,585        |
| Zakat base                                      | <b>596,784,694</b>   | 491,573,094        |
| Zakat charge for the year @ 2.5%                | <b>14,919,617</b>    | 12,289,327         |

**21.2 Status of assessments**

The Company has filed its zakat and tax returns for the years since inception and has settled the zakat and tax liability as per the returns. During the current year, the Company has paid SR 4.25 million for the years 2015-2018 and has settled all zakat liabilities till the year 2018.

During the current year, ZATCA has initiated the assessment for the years 2019-2021, however, no liability yet has been communicated by ZATCA.

**22 SHARE CAPITAL**

|                                          | <b>31 December</b> |                    |
|------------------------------------------|--------------------|--------------------|
|                                          | <b><u>2023</u></b> | <b><u>2022</u></b> |
| Ordinary share capital (SR 10 per share) | <b>162,290,130</b> | 162,290,130        |

Share capital of SR 162 million (2022: SR 162 million) is divided into 16,229,013 shares (2022: 16,229,013 shares) of SR 10 each, which is wholly paid.

**23 STATUTORY RESERVES**

In accordance with the Company's By-laws and the Saudi Arabian Regulations for Companies, 10% of annual net income is transferred to statutory reserve until such reserve reaches 30% of its share capital. The reserve is not available for distribution to the shareholders of the Company. Since the statutory reserve of the Company has already reached to 30% of its share capital, therefore, no transfer has been made to the statutory reserve during the year (2022: SR 360,000).

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**24 DIVIDENDS**

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

| <b>31 December 2023</b>     |                   |                    |
|-----------------------------|-------------------|--------------------|
| <u>Date of announcement</u> | <u>Percentage</u> | <u>Amount</u>      |
| 31 May 2023                 | 30%               | 48,687,039         |
| 06 July 2023                | 30%               | 48,687,039         |
| 28 September 2023           | 30%               | 48,687,039         |
| 13 November 2023            | 50%               | 81,145,065         |
|                             |                   | <u>227,206,182</u> |

| <b>31 December 2022</b>     |                   |                    |
|-----------------------------|-------------------|--------------------|
| <u>Date of announcement</u> | <u>Percentage</u> | <u>Amount</u>      |
| 18 April 2022               | 15%               | 24,343,520         |
| 03 July 2022                | 15%               | 24,343,520         |
| 06 October 2022             | 15%               | 24,343,520         |
| 15 December 2022            | 70%               | 113,678,091        |
|                             |                   | <u>186,708,651</u> |

**25 REVENUE FROM CONTRACTS WITH CUSTOMERS**

| <b>For the year ended 31 December 2023</b>  |                       |                         |                      |                    |
|---------------------------------------------|-----------------------|-------------------------|----------------------|--------------------|
|                                             | <u>Brokerage Fees</u> | <u>Asset Management</u> | <u>Advisory Fees</u> | <u>Total</u>       |
| <b>Timing of revenue recognition</b>        |                       |                         |                      |                    |
| Services rendered at a point in time        | 388,565,878           | --                      | --                   | 388,565,878        |
| Services rendered over the time             | --                    | 81,467,613              | --                   | 81,467,613         |
| Total revenue from contracts with customers | <u>388,565,878</u>    | <u>81,467,613</u>       | <u>--</u>            | <u>470,033,491</u> |

| <b>For the year ended 31 December 2022</b>  |                       |                         |                      |                    |
|---------------------------------------------|-----------------------|-------------------------|----------------------|--------------------|
|                                             | <u>Brokerage Fees</u> | <u>Asset Management</u> | <u>Advisory Fees</u> | <u>Total</u>       |
| <b>Timing of revenue recognition</b>        |                       |                         |                      |                    |
| Services rendered at a point in time        | 379,740,773           | --                      | 163,806,472          | 543,547,245        |
| Services rendered over the time             | --                    | 70,189,671              | --                   | 70,189,671         |
| Total revenue from contracts with customers | <u>379,740,773</u>    | <u>70,189,671</u>       | <u>163,806,472</u>   | <u>613,736,916</u> |

**Performance obligations**

Information about the Company's performance obligations are summarised below:

**Brokerage services:**

This consist of a separate and distinct performance obligation i.e. to act as a broker (agent) in providing trading facility on stock exchange or capital markets to client against the commission. The performance obligation is complete for buy orders when a buy order is executed; and similarly, for a sell order when it is executed on behalf of its principals (clients). Clients can directly place buy / sell order using internet-based trading platform or use Company's phone call or email service for placing orders.

The income is recognised upon execution of related deals / transactions and presented in statement of comprehensive income net of discounts.

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**25 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)**

**Asset management services:**

This consist of a separate and distinct performance obligation i.e. to provide asset management services to the mutual funds under the Company's management and discretionary portfolios. As per the terms and condition of the funds, the management fees is computed on daily / weekly / monthly / semi-annually (annual % pro-rated for periodic accrual) with reference to periodic net asset value of the fund. The Company's practice for recognition of management fee is aligned with IFRS 15 since management fee is recognised on an accrual basis against rendering of asset management services that the Company is providing on an on-going basis. Performance fees are earned from some arrangements when contractually agreed performance levels are exceeded within specified performance measurement periods, typically over one year. The fees are recognised when they can be reliably estimated and / or crystallised, and there is deemed to be a low probability of a significant reversal in future periods. This is usually at the end of the performance period or upon early redemption by a fund investor. Once crystallised, performance fees typically cannot be clawed-back.

**Geographical distribution**

The Company generates all its revenue from the Kingdom of Saudi Arabia.

**26 SPECIAL COMMISSION INCOME**

|                                        | <b>For the year ended 31<br/>December</b> |                   |
|----------------------------------------|-------------------------------------------|-------------------|
|                                        | <b>2023</b>                               | <b>2022</b>       |
| Special commission income earned from: |                                           |                   |
| - Financial institutions (note 26.1)   | <b>134,108,571</b>                        | 34,296,018        |
| - Investments                          | <b>1,506,407</b>                          | 924,537           |
|                                        | <b>135,614,978</b>                        | <b>35,220,555</b> |

- 26.1 This represents SR 121.46 million (2022: SR 33.47 million) earned on client money accounts managed by the Company (note 39.2).

**27 GAIN / (LOSS) ON INVESTMENTS, NET**

|                                                                                   | <b>For the year ended 31<br/>December</b> |                    |
|-----------------------------------------------------------------------------------|-------------------------------------------|--------------------|
|                                                                                   | <b>2023</b>                               | <b>2022</b>        |
| Unrealised gain / (loss) on investments at fair value through profit or loss, net | <b>11,163,732</b>                         | (7,854,604)        |
| Realised gain on investments at fair value through profit or loss, net            | <b>5,802,294</b>                          | 2,539,660          |
|                                                                                   | <b>16,966,026</b>                         | <b>(5,314,944)</b> |

**28 SALARIES AND EMPLOYEE RELATED EXPENSES**

|                                        | <b>For the year ended 31<br/>December</b> |                    |
|----------------------------------------|-------------------------------------------|--------------------|
|                                        | <b>2023</b>                               | <b>2022</b>        |
| Salaries and employee related expenses | <b>119,617,242</b>                        | 97,163,680         |
| GOSI expense                           | <b>4,297,001</b>                          | 4,250,231          |
| End of service benefit                 | <b>3,622,334</b>                          | 2,996,414          |
| Employees' Equity Award Plan           | <b>—</b>                                  | 52,708,021         |
|                                        | <b>127,536,577</b>                        | <b>157,118,346</b> |



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**29 OTHER GENERAL AND ADMINISTRATIVE EXPENSES**

|                                   |             | <b>For the year ended 31<br/>December</b> |             |
|-----------------------------------|-------------|-------------------------------------------|-------------|
|                                   | <i>Note</i> | <b>2023</b>                               | <b>2022</b> |
| Professional expenses (note 29.1) |             | <b>31,089,947</b>                         | 28,501,504  |
| IT expenses                       |             | <b>19,468,784</b>                         | 14,758,808  |
| Commission expenses               |             | <b>19,195,092</b>                         | 13,678,681  |
| Legal expenses                    |             | <b>16,524,584</b>                         | 3,956,731   |
| Depreciation                      | 6,7         | <b>10,079,804</b>                         | 8,001,793   |
| Utilities                         |             | <b>7,747,519</b>                          | 6,741,446   |
| Value Added Tax                   |             | <b>4,803,276</b>                          | 31,393,502  |
| Amortisation                      | 8           | <b>3,637,532</b>                          | 4,498,768   |
| Office expenses                   |             | <b>3,025,810</b>                          | 2,343,866   |
| Office maintenance                |             | <b>2,871,748</b>                          | 1,502,717   |
| Finance charges                   |             | <b>2,647,314</b>                          | 2,097,728   |
| Other expenses                    |             | <b>1,975,813</b>                          | --          |
|                                   |             | <b>123,067,223</b>                        | 117,475,544 |

29.1 This includes expense pertaining to Company's external auditor amounting to SR 816,523 (2022: 1,075,400) against services rendered for annual audit, interim reviews and other regulatory certifications.

**30 ALLOWANCE FOR EXPECTED CREDIT LOSSES**

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

|                               |             | <b>31 December</b> |             |
|-------------------------------|-------------|--------------------|-------------|
|                               | <i>Note</i> | <b>2023</b>        | <b>2022</b> |
| Margin client receivables     | 13          | <b>2,021,925</b>   | 4,415,807   |
| Other current financial asset | 14          | <b>42,772</b>      | 231,434     |
| Investments at amortised cost | 10          | <b>9,625</b>       | 1,067       |
| Due from related parties      | 16          | <b>6,539</b>       | 1,252       |
| Cash and cash equivalents     | 15          | <b>2,778</b>       | 1,215       |
|                               |             | <b>2,083,639</b>   | 4,650,775   |

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

|                              | <b>For the year ended 31<br/>December</b> |             |
|------------------------------|-------------------------------------------|-------------|
|                              | <b>2023</b>                               | <b>2022</b> |
| At the beginning of the year | <b>4,650,775</b>                          | 4,460,127   |
| Charge for the year, net     | <b>432,864</b>                            | 190,648     |
| Written off during the year  | <b>(3,000,000)</b>                        | --          |
| At the end of the year       | <b>2,083,639</b>                          | 4,650,775   |

**31 OTHER INCOME / (EXPENSES)**

|                                      | <b>For the year ended 31<br/>December</b> |             |
|--------------------------------------|-------------------------------------------|-------------|
|                                      | <b>2023</b>                               | <b>2022</b> |
| Foreign exchange gains / (loss), net | <b>8,595,470</b>                          | (1,143,430) |
| Price Streamer Fees & Advisory       | <b>830,901</b>                            | 815,337     |
|                                      | <b>9,426,371</b>                          | (328,093)   |

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**32 EARNINGS PER SHARE**

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. The diluted earnings per share is the same as the basic earnings per share.

|                                            | <b>31 December</b> |                    |
|--------------------------------------------|--------------------|--------------------|
|                                            | <b><u>2023</u></b> | <b><u>2022</u></b> |
| Income for the year                        | <b>329,704,033</b> | 307,509,453        |
| Weighted average number of ordinary shares | <b>16,229,013</b>  | 16,229,013         |
| Basic and diluted, earnings per share      | <b>20.32</b>       | 18.95              |

**33 FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

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

|                                                              | <b>31 December</b> |                    |
|--------------------------------------------------------------|--------------------|--------------------|
|                                                              | <b><u>2023</u></b> | <b><u>2022</u></b> |
| <b>Financial assets at amortised cost</b>                    |                    |                    |
| Cash and cash equivalents, net                               | <b>20,888,231</b>  | 30,363,108         |
| Investment at amortised cost, net                            | <b>30,234,685</b>  | 22,212,067         |
| Due from related parties, net                                | <b>47,351,328</b>  | 32,830,323         |
| Margin client receivables, net                               | <b>75,317,730</b>  | 85,854,127         |
| Other current financial assets, net                          | <b>324,551,231</b> | 203,336,883        |
| <b>Financial assets at fair value through OCI</b>            |                    |                    |
| Investment in a public managed fund – REIT                   | <b>21,421,612</b>  | 26,277,177         |
| <b>Financial assets at fair value through profit or loss</b> |                    |                    |
| Real estate funds                                            | <b>26,967,499</b>  | 13,923,492         |
| Venture capital and private equity funds                     | <b>13,712,303</b>  | 12,248,993         |
| Equity securities                                            | <b>27,122,564</b>  | 2,626,400          |
| Equity funds                                                 | <b>46,506,214</b>  | 15,124,934         |
| Corporate sukuks                                             | <b>42,186,490</b>  | 7,000,000          |
| Money market funds                                           | <b>35,012,205</b>  | 112,794,209        |
| Investment in an associate                                   | <b>263,852,000</b> | 291,795,800        |
| <b>Total financial assets</b>                                | <b>975,124,092</b> | 856,387,513        |
| <b>Total current assets</b>                                  | <b>499,035,123</b> | 372,267,594        |
| <b>Total non-current assets</b>                              | <b>476,088,969</b> | 484,119,919        |

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**33 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

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

|                                                | <b>31 December</b> |                    |
|------------------------------------------------|--------------------|--------------------|
|                                                | <b><u>2023</u></b> | <b><u>2022</u></b> |
| <b>Financial liabilities at amortised cost</b> |                    |                    |
| Lease liability                                | <b>5,159,705</b>   | 7,092,884          |
| Accrued expenses and other payables            | <b>77,872,301</b>  | 58,465,956         |
| <b>Total financial liabilities</b>             | <b>83,032,006</b>  | 65,558,840         |
| <b>Total current liabilities</b>               | <b>79,811,072</b>  | 60,470,252         |
| <b>Total non-current liabilities</b>           | <b>3,220,934</b>   | 5,088,588          |

**34 FAIR VALUE HIERARCHY**

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement, as follows:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides the fair value measurement hierarchy of the Company's financial assets as at 31 December 2023 and 31 December 2022. There are no financial liabilities measured at fair value.

|                                                | <b>31 December</b>  |                       |                       |                       |
|------------------------------------------------|---------------------|-----------------------|-----------------------|-----------------------|
|                                                | <b><u>Total</u></b> | <b><u>Level 1</u></b> | <b><u>Level 2</u></b> | <b><u>Level 3</u></b> |
| <b>At 31 December 2023</b>                     |                     |                       |                       |                       |
| <b>Financial assets measured at fair value</b> |                     |                       |                       |                       |
| <b>Investments at FVTPL</b>                    | <b>191,507,275</b>  | <b>51,162,663</b>     | <b>113,343,212</b>    | <b>27,001,400</b>     |
| <b>Investments at FVOCI</b>                    | <b>21,421,612</b>   | <b>21,421,612</b>     | <b>--</b>             | <b>--</b>             |
| <b>As at 31 December 2022</b>                  |                     |                       |                       |                       |
| <b>Financial assets measured at fair value</b> |                     |                       |                       |                       |
| <b>Investment at FVTPL</b>                     | <b>163,718,028</b>  | <b>15,159,231</b>     | <b>145,932,397</b>    | <b>2,626,400</b>      |
| <b>Investment at FVOCI</b>                     | <b>26,277,177</b>   | <b>26,277,177</b>     | <b>--</b>             | <b>--</b>             |

There were no transfers between levels during the year ended 31 December 2023 and 31 December 2022.

As at the reporting date, the carrying values of the financial assets not measured at fair value including investment at amortised cost, due from related parties and receivable against margin lending and other current financial assets approximate their fair values, since the market commission rates for similar instruments are not significantly different from contracted rates, and / or due to short duration of financial instruments.

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**34 FAIR VALUE HIERARCHY (CONTINUED)**

An active market for these instruments is not available and the Company intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities.

Investment in listed companies and mutual funds are classified under Level 1, investment in public and private mutual funds and corporate bonds are classified under Level 2 and investment in private securities are classified at Level 3. The valuations of mutual funds are derived from the net asset values of the Funds whereas fair value for the private equity securities is derived from the latest valuation rounds or bids received. For certain private equity securities purchased during the year, transaction price has been considered as a reasonable approximation of the fair value.

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

|                                                            | <b>Equity securities<br/>(amounts in SR)</b> |
|------------------------------------------------------------|----------------------------------------------|
| Purchases during the year ended and as at 31 December 2022 | 2,626,400                                    |
| Purchases during the year                                  | 24,375,000                                   |
| <b>Balance as at 31 December 2023</b>                      | <b>27,001,400</b>                            |

**35 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES**

***Introduction***

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement, and monitoring, subject to risk limits and controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to various risks such as market risk (which includes interest rate risk, currency risk and, price risk), liquidity risk, credit risk and investment holding period risk arising from the financial instruments it holds.

***Risk management structure***

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. These risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors has established an appropriate Risk Management structure by creating a Risk and Compliance Committee which meets quarterly and receive reports from a dedicated Risk Management function. Day-to-day risk management activities are managed within each respective business unit. The Risk and Compliance Committee meets quarterly and is updated on all relevant aspects of the business, including risk management matters.

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

- Market risk
- Credit risk
- Liquidity risk

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**35 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

***Risk measurement and reporting system***

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models. The models make use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy, including the risk that the Company is willing to accept and the market environment of the Company. In addition, the Company monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

***Risk mitigation***

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

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

***Excessive risk concentration***

Concentration indicates the relative sensitivity of the Company's performance to developments affecting a industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Company has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The investment manager is instructed to reduce exposure or to use alternative investment instruments to manage excessive risk concentrations when they arise

***Credit risk***

Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be satisfactory. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Company maintains bank accounts with Arab National Bank and Saudi National Bank, rated as BBB+ and A-, respectively. The Company also continuously revise's certain inputs and assumptions used for the determination of ECL. These primarily revolve around adjusting macroeconomic factors used by the Company in the estimation of ECL.

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**35 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

***Credit risk (continued)***

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

|                                     | <b>31 December</b>        |                           |
|-------------------------------------|---------------------------|---------------------------|
|                                     | <b><u>2023</u></b>        | <b><u>2022</u></b>        |
| Cash and cash equivalents, net      | <b>20,888,231</b>         | 30,363,108                |
| Investment in sukuk                 | <b>30,234,685</b>         | 22,212,067                |
| Margin client receivables, net      | <b>75,317,730</b>         | 85,854,127                |
| Due from related parties, net       | <b>47,351,328</b>         | 32,967,267                |
| Other current financial assets, net | <b>324,551,231</b>        | 203,199,939               |
|                                     | <b><u>498,343,205</u></b> | <b><u>374,596,508</u></b> |

***Analysis of credit quality***

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

| <b><u>Issuer</u></b>     | <b><u>Credit rating</u></b><br><b><u>(Fitch / Moody's)</u></b> | <b>31 December</b>       |                          |
|--------------------------|----------------------------------------------------------------|--------------------------|--------------------------|
|                          |                                                                | <b><u>2023</u></b>       | <b><u>2022</u></b>       |
| KSA Sukuk 05-10-2019     | A+ / A1                                                        | <b>5,036,859</b>         | 5,070,801                |
| SAB Tier II Sukuk        | A+ / A2                                                        | <b>4,998,409</b>         | 4,999,759                |
| KSA Sukuk 08-08-2023     | A+ / A1                                                        | <b>3,735,729</b>         | --                       |
| KSA Sukuk 10-08-2023     | A+ / A1                                                        | <b>3,735,216</b>         | --                       |
| KSA Sukuk 30-04-2019     | A+ / A1                                                        | <b>3,728,810</b>         | --                       |
| KSA Sukuk 06-10-2018     | A+ / A1                                                        | <b>2,502,558</b>         | 2,535,401                |
| KSA Sukuk 05-07-2018     | A+ / A1                                                        | <b>2,502,422</b>         | 2,535,401                |
| BSF Tier 1 Capital Sukuk | A- / A2                                                        | <b>1,999,364</b>         | 1,999,903                |
| KSA Sukuk 09-08-2023     | A+ / A1                                                        | <b>1,995,318</b>         | --                       |
| KSA Sukuk 05-01-2019     | A+ / A1                                                        | --                       | 2,535,401                |
| KSA Sukuk 04-07-2020     | A+ / A1                                                        | --                       | 2,535,401                |
|                          |                                                                | <b><u>30,234,685</u></b> | <b><u>22,212,067</u></b> |

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

|            | <b>31 December</b>       |                          |
|------------|--------------------------|--------------------------|
|            | <b><u>2023</u></b>       | <b><u>2022</u></b>       |
| Government | <b>23,236,912</b>        | 15,212,405               |
| Bank       | <b>6,997,773</b>         | 6,999,662                |
|            | <b><u>30,234,685</u></b> | <b><u>22,212,067</u></b> |

***Amounts arising from ECL***

Impairment on money market securities, investments at amortised cost, marginal client receivables and other assets has been measured on a life-time expected loss basis. The Company considers that these exposures have low credit risk based on the external credit ratings of the counterparties.

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**35 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

*Amounts arising from ECL (continued)*

12-month and lifetime probabilities of default are based on the approved ECL Methodology and impairment policy of the Company. Loss given default parameters generally reflect an assumed recovery rate which are linked to the composite credit ratings of the counterparties. However, if the asset were credit-impaired, then the estimate of loss would be based on a specific assessment of expected cash shortfalls and on the original effective interest rate.

The Company has expected credit loss on margin receivables, investments at amortised cost, other current financial assets, due from related parties and cash and cash equivalents amounting to SR 2,083,639 as at 31 December 2023 (2022: SR 4,650,775)

*Cash and cash equivalents*

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

*Other current financial assets*

Other financial assets include dividend, Muqassa, accrued brokerage fees and other contractual receivables of the Company. Credit risk attached to other financial assets is not significant and the Company expects to recover these fully at their stated carrying amounts.

*Due from related parties*

Due from related parties consists of the management fee and other receivable from the Company's own managed funds. Credit risk attached to due from related parties is not significant and the Company expects to recover these fully at their stated carrying amounts.

*Margin client receivables*

Margin client receivables with counter-parties are evaluated to be credit worthy based on risk assessment procedures, Know Your Customer (KYC) and compliance procedures conducted prior to accepting a customer. Margin client receivables are secured against the collateral which includes cash and listed equities in Saudi Stock Exchange and credit risk is monitored on a daily basis for adequacy of collateral coverage.

*Credit concentration*

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions.

No significant concentrations of credit risk were identified by the management as at the reporting date.

The management has conducted an assessment as required under IFRS 9 and based on such assessment, the management has recorded the allowance for expected credit losses against the carrying value of bank balances, margin client receivables, due from related parties and other current financial assets.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by ensuring that enough funds are always available from operations to meet any future commitments, and financing facilities are available.

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**35 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

***Liquidity risk (continued)***

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

|                                     | <b>On Demand</b> | <b>Within 3 months</b> | <b>3 months to 1 year</b> | <b>Above 1 year</b> | <b>No fixed maturity</b> | <b>Total</b> |
|-------------------------------------|------------------|------------------------|---------------------------|---------------------|--------------------------|--------------|
| <b>31 December 2023</b>             |                  |                        |                           |                     |                          |              |
| <b>Financial Liabilities</b>        |                  |                        |                           |                     |                          |              |
| Lease liability                     | --               | --                     | 2,249,981                 | 3,266,296           | --                       | 5,516,277    |
| Accrued expenses and other payables | --               | 69,396,563             | 8,475,738                 | --                  | --                       | 77,872,301   |
| <b>Total financial liabilities</b>  | --               | 69,396,563             | 10,725,719                | 3,266,296           | --                       | 83,388,578   |
|                                     | <b>On Demand</b> | <b>Within 3 months</b> | <b>3 months to 1 year</b> | <b>Above 1 year</b> | <b>No fixed maturity</b> | <b>Total</b> |
| <b>31 December 2022</b>             |                  |                        |                           |                     |                          |              |
| <b>Financial Liabilities</b>        |                  |                        |                           |                     |                          |              |
| Lease liability                     | --               | --                     | 2,177,531                 | 6,532,592           | --                       | 8,710,123    |
| Accrued expenses and other payables | --               | 54,195,628             | 4,270,328                 | --                  | --                       | 58,465,956   |
| <b>Total financial liabilities</b>  | --               | 54,195,628             | 6,447,859                 | 6,532,592           | --                       | 67,176,079   |

***Market risk***

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments equals their fair value. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

***Foreign exchange risk***

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals. Transactions in other foreign currencies are not material.

***Interest risk***

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board of Directors has established limits on the special commission gaps for stipulated periods. Company's exposure in interest rate risk is not material.

***Equity price risk***

Equity price risk is the risk of unfavourable changes in the fair values of equity instruments as the result of changes in the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities. The Company's investments are susceptible to market price risk arising from uncertainties about future prices. The investment manager manages this risk through diversification of its investment portfolio in terms of geographical distribution and/or industry concentration.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**  
*(Amounts in Saudi Riyals)*

**35 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

***Market risk (continued)***

***Equity price risk (continued)***

***Sensitivity analysis***

The table below sets out the effect on profit or loss and other comprehensive income of a reasonably possible weakening / strengthening in the individual equity market prices by 5% at reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables, commission and foreign currency rates, remain constant.

|                                              | <b>31 December</b> |                  |                    |           |
|----------------------------------------------|--------------------|------------------|--------------------|-----------|
|                                              | <b><u>2023</u></b> |                  | <b><u>2022</u></b> |           |
| <b>Effect on profit and loss</b>             | <b>SR</b>          |                  | <b>SR</b>          |           |
| Net gain / loss on investments held at FVTPL | + 5%               | <b>558,187</b>   | + 5%               | 392,730   |
|                                              | - 5%               | <b>(558,187)</b> | - 5%               | (392,730) |

|                                              | <b>31 December</b> |                  |                    |                |
|----------------------------------------------|--------------------|------------------|--------------------|----------------|
|                                              | <b><u>2023</u></b> |                  | <b><u>2022</u></b> |                |
| <b>Effect on other comprehensive income</b>  | <b>SR</b>          |                  | <b>SR</b>          |                |
| Net gain / loss on investments held at FVOCI | + 5%               | <b>241,629</b>   | + 5%               | <b>1,149</b>   |
|                                              | - 5%               | <b>(241,629)</b> | - 5%               | <b>(1,149)</b> |

***Concentration of equity price risk***

Fund's equity portfolio, measured at FVTPL and FVOCI, by geographical distribution (based on counterparties' place of primary listing or, if not listed, place of domicile) is held 100% in the Kingdom of Saudi Arabia.

Company's concentration of equity price risk in the portfolio:

**% of equity securities, debt instruments and units in managed funds**

|                                          | <b>31 December</b> |                    |
|------------------------------------------|--------------------|--------------------|
|                                          | <b><u>2023</u></b> | <b><u>2022</u></b> |
| Real estate fund                         | <b>23%</b>         | 21%                |
| Equity funds                             | <b>22%</b>         | 8%                 |
| Corporate sukuk                          | <b>20%</b>         | 4%                 |
| Money market funds                       | <b>16%</b>         | 59%                |
| Equity securities                        | <b>13%</b>         | 1%                 |
| Venture capital and private equity funds | <b>6%</b>          | 6%                 |

***Currency risk***

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not have any significant exposure to currency risk as all its significant monetary assets and monetary liabilities are denominated in Saudi Riyals. The Company did not undertake significant transactions in currencies other than Saudi Riyals and US dollars during the year.

**DERAYAH FINANCIAL COMPANY**  
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2023  
(Amounts in Saudi Riyals)

**36 SEGMENTAL REPORTING**

The Company is organized into the following major business segments:

**Brokerage**

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

**Asset Management**

Fees from asset management of discretionary portfolio, funds, real estate management, and alternative investments.

**Murabaha**

Special commission income from Murabaha.

**Investment**

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

**Advisory**

Advisory relates to the services offered for establishment of Bank D360.

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

|                                  |               | Asset        |              |               |              |               |
|----------------------------------|---------------|--------------|--------------|---------------|--------------|---------------|
| 31 December 2023                 | Brokerage     | management   | Murabaha     | Investment    | Advisory     | Total         |
| Total assets                     | 424,796,450   | 89,063,798   | 51,122,916   | 476,780,887   | --           | 1,041,764,051 |
| Total liabilities                | 58,155,675    | 12,193,052   | 6,998,853    | 65,272,472    | 87,335,891   | 229,955,943   |
| Total operating income           | 388,565,878   | 81,467,613   | 135,614,978  | 17,880,015    | --           | 623,528,484   |
| Operating expenses               | (104,495,528) | (21,908,772) | (12,575,708) | (117,283,161) | (801,643)    | (257,064,812) |
| Other income / (expense)         | 8,723,307     | 703,064      | --           | --            | --           | 9,426,371     |
| Share of loss in an associate    | --            | --           | --           | (27,943,800)  | --           | (27,943,800)  |
| Net income / (loss) before zakat | 292,793,657   | 60,261,905   | 123,039,270  | (127,346,946) | (801,643)    | 347,946,243   |
|                                  |               | Asset        |              |               |              |               |
| 31 December 2022                 | Brokerage     | management   | Murabaha     | Investment    | Advisory     | Total         |
| Total assets                     | 331,407,241   | 61,255,906   | 52,575,175   | 471,667,935   | -            | 916,906,257   |
| Total liabilities                | 42,107,535    | 7,782,978    | 6,680,032    | 59,928,607    | 82,090,365   | 198,589,517   |
| Total operating income           | 379,740,773   | 70,189,671   | 35,220,555   | (3,497,353)   | 163,806,472  | 645,460,118   |
| Operating expenses               | (83,628,802)  | (15,457,592) | (13,267,057) | (119,022,818) | (52,708,021) | (284,084,290) |
| Other (expense) / income         | (904,105)     | 576,012      | -            | -             | -            | (328,093)     |
| Share of loss in an associate    | -             | -            | -            | (38,204,200)  | -            | (38,204,200)  |
| Net income / (loss) before zakat | 295,207,866   | 55,308,091   | 21,953,498   | (160,724,371) | 111,098,451  | 322,843,535   |

The Company's assets, liabilities, and operations are entirely in Saudi Arabia.

**DERAYAH FINANCIAL COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**  
*(Amounts in Saudi Riyals)*

**36 SEGMENTAL REPORTING (CONTINUED)**

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

|                                                                                     | <b>31 December</b>        |                           |
|-------------------------------------------------------------------------------------|---------------------------|---------------------------|
|                                                                                     | <b><u>2023</u></b>        | <b><u>2022</u></b>        |
| Total operating income                                                              | <b>623,528,484</b>        | <b>645,460,118</b>        |
| Adjustment for:                                                                     |                           |                           |
| - <i>Special commission income</i>                                                  | <b>(135,614,978)</b>      | <b>(35,220,555)</b>       |
| - <i>Net (gain) / loss on financial assets at fair value through profit or loss</i> | <b>(16,966,026)</b>       | <b>5,314,944</b>          |
| - <i>Dividend income</i>                                                            | <b>(913,989)</b>          | <b>(1,817,591)</b>        |
| Revenue from contract with customers                                                | <b><u>470,033,491</u></b> | <b><u>613,736,916</u></b> |

**37 CAPITAL REGULATORY REQUIREMENTS AND CAPITAL ADEQUACY MODEL**

The CMA has issued Prudential Rules (the “Rules”) dated 17 Safar 1434H (corresponding to 30 December 2012), thereafter, amended on 04 Jumada AlkhiraH 1444H (corresponding to 28 December 2022). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under these Rules. In accordance with this methodology, the Company has calculated its risk weighted asset and surplus in the capital as follows:

|                             | <b>31 December</b>      |                         |
|-----------------------------|-------------------------|-------------------------|
|                             | <b><u>2023</u></b>      | <b><u>2022</u></b>      |
| <b>Capital base:</b>        | <b>SR (000)</b>         | <b>SR (000)</b>         |
| Tier 1 Capital              | <b>793,763</b>          | <b>705,151</b>          |
| Tier 2 Capital              | <b>--</b>               | <b>23</b>               |
| Total Capital base          | <b><u>793,763</u></b>   | <b><u>705,174</u></b>   |
| <b>Risk Weighted Asset:</b> |                         |                         |
| Credit risk                 | <b>1,718,710</b>        | <b>2,922,758</b>        |
| Market risk                 | <b>14,101</b>           | <b>49,661</b>           |
| Operational risk            | <b>1,161,167</b>        | <b>503,880</b>          |
| Concentration risk          | <b>654,111</b>          | <b>247,171</b>          |
| Total risk weighted asset   | <b><u>3,548,089</u></b> | <b><u>3,723,470</u></b> |
| Surplus in the Capital      | <b><u>509,916</u></b>   | <b><u>407,296</u></b>   |

**38 CAPITAL COMMITMENTS AND CONTINGENCIES**

The contingent liabilities against letter of guarantees as at 31 December 2023 amounts to SR 29.38 million (2022: SR 29.38 million).

**39 ASSETS HELD UNDER FIDUCIARY CAPACITY**

**39.1 Assets under management**

The Company manages investment portfolios and mutual funds on behalf of its customers, which amounts to SR 10,341 million as at 31 December 2023 (2022: SR 6,945 million). Such balances are not included in the Company’s financial statements as these are held by the Company in fiduciary capacity.

**DERAYAH FINANCIAL COMPANY**  
(A SAUDI CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2023  
(Amounts in Saudi Riyals)

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**39 ASSETS HELD UNDER FIDUCIARY CAPACITY (CONTINUED)**

**39.2 Clients' cash account**

The Company was holding clients' cash accounts amounting to SR 1,854 million as at 31 December 2023 (2022: SR 2,356 million), to be used for investments on clients' instructions. Such balances are not included in the Company's financial statements as these are held by the Company in fiduciary capacity.

**40 SUBSEQUENT EVENT**

There were no subsequent events after the statement of financial position date which require adjustments to / or disclosure in the financial statements.

**41 COMPARATIVE FIGURES**

Certain comparative numbers has been re-classified, re-arranged or additionally incorporated in these financial statements wherever necessary to facilitate comparison and better presentation.

**42 APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements have been approved by the Board on 12 March 2024 (corresponding to 2 Ramadan 1445).

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the six-month period ended 30 June 2024**  
Together with the  
**INDEPENDENT AUDITOR'S REVIEW REPORT**



## KPMG Professional Services

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

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة روشن ، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

# Independent auditor's report on review of condensed consolidated interim financial statements

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

## Introduction

We have reviewed the accompanying 30 June 2024 condensed consolidated interim financial statements of Derayah Financial Company ("the Company") and its subsidiary ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 June 2024;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2024;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2024;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2024; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2024 condensed consolidated interim financial statements of Derayah Financial Company and its subsidiary are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services

Hani Hamzah A. Bedairi  
License No: 460



Riyadh: 22 August 2024  
Corresponding to: 18 Safar 1446H

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR70,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

كي بي إم جي للاستشارات المهنية شركة مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٧٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان.

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at 30 June 2024**

Amount in Saudi Arabian Riyals

|                                                              | <i>Notes</i> | <b>30 June<br/>2024<br/>(Unaudited)</b> | 31 December<br>2023<br>(Audited) |
|--------------------------------------------------------------|--------------|-----------------------------------------|----------------------------------|
| <b>ASSETS</b>                                                |              |                                         |                                  |
| <b>NON-CURRENT ASSETS</b>                                    |              |                                         |                                  |
| Property and equipment, net                                  | 6            | 38,252,470                              | 38,176,641                       |
| Right-of-use assets, net                                     |              | 5,773,027                               | 4,944,683                        |
| Intangible assets, net                                       | 7            | 14,890,201                              | 15,343,604                       |
| Investment property, net                                     | 8            | 73,908,936                              | --                               |
| Investment in an associate                                   | 9            | 237,612,600                             | 263,852,000                      |
| Investments at amortised cost, net                           | 10           | 45,965,498                              | 25,229,705                       |
| Investments at fair value through profit or loss             | 11           | 281,242,501                             | 165,585,652                      |
| Investments at fair value through other comprehensive income | 12           | 16,280,425                              | 21,421,612                       |
| <b>TOTAL NON-CURRENT ASSETS</b>                              |              | <b>713,925,658</b>                      | <b>534,553,897</b>               |
| <b>CURRENT ASSETS</b>                                        |              |                                         |                                  |
| Investments at amortised cost, net                           | 10           | 7,527,787                               | 5,004,980                        |
| Investments at fair value through profit or loss             | 11           | 18,044,206                              | 25,921,623                       |
| Margin client receivables, net                               | 13           | 65,982,804                              | 75,317,730                       |
| Due from related parties, net                                | 16           | 22,082,471                              | 47,351,328                       |
| Prepayments                                                  |              | 9,533,079                               | 8,175,031                        |
| Other current financial assets                               | 14           | 302,257,306                             | 324,551,231                      |
| Cash and cash equivalents, net                               | 15           | 50,853,812                              | 20,888,231                       |
| <b>TOTAL CURRENT ASSETS</b>                                  |              | <b>476,281,465</b>                      | <b>507,210,154</b>               |
| <b>TOTAL ASSETS</b>                                          |              | <b>1,190,207,123</b>                    | <b>1,041,764,051</b>             |
| <b>LIABILITIES AND EQUITY</b>                                |              |                                         |                                  |
| <b>NON-CURRENT LIABILITIES</b>                               |              |                                         |                                  |
| Employees' defined benefit obligations                       |              | 24,423,118                              | 24,968,100                       |
| Employees' Equity Award Plan ('EEAP')                        |              | 58,871,231                              | 57,953,547                       |
| Unearned revenue                                             |              | 29,382,344                              | 29,382,344                       |
| Lease liabilities                                            |              | 3,384,633                               | 3,220,934                        |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                         |              | <b>116,061,326</b>                      | <b>115,524,925</b>               |
| <b>CURRENT LIABILITIES</b>                                   |              |                                         |                                  |
| Accrued expenses and other payables                          | 17           | 93,537,478                              | 90,287,696                       |
| Zakat payable                                                | 18           | 19,229,358                              | 24,143,322                       |
| <b>TOTAL CURRENT LIABILITIES</b>                             |              | <b>112,766,836</b>                      | <b>114,431,018</b>               |
| <b>TOTAL LIABILITIES</b>                                     |              | <b>228,828,162</b>                      | <b>229,955,943</b>               |
| <b>EQUITY</b>                                                |              |                                         |                                  |
| Share capital                                                | 19           | 162,290,130                             | 162,290,130                      |
| Statutory reserve                                            |              | 48,687,039                              | 48,687,039                       |
| Retained earnings                                            |              | 768,810,069                             | 613,831,390                      |
| Other reserves                                               |              | (18,408,277)                            | (13,000,451)                     |
| <b>TOTAL EQUITY</b>                                          |              | <b>961,378,961</b>                      | <b>811,808,108</b>               |
| <b>TOTAL LIABILITIES AND EQUITY</b>                          |              | <b>1,190,207,123</b>                    | <b>1,041,764,051</b>             |

The attached notes 1 to 33 form part of these condensed consolidated interim financial statements

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

**For the six-month period ended 30 June 2024 (Unaudited)**

Amount in Saudi Arabian Riyals

|                                                                                                  | <i>Notes</i> | <b>For the three-month<br/>period ended</b> |                         | <b>For the six-month<br/>period ended</b> |                         |
|--------------------------------------------------------------------------------------------------|--------------|---------------------------------------------|-------------------------|-------------------------------------------|-------------------------|
|                                                                                                  |              | <b>30 June<br/>2024</b>                     | <b>30 June<br/>2023</b> | <b>30 June<br/>2024</b>                   | <b>30 June<br/>2023</b> |
| <b>OPERATING INCOME</b>                                                                          |              |                                             |                         |                                           |                         |
| Revenue from contract with customers                                                             | 20           | 142,231,839                                 | 103,774,923             | 311,835,246                               | 199,909,337             |
| Special commission income                                                                        | 21           | 65,805,714                                  | 32,568,328              | 108,705,807                               | 57,377,401              |
| Gain on financial assets at fair value through profit or loss, net                               | 22           | 3,787,188                                   | 6,261,294               | 13,179,943                                | 7,771,431               |
| Dividend income                                                                                  |              | 476,034                                     | 313,328                 | 476,034                                   | 676,846                 |
| <b>TOTAL OPERATING INCOME</b>                                                                    |              | <b>212,300,775</b>                          | <b>142,917,873</b>      | <b>434,197,030</b>                        | <b>265,735,015</b>      |
| <b>OPERATING EXPENSES</b>                                                                        |              |                                             |                         |                                           |                         |
| Salaries and other employees' related expenses                                                   | 23           | (41,783,478)                                | (31,247,224)            | (75,139,521)                              | (60,961,949)            |
| General and administrative expenses                                                              | 24           | (66,527,133)                                | (29,706,667)            | (101,538,224)                             | (49,656,943)            |
| Marketing expenses                                                                               |              | (983,766)                                   | (2,042,743)             | (4,103,411)                               | (2,604,404)             |
| Reversal for expected credit losses                                                              |              | 5,840                                       | 24,865                  | 1,325,891                                 | 230,762                 |
| <b>TOTAL OPERATING EXPENSES</b>                                                                  |              | <b>(109,288,537)</b>                        | <b>(62,971,769)</b>     | <b>(179,455,265)</b>                      | <b>(112,992,534)</b>    |
| <b>NET OPERATING INCOME</b>                                                                      |              | <b>103,012,238</b>                          | <b>79,946,104</b>       | <b>254,741,765</b>                        | <b>152,742,481</b>      |
| Other income / (expense), net                                                                    | 25           | 3,684,527                                   | 1,898,136               | 5,506,873                                 | 3,699,852               |
| Share of loss in an associate                                                                    | 8            | (15,225,400)                                | (8,135,000)             | (26,239,400)                              | (13,133,200)            |
| <b>INCOME FOR THE PERIOD BEFORE ZAKAT</b>                                                        |              | <b>91,471,365</b>                           | <b>73,709,240</b>       | <b>234,009,238</b>                        | <b>143,309,133</b>      |
| Zakat charge for the period                                                                      | 18           | 384,592                                     | (4,672,202)             | (6,000,000)                               | (9,305,295)             |
| <b>INCOME FOR THE PERIOD</b>                                                                     |              | <b>91,855,957</b>                           | <b>69,037,038</b>       | <b>228,009,238</b>                        | <b>134,003,838</b>      |
| <i>Other comprehensive (loss) / income not to be reclassified to profit or loss subsequently</i> |              |                                             |                         |                                           |                         |
| Financial assets at fair value through other comprehensive income – net change in fair value     |              | (2,804,285)                                 | (701,071)               | (5,141,189)                               | (1,272,314)             |
| Remeasurement (loss) / gain on employees' defined benefit obligations                            |              | (1,805,103)                                 | (74,382)                | (1,049,762)                               | (592,395)               |
| Remeasurement gain / (loss) on employees' equity award plan                                      |              | 504,811                                     | 670,291                 | 783,125                                   | (562,537)               |
| <b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>                                                   |              | <b>(4,104,577)</b>                          | <b>(105,162)</b>        | <b>(5,407,826)</b>                        | <b>(2,427,246)</b>      |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                                                 |              | <b>87,751,380</b>                           | <b>68,931,876</b>       | <b>222,601,412</b>                        | <b>131,576,592</b>      |
| <b>EARNINGS PER SHARE</b>                                                                        |              |                                             |                         |                                           |                         |
| Basic and diluted, earning per share                                                             | 27           | 5.66                                        | 4.25                    | 14.05                                     | 8.26                    |

The attached notes 1 to 33 form part of these condensed consolidated interim financial statements



**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the six-month period ended 30 June 2024 (Unaudited)**  
Amount in Saudi Arabian Riyals

|                                           | Share<br>capital   | Statutory<br>reserve | Fair value<br>reserve | Other<br>reserves  | Retained<br>earnings | Total              |
|-------------------------------------------|--------------------|----------------------|-----------------------|--------------------|----------------------|--------------------|
| As at 1 January 2024 (Audited)            | 162,290,130        | 48,687,039           | (4,832,581)           | (8,167,870)        | 613,831,390          | 811,808,108        |
| Income for the period                     | --                 | --                   | --                    | --                 | 228,009,238          | 228,009,238        |
| Other comprehensive loss for the period   | --                 | --                   | (5,141,189)           | (266,637)          | --                   | (5,407,826)        |
| Dividend distribution                     | --                 | --                   | --                    | --                 | (73,030,559)         | (73,030,559)       |
| As at 30 June 2024                        | <u>162,290,130</u> | <u>48,687,039</u>    | <u>(9,973,770)</u>    | <u>(8,434,507)</u> | <u>768,810,069</u>   | <u>961,378,961</u> |
| As at 1 January 2023 (Audited)            | 162,290,130        | 48,687,039           | 22,984                | (4,016,952)        | 511,333,539          | 718,316,740        |
| Income for the period                     | --                 | --                   | --                    | --                 | 134,003,838          | 134,003,838        |
| Other comprehensive income for the period | --                 | --                   | (1,154,932)           | (1,154,932)        | --                   | (2,427,246)        |
| Dividend distribution                     | --                 | --                   | --                    | --                 | (48,687,042)         | (48,687,042)       |
| As at 30 June 2023                        | <u>162,290,130</u> | <u>48,687,039</u>    | <u>(1,249,330)</u>    | <u>(5,171,884)</u> | <u>596,650,335</u>   | <u>801,206,290</u> |

The attached notes 1 to 33 form part of these condensed consolidated interim financial statements

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the six-month period ended 30 June 2024 (Unaudited)**  
Amount in Saudi Arabian Riyals

|                                                                                 | <u>Notes</u> | <b>30 June<br/>2024</b> | 30 June<br>2023     |
|---------------------------------------------------------------------------------|--------------|-------------------------|---------------------|
| <b>OPERATING ACTIVITIES</b>                                                     |              |                         |                     |
| Income for the period before zakat                                              |              | 234,009,238             | 143,309,133         |
| <i>Non-cash adjustment to reconcile income before zakat to net cash flows:</i>  |              |                         |                     |
| Depreciation                                                                    | 24           | 6,026,970               | 5,058,076           |
| Amortisation                                                                    | 24           | 3,744,233               | 2,310,436           |
| Provisions for employees' defined benefit obligations                           |              | 1,801,062               | 1,811,167           |
| Gain on financial assets at fair value through profit or loss, net              |              | (13,179,943)            | (7,771,431)         |
| Reversal for expected credit losses                                             |              | (1,325,891)             | (230,762)           |
| Amortisation of (discount) / premium on investment at amortised cost            |              | (89,163)                | 90,626              |
| Finance cost                                                                    |              | 3,527,637               | 2,214,615           |
| Share of loss in an associate                                                   |              | 26,239,400              | 13,133,200          |
| <b>Operating cash flows before working capital changes</b>                      |              | <b>260,753,543</b>      | <b>159,925,060</b>  |
| Margin client receivables, net                                                  |              | 10,651,614              | 221,431             |
| Other current financial assets                                                  |              | 22,299,892              | (14,694,924)        |
| Prepayments                                                                     |              | (1,358,048)             | (1,873,908)         |
| Due from related parties, net                                                   |              | 25,272,293              | (3,441,999)         |
| Accrued expenses and other payables                                             |              | 2,694,940               | (9,817,763)         |
|                                                                                 |              | <b>320,314,234</b>      | <b>130,317,897</b>  |
| Zakat paid                                                                      |              | (10,913,964)            | (13,732,110)        |
| Employees' defined benefit obligations paid                                     |              | (3,988,798)             | (543,971)           |
| Finance cost paid                                                               |              | (1,054,426)             | (955,034)           |
| <b>Cash generated from operating activities</b>                                 |              | <b>304,357,046</b>      | <b>115,086,782</b>  |
| <b>INVESTING ACTIVITIES</b>                                                     |              |                         |                     |
| Purchase of financial assets at fair value through profit or loss               |              | (148,318,635)           | (96,946,491)        |
| Proceeds from sale of financial assets at fair value through profit or loss     |              | 53,719,144              | 25,000,000          |
| Purchase of investments at amortised cost                                       |              | (25,666,054)            | --                  |
| Proceeds from redemption of investments at amortised cost                       |              | 2,500,000               | --                  |
| Additions to property and equipment                                             | 6            | (4,505,653)             | (3,726,184)         |
| Additions to intangible assets                                                  | 7            | (3,290,830)             | (618,843)           |
| Additions to investment property                                                | 8            | (74,413,340)            | --                  |
| <b>Cash used in investing activities</b>                                        |              | <b>(199,975,368)</b>    | <b>(76,291,518)</b> |
| <b>FINANCING ACTIVITIES</b>                                                     |              |                         |                     |
| Dividend paid                                                                   |              | (73,030,559)            | (48,687,042)        |
| Lease liabilities paid                                                          |              | (1,381,955)             | (1,348,705)         |
| <b>Cash used in financing activities</b>                                        |              | <b>(74,412,514)</b>     | <b>(50,035,747)</b> |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b> |              |                         |                     |
| Cash and cash equivalents at the beginning of the period                        | 15           | 20,891,009              | 30,364,323          |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>                       | 15           | <b>50,860,173</b>       | <b>19,123,840</b>   |

The attached notes 1 to 33 form part of these condensed consolidated interim financial statements

## DERAYAH FINANCIAL COMPANY

(A Saudi Closed Joint Stock Company)

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2024 (Unaudited)

#### 1 ACTIVITIES

Derayah Financial Company ("the Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia. The Company operates under Commercial Registration No. 1010266977 dated 10 Jumada II 1436H (corresponding to 15 April 2009).

The principal activities of the Company are to provide brokerage, advisory, custodian services, dealing as principal and dealing as agent, managing, and arranging securities. The Company commenced its business on 8 Rajab 1430H (corresponding to 1 July 2009) under license number 08109-27 from the Capital Market Authority ("CMA"), dated 19 Jumada al-Alkhirah 1429H (corresponding to 23 September 2008). The Company's registered office is located at the following address:

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

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

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

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

#### 2 BASIS OF PREPARATION

##### 2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These condensed consolidated interim financial statements do not include all the information and disclosures required for a complete set of financial statements under International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") as endorsed in Kingdom of Saudi Arabia and should be read in conjunction with the Group's latest annual financial statements for the year ended 31 December 2023.

##### 2.2 Basis of measurement and presentation

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for the following material items in the condensed consolidated interim statement of financial position:

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

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2024 (Unaudited)**

**2.3 Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Saudi Arabian Riyal ("SAR"); which represents the functional currency of the Group. All the financial information has been rounded off to the nearest Saudi Arabian Riyal except where otherwise indicated.

**2.4 Basis of consolidation**

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

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

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

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

**3 MATERIAL ACCOUNTING POLICIES**

The material accounting and risk management policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used and disclosed in the financial statements for the year ended 31 December 2023, except for the newly adopted as following:

**3.1 Investment property**

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation, net of impairment losses, if any.

Depreciation is charged to the statement of profit or loss, using straight-line method to allocate the costs of the related assets to their residual values over their estimated useful lives. The Group follows cost model of IAS 40 for subsequent measurement of investment property. For the purpose of computing impairment losses, at each reporting period an evaluation is conducted of investment property at fair value, which reflects market conditions at the reporting date. Any impairment loss identified is recorded in the statement of profit or loss. Fair values are determined based on an annual evaluation performed by an accredited external, independent values, applying a valuation model recommended by the International Valuation Standards Council.

Investment property is derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss in the period of derecognition.

**4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

In preparing these condensed consolidated interim financial statements, management has made estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant assumptions made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those used and disclosed in the financial statements for the year ended 31 December 2023.

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2024 (Unaudited)**

**5 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The following are number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these condensed consolidated interim financial statements.

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

|                |                                                                                                                                                |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 January 2024 | Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1 |
| 1 January 2024 | Lease Liability in a Sale and Leaseback – Amendments to IFRS 16                                                                                |
| 1 January 2024 | Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7                                                                                 |

*New standards, amendments and interpretations issued but not yet effective and not early adopted*

|                                                                      |                                                                                                                          |
|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 1 January 2025                                                       | Lack of Exchangeability – Amendments to IAS 21                                                                           |
| Available for optional adoption/effective date deferred indefinitely | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) |

The new and amended standards mentioned above are not expected to have a significant impact on the Group's condensed consolidated interim financial statements.

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2024 (Unaudited)**  
Amount in Saudi Arabian Riyal

**6 PROPERTY AND EQUIPMENT, NET**

| <b>30 June 2024</b>                          | <b>Land</b>       | <b>Leasehold improvements</b> | <b>Computers and office equipment</b> | <b>Furniture, fixtures and fittings</b> | <b>Work in progress</b> | <b>Total</b>      |
|----------------------------------------------|-------------------|-------------------------------|---------------------------------------|-----------------------------------------|-------------------------|-------------------|
| <i>Cost</i>                                  |                   |                               |                                       |                                         |                         |                   |
| As at 1 January 2024                         | 12,299,352        | 9,773,203                     | 50,587,260                            | 1,394,341                               | 2,826,614               | 76,880,770        |
| Additions during the period                  | --                | --                            | 1,000,761                             | --                                      | 3,504,892               | 4,505,653         |
| As at 30 June 2024                           | 12,299,352        | 9,773,203                     | 51,588,021                            | 1,394,341                               | 6,331,506               | 81,386,423        |
| <i>Accumulated depreciation</i>              |                   |                               |                                       |                                         |                         |                   |
| As at 1 January 2024                         | --                | 3,489,813                     | 35,058,572                            | 155,744                                 | --                      | 38,704,129        |
| Charge during the period                     | --                | 845,099                       | 3,447,545                             | 137,180                                 | --                      | 4,429,824         |
| As at 30 June 2024                           | --                | 4,334,912                     | 38,506,117                            | 292,924                                 | --                      | 43,133,953        |
| <b>Net book value as at 30 June 2024</b>     | <b>12,299,352</b> | <b>5,438,291</b>              | <b>13,081,904</b>                     | <b>1,101,417</b>                        | <b>6,331,506</b>        | <b>38,252,470</b> |
| <b>31 December 2023 (Audited)</b>            |                   |                               |                                       |                                         |                         |                   |
| <i>Cost</i>                                  |                   |                               |                                       |                                         |                         |                   |
| As at 1 January 2023                         | 12,299,352        | 12,856,682                    | 41,831,754                            | 2,173,988                               | 3,343,405               | 72,505,181        |
| Additions during the year                    | --                | 135,171                       | 6,367,480                             | 522,255                                 | 2,826,614               | 9,851,520         |
| Transfers during the year                    | --                | 157,259                       | 2,388,026                             | 798,120                                 | (3,343,405)             | --                |
| Written off during the year                  | --                | (3,375,909)                   | --                                    | (2,100,022)                             | --                      | (5,475,931)       |
| As at 31 December 2023                       | 12,299,352        | 9,773,203                     | 50,587,260                            | 1,394,341                               | 2,826,614               | 76,880,770        |
| <i>Accumulated depreciation</i>              |                   |                               |                                       |                                         |                         |                   |
| As at 1 January 2023                         | --                | 5,341,724                     | 29,340,309                            | 2,119,339                               | --                      | 36,801,372        |
| Charge during the year                       | --                | 1,523,998                     | 5,718,263                             | 136,427                                 | --                      | 7,378,688         |
| Written off during the year                  | --                | (3,375,909)                   | --                                    | (2,100,022)                             | --                      | (5,475,931)       |
| As at 31 December 2023                       | --                | 3,489,813                     | 35,058,572                            | 155,744                                 | --                      | 38,704,129        |
| <b>Net book value as at 31 December 2023</b> | <b>12,299,352</b> | <b>6,283,390</b>              | <b>15,528,688</b>                     | <b>1,238,597</b>                        | <b>2,826,614</b>        | <b>38,176,641</b> |

**DERAYAH FINANCIAL COMPANY**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2024 (Unaudited)**  
Amount in Saudi Arabian Riyal

**7 INTANGIBLE ASSETS, NET**

Intangible assets comprise of internally developed and externally acquired softwares:

| <b>30 June 2024</b>                          | <b><u>Work in progress</u></b> | <b><u>Softwares</u></b>  | <b><u>Total</u></b>      |
|----------------------------------------------|--------------------------------|--------------------------|--------------------------|
| <i>Cost</i>                                  |                                |                          |                          |
| As at 1 January 2024                         | 2,719,895                      | 57,774,790               | 60,494,685               |
| Additions during the period                  | <u>1,281,508</u>               | <u>2,009,322</u>         | <u>3,290,830</u>         |
| As at 30 June 2024                           | <u>4,001,403</u>               | <u>59,784,112</u>        | <u>63,785,515</u>        |
| <i>Accumulated amortisation</i>              |                                |                          |                          |
| As at 1 January 2024                         | --                             | 45,151,081               | 45,151,081               |
| Charge during the period                     | <u>--</u>                      | <u>3,744,233</u>         | <u>3,744,233</u>         |
| As at 30 June 2024                           | <u>--</u>                      | <u>48,895,314</u>        | <u>48,895,314</u>        |
| <b>Net book value as at 30 June 2024</b>     | <b><u>4,001,403</u></b>        | <b><u>10,888,798</u></b> | <b><u>14,890,201</u></b> |
|                                              | <u>Work in progress</u>        | <u>Softwares</u>         | <u>Total</u>             |
| 31 December 2023 (Audited)                   |                                |                          |                          |
| <i>Cost</i>                                  |                                |                          |                          |
| As at 1 January 2023                         | 955,379                        | 53,700,596               | 54,655,975               |
| Additions during the year                    | 2,719,895                      | 3,118,815                | 5,838,710                |
| Capitalised during the year                  | <u>(955,379)</u>               | <u>955,379</u>           | <u>--</u>                |
| As at 31 December 2023                       | <u>2,719,895</u>               | <u>57,774,790</u>        | <u>60,494,685</u>        |
| <i>Accumulated amortisation</i>              |                                |                          |                          |
| As at 1 January 2023                         | --                             | 41,513,549               | 41,513,549               |
| Charge during the year                       | <u>--</u>                      | <u>3,637,532</u>         | <u>3,637,532</u>         |
| As at 31 December 2023                       | <u>--</u>                      | <u>45,151,081</u>        | <u>45,151,081</u>        |
| <b>Net book value as at 31 December 2023</b> | <b><u>2,719,895</u></b>        | <b><u>12,623,709</u></b> | <b><u>15,343,604</u></b> |

**8 INVESTMENT PROPERTY, NET**

| <b>30 June 2024</b>                      | <b><u>Land</u></b>       | <b><u>Buildings</u></b>  | <b><u>Total</u></b>      |
|------------------------------------------|--------------------------|--------------------------|--------------------------|
| <i>Cost</i>                              |                          |                          |                          |
| Additions during the period              | <u>22,914,702</u>        | <u>51,498,638</u>        | <u>74,413,340</u>        |
| As at 30 June 2024                       | <u>22,914,702</u>        | <u>51,498,638</u>        | <u>74,413,340</u>        |
| <i>Accumulated depreciation</i>          |                          |                          |                          |
| Charge during the period                 | <u>--</u>                | <u>504,404</u>           | <u>504,404</u>           |
| As at 30 June 2024                       | <u>--</u>                | <u>504,404</u>           | <u>504,404</u>           |
| <b>Net book value as at 30 June 2024</b> | <b><u>22,914,702</u></b> | <b><u>50,994,234</u></b> | <b><u>73,908,936</u></b> |

The investment property represents residential villas situated in eastern province at Al Azizia District, Al Khobar City held by Derayah Gulf Real Estate Fund.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2024 (Unaudited)**  
Amount in Saudi Arabian Riyal

**8 INVESTMENT PROPERTY, NET (CONTINUED)**

As at 30 June 2024, the management engaged two appraisers for the valuation of the investment property, whereby, the fair value of the investment property is determined to be SR 74.26 million. Moreover, the Group held no investment property as at 31 December 2023.

**9 INVESTMENT IN AN ASSOCIATE**

The Company holds 20% equity in Bank D360. The Company has determined that it has significant influence over D360 and has accounted for the investment using the equity method. Below is the movement in the carrying value of investment in an associate.

|                                                        | <b>30 June<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|--------------------------------------------------------|-------------------------|----------------------------------|
| Balance at the beginning of the period / year          | <b>263,852,000</b>      | 291,795,800                      |
| Share of loss in an associate during the period / year | <b>(26,239,400)</b>     | (27,943,800)                     |
| <b>Balance at the end of the period / year</b>         | <b>237,612,600</b>      | 263,852,000                      |

**10 INVESTMENTS AT AMORTISED COST, NET**

|                                          | <b>30 June<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|------------------------------------------|-------------------------|----------------------------------|
| Investment at amortized cost (note 10.1) | <b>53,499,527</b>       | 30,244,310                       |
| Allowance for expected credit losses     | <b>(6,242)</b>          | (9,625)                          |
|                                          | <b>53,493,285</b>       | 30,234,685                       |

10.1 The breakup of the investment is as follows:

|                                          | <b>30 June<br/>2024</b>     | 31 December<br>2023<br>(Audited) |
|------------------------------------------|-----------------------------|----------------------------------|
|                                          | <b><u>Maturity date</u></b> |                                  |
| Kingdom of Saudi Arabia Sukuk 06-10-2018 | 23 January 2024             | 2,503,355                        |
| Kingdom of Saudi Arabia Sukuk 05-07-2018 | 26 July 2024                | 2,503,219                        |
| Kingdom of Saudi Arabia Sukuk 05-10-2019 | 23 March 2025               | 5,038,463                        |
| Banque Saudi Fransi Tier 1 Sukuk         | 03 May 2026                 | 2,000,000                        |
| Kingdom of Saudi Arabia Sukuk 10-10-2019 | 23 March 2030               | 8,679,191                        |
| Saudi Awwal Bank Tier II Sukuk           | 22 July 2030                | 5,000,000                        |
| Kingdom of Saudi Arabia Sukuk 10-06-2021 | 17 June 2031                | 8,501,582                        |
| Kingdom of Saudi Arabia Sukuk 08-08-2023 | 17 August 2031              | 3,739,030                        |
| Kingdom of Saudi Arabia Sukuk 10-03-2022 | 17 March 2032               | 8,583,556                        |
| Kingdom of Saudi Arabia Sukuk 09-08-2023 | 17 August 2032              | 1,995,291                        |
| Kingdom of Saudi Arabia Sukuk 10-08-2023 | 17 August 2033              | 3,738,317                        |
| Kingdom of Saudi Arabia Sukuk 30-04-2019 | 24 April 2049               | 3,733,773                        |
|                                          | <b>53,499,527</b>           | 30,244,310                       |

The sukuk are earning commission income at profit rates ranging from 1.64% to 4.64% per annum.

|                                                 |                   |            |
|-------------------------------------------------|-------------------|------------|
| Sukuk with maturity date of less than 12 months | <b>7,527,787</b>  | 5,004,980  |
| Sukuk with maturity date after 12 months        | <b>45,965,498</b> | 25,229,705 |
|                                                 | <b>53,493,285</b> | 30,234,685 |



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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2024 (Unaudited)**  
Amount in Saudi Arabian Riyal

**11 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Investments at FVTPL consists of investments in local, regional and international funds and debt securities. The movements are set out below:

|                                               | <u>Cost</u>        | <u>30 June 2024<br/>Unrealised<br/>Gain</u> | <u>Fair Value</u>  |
|-----------------------------------------------|--------------------|---------------------------------------------|--------------------|
| Equity securities (note 11.1)                 | 17,392,619         | 651,587                                     | 18,044,206         |
| <b>Total current investments at FVTPL</b>     | <b>17,392,619</b>  | <b>651,587</b>                              | <b>18,044,206</b>  |
| Equity funds                                  | 48,544,110         | 6,093,460                                   | 54,637,570         |
| Corporate sukuks (note 11.2)                  | 42,186,490         | --                                          | 42,186,490         |
| Money market funds                            | 138,889,205        | 2,937,129                                   | 141,826,334        |
| Equity securities (note 11.3)                 | 27,001,400         | --                                          | 27,001,400         |
| Venture capital and private equity funds      | 12,888,922         | 1,266,957                                   | 14,155,879         |
| Real estate funds                             | 1,289,161          | 145,667                                     | 1,434,828          |
| <b>Total non-current investments at FVTPL</b> | <b>270,799,288</b> | <b>10,443,213</b>                           | <b>281,242,501</b> |
| <b>Total investments at FVTPL</b>             | <b>288,191,907</b> | <b>11,094,800</b>                           | <b>299,286,707</b> |

31 December 2023 (Audited)

|                                               | <u>Cost</u>        | <u>Unrealised<br/>Gain / (Loss)</u> | <u>Fair Value</u>  |
|-----------------------------------------------|--------------------|-------------------------------------|--------------------|
| Real estate fund                              | 25,877,855         | (966,256)                           | 24,911,599         |
| Private equity fund (note 11.1)               | 888,860            | --                                  | 888,860            |
| Equity securities                             | 121,164            | --                                  | 121,164            |
| <b>Total current investments at FVTPL</b>     | <b>26,887,879</b>  | <b>(966,256)</b>                    | <b>25,921,623</b>  |
| Equity funds                                  | 35,027,766         | 11,478,448                          | 46,506,214         |
| Corporate sukuks (note 11.2)                  | 42,186,490         | --                                  | 42,186,490         |
| Money market funds                            | 33,571,576         | 1,440,629                           | 35,012,205         |
| Equity securities (note 11.3)                 | 27,001,400         | --                                  | 27,001,400         |
| Venture capital and private equity funds      | 13,612,532         | (789,089)                           | 12,823,443         |
| Real estate funds                             | 2,055,900          | --                                  | 2,055,900          |
| <b>Total non-current investments at FVTPL</b> | <b>153,455,664</b> | <b>12,129,988</b>                   | <b>165,585,652</b> |
| <b>Total investments at FVTPL</b>             | <b>180,343,543</b> | <b>11,163,732</b>                   | <b>191,507,275</b> |

- 11.1 The Company's managed unlisted Derayah Healthcare Fund has been liquidated and the underlying investment of the Fund, equity shares in Czech Rehabilitation Center ("investee"), transferred to the Unitholders in the agreed ratio. The Company has recorded full impairment against the investment.
- 11.2 The sukuks are earning commission income at profit rates ranging from 4.00% to 7.57% (31 December 2023: 4.00% to 7.57%) per annum
- 11.3 This includes investment of SR 15 million made by the Company in BwaTech (a related party).

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**12 INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

|                            | <u>Cost</u>       | <u>Unrealised<br/>Gain / (Loss)</u> | <u>Fair<br/>Value</u> |
|----------------------------|-------------------|-------------------------------------|-----------------------|
| <b>30 June 2024</b>        |                   |                                     |                       |
| <b>REIT fund</b>           | <b>21,421,612</b> | <b>(5,141,187)</b>                  | <b>16,280,425</b>     |
| 31 December 2023 (Audited) |                   |                                     |                       |
| REIT fund                  | 26,277,177        | (4,855,565)                         | 21,421,612            |

- 12.1 Investments in REIT fund represents 2,596,559 units (31 December 2023: 2,596,559 units) in the Company's managed listed Derayah REIT Fund (a related party).

**13 MARGIN CLIENT RECEIVABLES, NET**

|                                                  | <b>30 June<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|--------------------------------------------------|-------------------------|----------------------------------|
| Margin client receivables                        | 66,000,000              | 77,339,655                       |
| Allowance for expected credit losses (note 13.1) | (17,196)                | (2,021,925)                      |
|                                                  | <b>65,982,804</b>       | <b>75,317,730</b>                |

- 13.1 This includes Nil (31 December 2023: SR 1,402,500) held against certain customers.

**14 OTHER CURRENT FINANCIAL ASSETS**

|                                      | <b>30 June<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|--------------------------------------|-------------------------|----------------------------------|
| Muqassa deposit (note 14.1)          | 207,701,930             | 231,436,414                      |
| Accrued brokerage fees               | 57,731,814              | 61,085,066                       |
| Other receivables                    | 32,808,734              | 27,012,074                       |
| Employees loans and advances         | 4,051,633               | 5,060,449                        |
| Allowance for expected credit losses | (36,805)                | (42,772)                         |
|                                      | <b>302,257,306</b>      | <b>324,551,231</b>               |

- 14.1 This amount represents deposit with Muqassa. The deposit is maintained through an omnibus client collateral account with Muqassa in compliance with mandatory requirement of the Muqassa clearing procedures.

**15 CASH AND CASH EQUIVALENTS, NET**

|                                       | <b>30 June<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|---------------------------------------|-------------------------|----------------------------------|
| Cash at banks current accounts, gross | 50,860,173              | 20,891,009                       |
| Allowance for expected credit losses  | (6,361)                 | (2,778)                          |
| Cash at banks current accounts, net   | <b>50,853,812</b>       | <b>20,888,231</b>                |

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**16 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent shareholders, directors and key management personnel of the Company, Funds under the Company's management and entities controlled or significantly influenced by such parties.

| <i>Transactions during the period</i> |                                                 | <b>30 June</b>     | <b>30 June</b>     |
|---------------------------------------|-------------------------------------------------|--------------------|--------------------|
| <u><i>Name of related party</i></u>   | <u><i>Nature of transaction</i></u>             | <u><b>2024</b></u> | <u><b>2023</b></u> |
| Derayah REIT Fund                     | <i>Receipts</i>                                 | <b>2,294,633</b>   | 5,564,455          |
| Derayah REIT Fund                     | <i>Management fees</i>                          | <b>3,650,094</b>   | 4,427,604          |
| Derayah REIT Fund                     | <i>Payment on the behalf of the Fund</i>        | <b>535,485</b>     | 1,874,055          |
| Derayah REIT Fund                     | <i>Dividend</i>                                 | <b>476,034</b>     | 676,846            |
| Derayah Real Estate Income Fund II    | <i>Receipts</i>                                 | --                 | 1,551,453          |
| Derayah Real Estate Income Fund III   | <i>Receipts</i>                                 | <b>4,479,825</b>   | 2,258,323          |
| Derayah Real Estate Income Fund III   | <i>Management fees</i>                          | <b>1,484,644</b>   | 2,531,884          |
| Derayah Trade Finance Fund SAR        | <i>Receipts</i>                                 | <b>17,508,871</b>  | 15,728,567         |
| Derayah Trade Finance Fund SAR        | <i>Management fees and brokerage commission</i> | <b>17,508,871</b>  | 15,728,567         |
| Derayah Trade Finance Fund USD        | <i>Receipts</i>                                 | <b>1,577,103</b>   | 1,627,752          |
| Derayah Trade Finance Fund USD        | <i>Management fees</i>                          | <b>1,577,103</b>   | 1,334,591          |
| Derayah Trade Finance Fund USD        | <i>Payment on the behalf of the Fund</i>        | --                 | 7,211              |
| Derayah Asia Venture Capital Fund     | <i>Receipts</i>                                 | <b>3,250,417</b>   | --                 |
| Derayah Asia Venture Capital Fund     | <i>Management fees</i>                          | --                 | 276,062            |
| Derayah Venture Capital Fund          | <i>Receipts</i>                                 | <b>2,427,603</b>   | 1,000,027          |
| Derayah Venture Capital Fund          | <i>Management fees</i>                          | <b>741,276</b>     | 1,000,026          |
| Derayah Venture Capital Fund          | <i>Payment on the behalf of the Fund</i>        | --                 | 20,669             |
| Derayah Venture Capital Fund          | <i>Loan disbursed to the Fund</i>               | --                 | --                 |
| Derayah Private Fund 10               | <i>Receipts</i>                                 | <b>260,835</b>     | 358,251            |
| Derayah Private Fund 10               | <i>Management fees</i>                          | <b>260,835</b>     | 312,926            |
| Derayah Freestyle Saudi Equity Fund   | <i>Receipts</i>                                 | <b>17,123,115</b>  | 2,199,709          |
| Derayah Freestyle Saudi Equity Fund   | <i>Management fees</i>                          | <b>9,889,422</b>   | 2,054,648          |
| Derayah Freestyle Saudi Equity Fund   | <i>Subscription fees</i>                        | <b>7,213,693</b>   | --                 |
| Derayah Freestyle Saudi Equity Fund   | <i>Payment on the behalf of the Fund</i>        | <b>20,000</b>      | 12,500             |
| Derayah Private Fund 20               | <i>Receipts</i>                                 | <b>83,402</b>      | 503,907            |
| Derayah Private Fund 20               | <i>Management fees</i>                          | <b>83,402</b>      | 435,666            |

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**16 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

| <i><u>Transactions during the period</u></i><br><i><u>Name of related party</u></i> | <i><u>Nature of transaction</u></i>      | <b>30 June<br/>2024</b> | 30 June<br>2023 |
|-------------------------------------------------------------------------------------|------------------------------------------|-------------------------|-----------------|
| Derayah GCC Fund                                                                    | <i>Receipts</i>                          | <b>1,575,186</b>        | 542,949         |
| Derayah GCC Fund                                                                    | <i>Management fees</i>                   | <b>1,157,981</b>        | 471,740         |
| Derayah GCC Fund                                                                    | <i>Subscription fees</i>                 | <b>417,205</b>          | --              |
| Derayah Global Venture Capital Fund                                                 | <i>Receipts</i>                          | <b>5,987,436</b>        | --              |
| Derayah Global Venture Capital Fund                                                 | <i>Management fees</i>                   | <b>1,345,512</b>        | 1,676,205       |
| Derayah Global Venture Capital Fund                                                 | <i>Payment on the behalf of the Fund</i> | --                      | 150,028         |
| Derayah Private Equity Fund                                                         | <i>Receipts</i>                          | <b>3,623,030</b>        | 3,623,030       |
| Derayah Private Equity Fund                                                         | <i>Management fees</i>                   | <b>1,837,766</b>        | 1,984,096       |
| Derayah Private Equity Fund                                                         | <i>Payment on the behalf of the Fund</i> | <b>61,753</b>           | --              |
| Derayah Retail Fund                                                                 | <i>Receipts</i>                          | <b>2,474,442</b>        | 1,193,756       |
| Derayah Retail Fund                                                                 | <i>Management fees</i>                   | <b>845,694</b>          | 976,488         |
| Durat Al Khalij Real Estate Fund                                                    | <i>Receipts</i>                          | <b>11,860,820</b>       | --              |
| Derayah Private Fund 25                                                             | <i>Receipts</i>                          | <b>118,782</b>          | 76,163          |
| Derayah Private Fund 25                                                             | <i>Management fees</i>                   | <b>118,782</b>          | 68,441          |
| Derayah Private Fund 15                                                             | <i>Receipts</i>                          | <b>79,310</b>           | 80,021          |
| Derayah Private Fund 15                                                             | <i>Management fees</i>                   | <b>79,310</b>           | 71,099          |
| Derayah Private Fund 30                                                             | <i>Receipts</i>                          | <b>127,605</b>          | 160,947         |
| Derayah Private Fund 30                                                             | <i>Management fees</i>                   | <b>127,605</b>          | 160,947         |
| Derayah Wadi Masharee Fund                                                          | <i>Transaction fees</i>                  | --                      | 2,000,000       |
| Derayah Wadi Masharee Fund                                                          | <i>Financing fees</i>                    | --                      | 1,175,000       |
| Al Waha Real Estate Fund                                                            | <i>Payment on the behalf of the Fund</i> | <b>31,500</b>           | 484,010         |
| Derayah Saudi Equity Fund                                                           | <i>Receipts</i>                          | <b>6,517,168</b>        | --              |
| Derayah Saudi Equity Fund                                                           | <i>Management fees</i>                   | <b>2,501,852</b>        | --              |
| Derayah Saudi Equity Fund                                                           | <i>Subscription fees</i>                 | <b>4,015,316</b>        | --              |
| Derayah Saudi Equity Fund                                                           | <i>Payment on the behalf of the Fund</i> | <b>4,663</b>            | --              |
| Derayah Sukuk Fund                                                                  | <i>Receipts</i>                          | <b>548,905</b>          | --              |
| Derayah Sukuk Fund                                                                  | <i>Management fees</i>                   | <b>302,759</b>          | --              |
| Derayah Sukuk Fund                                                                  | <i>Subscription fees</i>                 | <b>246,146</b>          | --              |

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**16 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

| <i>Transactions during the period</i> |                                          | <b>30 June</b>     | <b>30 June</b>     |
|---------------------------------------|------------------------------------------|--------------------|--------------------|
| <u><i>Name of related party</i></u>   | <u><i>Nature of transaction</i></u>      | <u><b>2024</b></u> | <u><b>2023</b></u> |
| Derayah Private Fund 35               | <i>Receipts</i>                          | <b>137,014</b>     | --                 |
| Derayah Private Fund 35               | <i>Management fees</i>                   | <b>137,014</b>     | --                 |
| Derayah Private Fund 40               | <i>Receipts</i>                          | <b>169,563</b>     | --                 |
| Derayah Private Fund 40               | <i>Management fees</i>                   | <b>169,563</b>     | --                 |
| Derayah Credit Fund                   | <i>Payment on the behalf of the Fund</i> | <b>35,891</b>      | --                 |
| Tawafuq Real Estate Fund              | <i>Payment on the behalf of the Fund</i> | <b>85,000</b>      | --                 |

The summary of compensation to key management personnel for the period are as follows:

|                                        | <b>For the six-month period ended</b> |                    |
|----------------------------------------|---------------------------------------|--------------------|
|                                        | <b>30 June</b>                        | <b>31 June</b>     |
|                                        | <u><b>2024</b></u>                    | <u><b>2023</b></u> |
| Salaries and employee related benefits | <b>5,506,428</b>                      | 4,183,803          |

Balances resulting from transactions with related parties are as follow:

|                                      | <b>30 June</b>           | <b>31 December</b> |
|--------------------------------------|--------------------------|--------------------|
|                                      | <u><b>2024</b></u>       | <u><b>2023</b></u> |
| <i>Due from related parties, net</i> |                          | (Audited)          |
| Due from related parties             | <b>22,085,574</b>        | 47,357,867         |
| Allowance for expected credit losses | <b>(3,103)</b>           | (6,539)            |
|                                      | <u><b>22,082,471</b></u> | <u>47,351,328</u>  |

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**16 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

Balances resulting from transactions with related parties, other than those disclosed elsewhere in the financial statements, are as follows:

| <u>Name of related party</u>        | <u>Nature of Balance</u>  | <b>30 June<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|-------------------------------------|---------------------------|-------------------------|----------------------------------|
| Derayah REIT Fund                   | Management fee receivable | 8,950,868               | 6,583,887                        |
| Wadi Masharee Real Estate Fund      | Management fee receivable | 5,577,500               | 5,577,500                        |
| Derayah Global Venture Capital Fund | Management fee receivable | 2,372,978               | 7,014,901                        |
| Derayah Private Equity Fund         | Management fee receivable | 1,865,413               | 3,588,925                        |
| Derayah Real Estate Income Fund III | Management fee receivable | 1,715,732               | 4,710,913                        |
| Al Waha Real Estate Fund            | Due from related party    | 570,510                 | 539,010                          |
| Derayah Retail Fund                 | Management fee receivable | 428,959                 | 2,057,707                        |
| Derayah Venture Capital Fund        | Management fee receivable | 281,094                 | 1,967,420                        |
| Derayah Credit Fund                 | Due from related party    | 107,697                 | 71,806                           |
| Tawafuq Real Estate Fund            | Due from related party    | 91,563                  | 6,563                            |
| Derayah Private Fund 15             | Due from related party    | 56,884                  | 56,884                           |
| Derayah GCC Fund                    | Due from related party    | 23,251                  | 23,250                           |
| Derayah Freestyle Saudi Equity Fund | Due from related party    | 20,000                  | 20,000                           |
| Alremal Real Estate Fund            | Due from related party    | 11,253                  | 11,253                           |
| Derayah Trade Finance Fund USD      | Due from related party    | 7,211                   | 7,210                            |
| Derayah Saudi Equity Fund           | Due from related party    | 4,663                   | --                               |
| Derayah Asia Venture Capital Fund   | Management fee receivable | --                      | 3,250,418                        |
| Derayah Gulf Real Estate Fund       | Due from related party    | --                      | 9,400                            |
| Durat Al Khalij Real Estate Fund    | Management fee receivable | --                      | 11,860,820                       |
|                                     |                           | <b>22,085,574</b>       | <b>47,357,867</b>                |

During the period, real estate assets of Durat Al Khalij Fund, a Fund managed by Derayah amounting to SR 70 million have been sold to Derayah Gulf Real Estate Fund. Post the disposal of aforementioned assets, Durat Al Khalij Fund has been liquidated in March 2024.

**17 ACCRUED EXPENSES AND OTHER PAYABLES**

|                                        | <b>30 June<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|----------------------------------------|-------------------------|----------------------------------|
| Accrued expenses and other payables    | 36,351,937              | 27,339,666                       |
| Bonus payable                          | 25,098,381              | 39,000,001                       |
| Commission payable                     | 15,275,954              | 8,475,738                        |
| VAT payable                            | 9,492,194               | 9,836,327                        |
| Accrued salaries and employee benefits | 4,024,756               | 3,056,896                        |
| Current portion of lease liability     | 2,493,613               | 1,938,771                        |
| GOSI Payable                           | 800,643                 | 640,297                          |
|                                        | <b>93,537,478</b>       | <b>90,287,696</b>                |

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**18 ZAKAT PAYABLE**

|                                       | <b>30 June<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|---------------------------------------|-------------------------|----------------------------------|
| At the beginning of the period / year | 24,143,322              | 21,295,229                       |
| Zakat charge for the period / year    | 6,000,000               | 18,242,210                       |
| Paid during the period / year         | <u>(10,913,964)</u>     | <u>(15,394,117)</u>              |
|                                       | <u>19,229,358</u>       | <u>24,143,322</u>                |

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Custom Authority ("ZATCA"). Zakat declaration for all the years up to 2023 have been filed with the ZATCA and acknowledgement certificates have been obtained.

During the period ended 30 June 2024, the Company settled the assessment for the years 2019 – 2021. Provision, amounting to SR 9 million, maintained by the Company against these assessment has accordingly been reversed. Except as mentioned above, there has been no change in the status of the Company's zakat assessments from the status disclosed in the annual financial statements of the Company for the year ended 31 December 2023.

**19 SHARE CAPITAL**

|                                          | <b>30 June<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|------------------------------------------|-------------------------|----------------------------------|
| Ordinary share capital (SR 10 per share) | <u>162,290,130</u>      | 162,290,130                      |

Share capital of SR 162 million (31 December 2023: SR 162 million) is divided into 16,229,013 shares (31 December 2023: 16,229,013 shares) of SR 10 each, which is wholly paid.

**20 REVENUE FROM CONTRACTS WITH CUSTOMERS**

**20.1 Disaggregated revenue information**

|                                             | <b>For the six-month period ended 30 June 2024</b> |                             |                    |
|---------------------------------------------|----------------------------------------------------|-----------------------------|--------------------|
|                                             | <b>Brokerage<br/>Fees</b>                          | <b>Asset<br/>Management</b> | <b>Total</b>       |
| <b>Timing of revenue recognition</b>        |                                                    |                             |                    |
| Services rendered at a point in time        | 241,870,535                                        | --                          | 241,870,535        |
| Services rendered over a period of time     | --                                                 | 69,964,711                  | 69,964,711         |
| Total revenue from contracts with customers | <u>241,870,535</u>                                 | <u>69,964,711</u>           | <u>311,835,246</u> |
|                                             | <b>For the six-month period ended 30 June 2023</b> |                             |                    |
|                                             | <b>Brokerage<br/>Fees</b>                          | <b>Asset<br/>Management</b> | <b>Total</b>       |
| Timing of revenue recognition               |                                                    |                             |                    |
| Services rendered at a point in time        | 170,366,392                                        | --                          | 170,366,392        |
| Services rendered over a period of time     | --                                                 | 29,542,945                  | 29,542,945         |
| Total revenue from contracts with customers | <u>170,366,392</u>                                 | <u>29,542,945</u>           | <u>199,909,337</u> |

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**20 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)**

**20.2 Performance obligations**

Information about the Group's performance obligations are summarised below:

**Brokerage services:**

This consist of a separate and distinct performance obligation i.e. to act as a broker (agent) in providing trading facility on stock exchange or capital markets to client against the commission. The performance obligation is complete for buy orders when a buy order is executed; and similarly, for a sell order when it is executed on behalf of its principals (clients). Clients can directly place buy/sell order using internet based trading platform or use Company's phone call or email service for placing orders.

The income is recognised upon execution of related deals / transactions and presented in statement of profit or loss and other comprehensive income net of discounts.

**Asset management services:**

This consist of a separate and distinct performance obligation i.e. to provide asset management services to the mutual funds under the Company's management. As per the terms and condition of the funds, the management fees is computed on daily / weekly / monthly / semi-annually (annual % pro-rated for periodic accrual) with reference to periodic net asset value of the fund. The Company's practice for recognition of management fee is aligned with IFRS 15 since management fee is recognised on an accrual basis against rendering of asset management services that the Company is providing on an on-going basis. Performance fees are earned from some arrangements when contractually agreed performance levels are exceeded within specified performance measurement periods, typically over one year. The fees are recognised when they can be reliably estimated and / or crystallised, and there is deemed to be a low probability of a significant reversal in future periods. This is usually at the end of the performance period or upon early redemption by a fund investor. Once crystallised, performance fees typically cannot be clawed-back.

**Geographical distribution**

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

**21 SPECIAL COMMISSION INCOME**

|                                        | <b>For the six-month period ended</b> |                          |
|----------------------------------------|---------------------------------------|--------------------------|
|                                        | <b>30 June</b>                        | <b>30 June</b>           |
|                                        | <b><u>2024</u></b>                    | <b><u>2023</u></b>       |
| Special commission income earned from: |                                       |                          |
| - Financial institutions               | <b>106,848,498</b>                    | 56,733,804               |
| - Investments                          | <b>1,857,309</b>                      | 643,597                  |
|                                        | <b><u>108,705,807</u></b>             | <b><u>57,377,401</u></b> |

**22 GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, NET**

|                                                                                 | <b>For the six-month period ended</b> |                         |
|---------------------------------------------------------------------------------|---------------------------------------|-------------------------|
|                                                                                 | <b>30 June</b>                        | <b>30 June</b>          |
|                                                                                 | <b><u>2024</u></b>                    | <b><u>2023</u></b>      |
| Unrealised gain on investments at fair value through profit or loss, net        | <b>11,094,800</b>                     | 8,047,636               |
| Realised gain / (loss) on investments at fair value through profit or loss, net | <b>2,085,143</b>                      | (276,205)               |
|                                                                                 | <b><u>13,179,943</u></b>              | <b><u>7,771,431</u></b> |



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**23 SALARIES AND EMPLOYEE' RELATED EXPENSES**

|                                        | <b>For the six-month period ended</b> |                          |
|----------------------------------------|---------------------------------------|--------------------------|
|                                        | <b>30 June</b>                        | <b>30 June</b>           |
|                                        | <b><u>2024</u></b>                    | <b><u>2023</u></b>       |
| Salaries and employee related expenses | 70,895,771                            | 56,839,303               |
| GOSI expense                           | 2,442,688                             | 2,311,479                |
| End of service benefit                 | 1,801,062                             | 1,811,167                |
|                                        | <b><u>75,139,521</u></b>              | <b><u>60,961,949</u></b> |

**24 GENERAL AND ADMINISTRATIVE EXPENSES**

|                        | <b>For the six-month period ended</b> |                          |
|------------------------|---------------------------------------|--------------------------|
|                        | <b>30 June</b>                        | <b>30 June</b>           |
|                        | <b><u>2024</u></b>                    | <b><u>2023</u></b>       |
| Professional expenses  | 37,935,197                            | 14,547,015               |
| Commission expense     | 22,000,000                            | 9,695,092                |
| IT expenses            | 12,749,676                            | 9,353,258                |
| Depreciation           | 6,026,970                             | 5,058,076                |
| Amortisation           | 3,744,233                             | 2,310,436                |
| Finance charges        | 3,438,474                             | 1,586,217                |
| Utilities              | 3,083,664                             | 3,344,601                |
| Office maintenance     | 2,252,355                             | 1,236,408                |
| Office expenses        | 1,390,894                             | 1,486,873                |
| Tax and other expenses | 8,916,761                             | 1,038,967                |
|                        | <b><u>101,538,224</u></b>             | <b><u>49,656,943</u></b> |

**25 OTHER INCOME, NET**

|                                | <b>For the six-month period ended</b> |                         |
|--------------------------------|---------------------------------------|-------------------------|
|                                | <b>30 June</b>                        | <b>30 June</b>          |
|                                | <b><u>2024</u></b>                    | <b><u>2023</u></b>      |
| Foreign exchange gains, net    | 5,108,274                             | 3,392,884               |
| Price Streamer Fees & Advisory | 398,599                               | 306,968                 |
|                                | <b><u>5,506,873</u></b>               | <b><u>3,699,852</u></b> |

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2024 (Unaudited)**  
Amount in Saudi Arabian Riyal

**26 EARNINGS PER SHARE**

The calculation of basic earnings per share has been based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

|                                            | <b>For the six-month period ended</b> |                    |
|--------------------------------------------|---------------------------------------|--------------------|
|                                            | <b>30 June</b>                        | <b>30 June</b>     |
|                                            | <b><u>2024</u></b>                    | <b><u>2023</u></b> |
| Income for the period                      | 228,009,238                           | 134,003,838        |
| Weighted average number of ordinary shares | 16,229,013                            | 16,229,013         |
| Basic and diluted income per share         | 14.05                                 | 8.26               |

**27 FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Set out below is an overview of financial assets, held by the Company as at 30 June 2024 and 31 December 2023.

|                                                                          | <b>30 June</b>       | <b>31 December</b> |
|--------------------------------------------------------------------------|----------------------|--------------------|
|                                                                          | <b><u>2024</u></b>   | <b><u>2023</u></b> |
|                                                                          |                      | <b>(Audited)</b>   |
| <b>Financial assets at amortised cost</b>                                |                      |                    |
| Cash and cash equivalents, net                                           | 50,853,812           | 20,888,231         |
| Investment at amortised cost, net                                        | 53,493,285           | 30,234,685         |
| Due from related parties, net                                            | 22,082,471           | 47,351,328         |
| Margin client receivables, net                                           | 65,982,804           | 75,317,730         |
| Other current financial assets                                           | 302,257,306          | 324,551,231        |
| <b>Financial assets at fair value through other comprehensive income</b> |                      |                    |
| Investment in a REIT fund                                                | 16,280,425           | 21,421,612         |
| <b>Financial assets at fair value through profit or loss</b>             |                      |                    |
| Real estate funds                                                        | 1,434,828            | 26,967,499         |
| Venture capital and private equity funds                                 | 14,155,879           | 13,712,303         |
| Equity securities                                                        | 45,045,606           | 27,122,564         |
| Equity funds                                                             | 54,637,570           | 46,506,214         |
| Corporate sukuk                                                          | 42,186,490           | 42,186,490         |
| Money market funds                                                       | 141,826,334          | 35,012,205         |
| <b>Investment in an associate</b>                                        | <b>237,612,600</b>   | <b>263,852,000</b> |
| <b>Total financial assets</b>                                            | <b>1,047,849,410</b> | <b>975,124,092</b> |
| <b>Total current</b>                                                     | <b>581,101,024</b>   | <b>499,035,123</b> |
| <b>Total non-current</b>                                                 | <b>466,748,386</b>   | <b>476,088,969</b> |
|                                                                          | <b>1,047,849,410</b> | <b>826,024,405</b> |

**DERAYAH FINANCIAL COMPANY**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2024 (Unaudited)**  
Amount in Saudi Arabian Riyal

**27 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

Set out below is an overview of financial liabilities held by the Group as at 30 June 2024 and 31 December 2023.

|                                                | <b>30 June<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|------------------------------------------------|-------------------------|----------------------------------|
| <b>Financial liabilities at amortised cost</b> |                         |                                  |
| Accrued expenses and other payables            | <b>81,551,671</b>       | 77,872,301                       |
| Lease liabilities                              | <b>5,878,246</b>        | 5,159,705                        |
| <b>Total financial liabilities</b>             | <b>87,429,917</b>       | 83,032,006                       |
| <b>Total current liabilities</b>               | <b>84,045,284</b>       | 79,811,072                       |
| <b>Total non-current liabilities</b>           | <b>3,384,633</b>        | 3,220,934                        |
|                                                | <b>87,429,917</b>       | 83,032,006                       |

**28 FAIR VALUE HIERARCHY**

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement, as follows:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides the fair value measurement hierarchy of the Group's financial assets as at 30 June 2024 and 31 December 2023. There are no financial liabilities measured at fair value.

|                                                | <b>Total</b>       | <b>(Level 1)</b>  | <b>(Level 2)</b>   | <b>(Level 3)</b>  |
|------------------------------------------------|--------------------|-------------------|--------------------|-------------------|
| <b>As at 30 June 2024</b>                      |                    |                   |                    |                   |
| <b>Financial assets measured at fair value</b> |                    |                   |                    |                   |
| <b>Investments at FVTPL</b>                    | <b>299,286,707</b> | <b>22,610,697</b> | <b>249,674,610</b> | <b>27,001,400</b> |
| <b>Investments at FVOCI</b>                    | <b>16,280,425</b>  | <b>16,280,425</b> | --                 | --                |
| <b>As at 31 December 2023 (Audited)</b>        |                    |                   |                    |                   |
| <b>Financial assets measured at fair value</b> |                    |                   |                    |                   |
| <b>Investment at FVTPL</b>                     | <b>191,507,275</b> | <b>51,162,663</b> | <b>113,343,212</b> | <b>27,001,400</b> |
| <b>Investment at FVOCI</b>                     | <b>21,421,612</b>  | <b>21,421,612</b> | --                 | --                |

There were no transfers between levels during the period / year ended 30 June 2024 and 31 December 2023.

As at the reporting date, the carrying values of the financial assets not measured at fair value including investment at amortised cost, due from related parties and receivable against margin lending and other current financial assets approximate their fair values, since the market commission rates for similar instruments are not significantly different from contracted rates, and / or due to short duration of financial instruments.

**DERAYAH FINANCIAL COMPANY**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2024 (Unaudited)**  
Amount in Saudi Arabian Riyal

**28 FAIR VALUE HIERARCHY (CONTINUED)**

An active market for these instruments is not available and the Company intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities.

Investments in listed securities are classified under Level 1, investment in public and private mutual funds and corporate bonds are classified under Level 2 and investment in private securities are classified at Level 3. The valuations of mutual funds are derived from the net asset values of the Funds whereas fair value for the private equity securities is derived from the latest valuation rounds or bids received. For certain private equity securities purchased recently, transaction price has been considered as a reasonable approximation of the fair value.

Moreover, during the period, there is no movement in investments classified under Level 3.

**29 SEGMENT REPORTING**

The Group is organised into the following segments:

**Brokerage**

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

**Asset Management**

Fees from asset management of discretionary portfolio, funds, real estate management, and alternative investments.

**Murabaha**

Special commission income from Murabaha.

**Investment**

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

**Advisory**

Advisory relates to the services offered for establishment of Bank D360.

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

| 30 June 2024                     | <u>Brokerage</u> | <u>Asset management</u> | <u>Murabaha</u> | <u>Investment</u> | <u>Advisory</u> | <u>Total</u>  |
|----------------------------------|------------------|-------------------------|-----------------|-------------------|-----------------|---------------|
| Total assets                     | 355,839,422      | 102,931,936             | 104,347,097     | 627,088,668       | --              | 1,190,207,123 |
| Total liabilities                | 42,027,962       | 12,157,223              | 12,324,368      | 74,065,034        | 88,253,575      | 228,828,162   |
| Total operating income           | 241,870,535      | 69,964,711              | 108,705,807     | 13,655,977        | --              | 434,197,030   |
| Other income, net                | 4,360,758        | 1,146,115               | --              | --                | --              | 5,506,873     |
| Operating expenses               | (53,336,978)     | (15,428,528)            | (15,640,647)    | (93,994,686)      | (1,054,426)     | (179,455,265) |
| Share of loss in an associate    | --               | --                      | --              | (26,239,400)      | --              | (26,239,400)  |
| Net income / (loss) before zakat | 192,894,315      | 55,682,298              | 93,065,160      | (106,578,109)     | (1,054,426)     | 234,009,238   |

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2024 (Unaudited)**  
Amount in Saudi Arabian Riyal

**29 SEGMENT REPORTING (CONTINUED)**

| 31 December 2023<br>(Audited) | <u>Brokerage</u> | <u>Asset<br/>management</u> | <u>Murabaha</u> | <u>Investment</u> | <u>Advisory</u> | <u>Total</u>  |
|-------------------------------|------------------|-----------------------------|-----------------|-------------------|-----------------|---------------|
| Total assets                  | 424,796,450      | 89,063,798                  | 51,122,916      | 476,780,887       | --              | 1,041,764,051 |
| Total liabilities             | 58,155,675       | 12,193,052                  | 6,998,853       | 65,272,472        | 87,335,891      | 229,955,943   |
| 30 June 2023                  | <u>Brokerage</u> | <u>Asset<br/>management</u> | <u>Murabaha</u> | <u>Investment</u> | <u>Advisory</u> | <u>Total</u>  |
| Total operating income        | 170,366,392      | 29,542,945                  | 57,377,401      | 8,448,277         | --              | 265,735,015   |
| Other income                  | 3,392,884        | 306,968                     | --              | --                | --              | 3,699,852     |
| Operating expenses, net       | (19,115,319)     | (3,314,755)                 | (28,596,887)    | (61,163,930)      | (801,643)       | (112,992,534) |
| Share of loss in an associate | --               | --                          | --              | (13,133,200)      | --              | (13,133,200)  |
| Net income before zakat       | 154,643,957      | 26,535,158                  | 28,780,514      | (65,848,853)      | (801,643)       | 143,309,133   |

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

|                                                                            | <b>30 June<br/>2024</b> | 30 June<br>2023 |
|----------------------------------------------------------------------------|-------------------------|-----------------|
| Total operating income                                                     | <b>434,197,030</b>      | 265,735,015     |
| Adjustment for:                                                            |                         |                 |
| - <i>Special commission income</i>                                         | <b>(108,705,807)</b>    | (57,377,401)    |
| - <i>Net gain on financial assets at fair value through profit or loss</i> | <b>(13,179,943)</b>     | (7,771,431)     |
| - <i>Dividend income</i>                                                   | <b>(476,034)</b>        | (676,846)       |
| Revenue from contract with customers                                       | <b>311,835,246</b>      | 199,909,337     |

**30 CAPITAL COMMITMENTS AND CONTINGENCIES**

The contingent liabilities against letter of guarantees as at 30 June 2024 amount to SAR 29.38 million (31 December 2023: SAR 29.38 million).

**31 CAPITAL REGULATORY REQUIREMENTS AND CAPITAL ADEQUACY MODEL**

The CMA has issued Prudential Rules (the "Rules") dated 17 Safar 1434H (corresponding to 30 December 2012), thereafter, amended on 04 Jumada AlkhiraH 1444H (corresponding to 28 December 2022). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under these Rules. In accordance with this methodology, the Company has calculated its risk weighted asset and surplus in the capital as follows:

|                      | <b>30 June<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|----------------------|-------------------------|----------------------------------|
|                      | <b>SAR (000)</b>        | SAR (000)                        |
| <b>Capital base:</b> |                         |                                  |
| Tier 1 Capital       | <b>943,140</b>          | 793,763                          |
| Tier 2 Capital       | <b>--</b>               | --                               |
| Total Capital base   | <b>943,140</b>          | 793,763                          |

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the six-month period ended 30 June 2024 (Unaudited)**  
Amount in Saudi Arabian Riyal

**31 CAPITAL REGULATORY REQUIREMENTS AND CAPITAL ADEQUACY MODEL (CONTINUED)**

|                                     | <b>30 June<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|-------------------------------------|-------------------------|----------------------------------|
| <b>Minimum capital requirement:</b> |                         |                                  |
| Credit risk                         | 1,972,625               | 1,718,710                        |
| Market risk                         | 53,254                  | 14,101                           |
| Operational risk                    | 1,161,167               | 1,161,167                        |
| Concentration risk                  | 18,276                  | 654,111                          |
| Total minimum capital required      | <u>3,205,322</u>        | <u>3,548,089</u>                 |
| Surplus in the Capital              | <u>686,714</u>          | <u>509,916</u>                   |

**32 SUBSEQUENT EVENTS**

On 7 July 2024, the shareholders of the Company passed a resolutions increasing the share capital of the Company from SR 162,290,130 to SR 499,470,390 by issuing 33,718,026 shares through Capitalisation of retained earnings amounting to SR 337,180,260. Additionally, the par value of the Company's Shares has also been approved to be SR 2 per share from the current par value of SR 10 per share.

Except these, there have been no significant subsequent events that would have a material impact on the financial position or financial performance of the Company as reflected in these condensed consolidated interim financial statements.

**33 APPROVAL OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The condensed consolidated interim financial statements were approved by the Board of Directors on 14 Safar 1446H (corresponding to 18 August 2024).

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the nine-month period ended 30 September 2024**  
Together with the  
**INDEPENDENT AUDITOR'S REVIEW REPORT**



## KPMG Professional Services

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

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة روشن ، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

# Independent auditor's report on review of condensed consolidated interim financial statements

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

## Introduction

We have reviewed the accompanying 30 September 2024 condensed consolidated interim financial statements of Derayah Financial Company ("the Company") and its subsidiary ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 September 2024;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2024;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2024;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2024; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2024 condensed consolidated interim financial statements of Derayah Financial Company and its subsidiary are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services

Hani Hamzah A. Bedairi

License No: 460

Riyadh: 21 November 2024

Corresponding to: 19 Jumada Al Awwal 1446H

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR70,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٧٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة التابعة لـ كي بي إم جي للاستشارات المهنية المحدودة، شركة انجليزية محدودة بضمان.



**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 30 September 2024  
Amount in Saudi Arabian Riyals

|                                                              | <u>Notes</u> | 30 September<br><b>2024</b><br>(Unaudited) | 31 December<br><b>2023</b><br>(Audited) |
|--------------------------------------------------------------|--------------|--------------------------------------------|-----------------------------------------|
| <b>ASSETS</b>                                                |              |                                            |                                         |
| <b>NON-CURRENT ASSETS</b>                                    |              |                                            |                                         |
| Property and equipment, net                                  | 6            | 38,837,912                                 | 38,176,641                              |
| Right-of-use assets, net                                     |              | 5,262,137                                  | 4,944,683                               |
| Intangible assets, net                                       | 7            | 18,076,110                                 | 15,343,604                              |
| Investment property, net                                     | 8            | 73,584,424                                 | --                                      |
| Investment in an associate                                   | 9            | 217,977,200                                | 263,852,000                             |
| Investments at amortised cost, net                           | 10           | 46,076,195                                 | 25,229,705                              |
| Investments at fair value through profit or loss             | 11           | 329,680,925                                | 165,585,652                             |
| Investments at fair value through other comprehensive income | 12           | 16,721,840                                 | 21,421,612                              |
| <b>TOTAL NON-CURRENT ASSETS</b>                              |              | <b>746,216,743</b>                         | <b>534,553,897</b>                      |
| <b>CURRENT ASSETS</b>                                        |              |                                            |                                         |
| Investments at amortised cost, net                           | 10           | 5,017,665                                  | 5,004,980                               |
| Investments at fair value through profit or loss             | 11           | 16,868,216                                 | 25,921,623                              |
| Margin client receivables, net                               | 13           | 65,991,845                                 | 75,317,730                              |
| Due from related parties, net                                | 16           | 24,728,166                                 | 47,351,328                              |
| Prepayments                                                  |              | 7,815,183                                  | 8,175,031                               |
| Other current financial assets                               | 14           | 305,583,561                                | 324,551,231                             |
| Cash and cash equivalents, net                               | 15           | 70,384,142                                 | 20,888,231                              |
| <b>TOTAL CURRENT ASSETS</b>                                  |              | <b>496,388,778</b>                         | <b>507,210,154</b>                      |
| <b>TOTAL ASSETS</b>                                          |              | <b>1,242,605,521</b>                       | <b>1,041,764,051</b>                    |
| <b>LIABILITIES AND EQUITY</b>                                |              |                                            |                                         |
| <b>NON-CURRENT LIABILITIES</b>                               |              |                                            |                                         |
| Employees' defined benefit obligations                       |              | 23,907,525                                 | 24,968,100                              |
| Employees' Equity Award Plan ('EEAP')                        |              | 63,377,093                                 | 57,953,547                              |
| Unearned revenue                                             |              | 29,382,344                                 | 29,382,344                              |
| Lease liability                                              |              | 3,384,633                                  | 3,220,934                               |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                         |              | <b>120,051,595</b>                         | <b>115,524,925</b>                      |
| <b>CURRENT LIABILITIES</b>                                   |              |                                            |                                         |
| Accrued expenses and other payables                          | 17           | 251,503,656                                | 90,287,696                              |
| Zakat payable                                                | 18           | 22,788,851                                 | 24,143,322                              |
| <b>TOTAL CURRENT LIABILITIES</b>                             |              | <b>274,292,507</b>                         | <b>114,431,018</b>                      |
| <b>TOTAL LIABILITIES</b>                                     |              | <b>394,344,102</b>                         | <b>229,955,943</b>                      |
| <b>EQUITY</b>                                                |              |                                            |                                         |
| Share capital                                                | 19           | 499,470,390                                | 162,290,130                             |
| Statutory reserve                                            |              | 48,687,039                                 | 48,687,039                              |
| Other reserves                                               |              | (21,200,821)                               | (13,000,451)                            |
| Shareholders' contribution                                   |              | 14,130,000                                 | --                                      |
| Treasury share reserve                                       | 20           | (14,130,000)                               | --                                      |
| Retained earnings                                            |              | 321,304,811                                | 613,831,390                             |
| <b>TOTAL EQUITY</b>                                          |              | <b>848,261,419</b>                         | <b>811,808,108</b>                      |
| <b>TOTAL LIABILITIES AND EQUITY</b>                          |              | <b>1,242,605,521</b>                       | <b>1,041,764,051</b>                    |

The attached notes 1 to 34 form part of these condensed consolidated interim financial statements

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
For the nine-month period ended 30 September 2024 (**Unaudited**)  
Amount in Saudi Arabian Riyals

|                                                                                                  | <i>Notes</i> | For the three-month period ended |                     | For the nine-month period ended |                      |
|--------------------------------------------------------------------------------------------------|--------------|----------------------------------|---------------------|---------------------------------|----------------------|
|                                                                                                  |              | 30 September 2024                | 30 September 2023   | 30 September 2024               | 30 September 2023    |
| <b>OPERATING INCOME</b>                                                                          |              |                                  |                     |                                 |                      |
| Revenue from contract with customers                                                             | 21           | 159,036,603                      | 135,935,043         | 470,871,849                     | 335,844,380          |
| Special commission income                                                                        | 22           | 46,737,050                       | 31,863,849          | 155,442,857                     | 89,241,250           |
| Gain on financial assets at fair value through profit or loss, net                               | 23           | 3,388,832                        | 3,409,719           | 16,568,775                      | 11,181,150           |
| Dividend income                                                                                  |              | 677,690                          | 237,143             | 1,153,724                       | 913,989              |
| <b>TOTAL OPERATING INCOME</b>                                                                    |              | <b>209,840,175</b>               | <b>171,445,754</b>  | <b>644,037,205</b>              | <b>437,180,769</b>   |
| <b>OPERATING EXPENSES</b>                                                                        |              |                                  |                     |                                 |                      |
| Salaries and other employees' related expenses                                                   | 24           | (33,932,629)                     | (32,152,756)        | (109,072,150)                   | (93,114,705)         |
| General and administrative expenses                                                              | 25           | (44,145,842)                     | (39,915,144)        | (145,684,066)                   | (89,572,087)         |
| Marketing expenses                                                                               |              | (1,614,079)                      | (1,227,621)         | (5,717,490)                     | (3,832,025)          |
| (Reversal) / charge for expected credit losses                                                   |              | 7,981                            | (679,955)           | 1,333,872                       | (449,193)            |
| <b>TOTAL OPERATING EXPENSES</b>                                                                  |              | <b>(79,684,569)</b>              | <b>(73,975,476)</b> | <b>(259,139,834)</b>            | <b>(186,968,010)</b> |
| <b>NET OPERATING INCOME</b>                                                                      |              | <b>130,155,606</b>               | <b>97,470,278</b>   | <b>384,897,371</b>              | <b>250,212,759</b>   |
| Other income / (expense), net                                                                    | 26           | 1,787,471                        | 1,661,688           | 7,294,344                       | 5,361,540            |
| Share of loss in an associate                                                                    | 9            | (19,635,400)                     | (8,975,400)         | (45,874,800)                    | (22,108,600)         |
| <b>INCOME FOR THE PERIOD BEFORE ZAKAT</b>                                                        |              | <b>112,307,677</b>               | <b>90,156,566</b>   | <b>346,316,915</b>              | <b>233,465,699</b>   |
| Zakat charge for the period                                                                      | 18           | (4,000,000)                      | (9,436,915)         | (10,000,000)                    | (18,742,210)         |
| <b>INCOME FOR THE PERIOD</b>                                                                     |              | <b>108,307,677</b>               | <b>80,719,651</b>   | <b>336,316,915</b>              | <b>214,723,489</b>   |
| <i>Other comprehensive (loss) / income not to be reclassified to profit or loss subsequently</i> |              |                                  |                     |                                 |                      |
| Financial assets at fair value through other comprehensive income – net change in fair value     |              | 441,416                          | (4,258,357)         | (4,699,773)                     | (5,530,671)          |
| Remeasurement gain / (loss) on employees' defined benefit obligations                            |              | 397,575                          | 2,357               | (652,187)                       | (590,038)            |
| Remeasurement (loss) / gain on employees' equity award plan                                      |              | (3,631,535)                      | 1,759,178           | (2,848,410)                     | 1,196,641            |
| <b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>                                                   |              | <b>(2,792,544)</b>               | <b>(2,496,822)</b>  | <b>(8,200,370)</b>              | <b>(4,924,068)</b>   |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                                                 |              | <b>105,515,133</b>               | <b>78,222,829</b>   | <b>328,116,545</b>              | <b>209,799,421</b>   |
| <b>EARNINGS PER SHARE</b>                                                                        |              |                                  |                     |                                 |                      |
| Basic and diluted, earning per share (restated)                                                  | 27           | 0.45                             | 0.33                | 1.39                            | 0.88                 |

The attached notes 1 to 34 form part of these condensed consolidated interim financial statements

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the nine-month period ended 30 September 2024 (Unaudited)**  
Amount in Saudi Arabian Riyals

|                                         | Share capital | Statutory reserve | Fair value reserve | Other reserves | Shareholders' contribution | Treasury share reserve | Retained earnings | Total         |
|-----------------------------------------|---------------|-------------------|--------------------|----------------|----------------------------|------------------------|-------------------|---------------|
| As at 1 January 2024 (Audited)          | 162,290,130   | 48,687,039        | (4,832,581)        | (8,167,870)    | --                         | --                     | 613,831,390       | 811,808,108   |
| Issuance of share capital (note 19)     | 337,180,260   | --                | --                 | --             | --                         | --                     | (337,180,260)     | --            |
| Treasury shares acquired (note 20)      | --            | --                | --                 | --             | 14,130,000                 | (14,130,000)           | --                | --            |
| Income for the period                   | --            | --                | --                 | --             | --                         | --                     | 336,316,915       | 336,316,915   |
| Dividend distribution                   | --            | --                | --                 | --             | --                         | --                     | (291,663,234)     | (291,663,234) |
| Other comprehensive loss for the period | --            | --                | (4,699,773)        | (3,500,597)    | --                         | --                     | --                | (8,200,370)   |
| As at 30 September 2024                 | 499,470,390   | 48,687,039        | (9,532,354)        | (11,668,467)   | 14,130,000                 | (14,130,000)           | 321,304,811       | 848,261,419   |
| As at 1 January 2023 (Audited)          | 162,290,130   | 48,687,039        | 22,984             | (4,016,952)    | --                         | --                     | 511,333,539       | 718,316,740   |
| Income for the period                   | --            | --                | --                 | --             | --                         | --                     | 214,723,489       | 214,723,489   |
| Dividend distribution                   | --            | --                | --                 | --             | --                         | --                     | (97,374,082)      | (97,374,082)  |
| Other comprehensive loss for the period | --            | --                | (5,530,671)        | 606,603        | --                         | --                     | --                | (4,924,068)   |
| As at 30 September 2023                 | 162,290,130   | 48,687,039        | (5,507,687)        | (3,410,349)    | --                         | --                     | 628,682,946       | 830,742,079   |

The attached notes 1 to 34 form part of these condensed consolidated interim financial statements

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the nine-month period ended 30 September 2024 (Unaudited)**  
Amount in Saudi Arabian Riyals

|                                                                                                                   | <u>Notes</u> | 30 September<br><b>2024</b> | 30 September<br><b>2023</b> |
|-------------------------------------------------------------------------------------------------------------------|--------------|-----------------------------|-----------------------------|
| <b>OPERATING ACTIVITIES</b>                                                                                       |              |                             |                             |
| Income for the period before zakat                                                                                |              | 346,316,915                 | 233,465,699                 |
| <i>Non-cash adjustment to reconcile income before zakat to net cash flows:</i>                                    |              |                             |                             |
| Depreciation                                                                                                      | 25           | 9,316,095                   | 6,754,849                   |
| Amortisation                                                                                                      | 25           | 5,068,673                   | 3,096,343                   |
| Provisions for employees' defined benefit obligations                                                             |              | 2,701,593                   | 2,716,750                   |
| Gain on financial assets at fair value through profit or loss, net (Reversal) / charge for expected credit losses |              | (16,568,775)                | (11,181,150)                |
| Amortisation of (discount) / premium on investment at amortised cost                                              |              | (189,591)                   | 105,729                     |
| Finance cost                                                                                                      |              | 5,130,996                   | 3,964,673                   |
| Share of loss in an associate                                                                                     |              | 45,874,800                  | 22,108,600                  |
| <b>Operating cash flows before working capital changes</b>                                                        |              | <b>396,316,833</b>          | <b>261,480,686</b>          |
| Margin client receivables, net                                                                                    |              | 10,651,614                  | 9,497,431                   |
| Other current financial assets                                                                                    |              | 18,974,620                  | (77,361,918)                |
| Prepayments                                                                                                       |              | 359,848                     | (662,903)                   |
| Due from related parties, net                                                                                     |              | 22,626,802                  | (12,286,330)                |
| Accrued expenses and other payables                                                                               |              | 15,214,183                  | 8,073,379                   |
|                                                                                                                   |              | <b>464,143,900</b>          | <b>188,740,345</b>          |
| Zakat paid                                                                                                        |              | (11,354,471)                | (17,359,067)                |
| Employees' defined benefit obligations paid                                                                       |              | (5,303,844)                 | (582,812)                   |
| Finance cost paid                                                                                                 |              | (1,409,693)                 | (2,197,313)                 |
| <b>Cash generated from operating activities</b>                                                                   |              | <b>446,075,892</b>          | <b>168,601,153</b>          |
| <b>INVESTING ACTIVITIES</b>                                                                                       |              |                             |                             |
| Purchase of financial assets at fair value through profit or loss                                                 |              | (229,933,843)               | (159,009,740)               |
| Proceeds from sale of financial assets at fair value through profit or loss                                       |              | 91,460,752                  | 104,192,541                 |
| Purchase of financial assets at amortised cost                                                                    |              | (25,666,054)                | --                          |
| Proceeds from redemption of investments at amortised cost                                                         |              | 5,000,000                   | 2,500,000                   |
| Additions to property and equipment                                                                               | 6            | (7,544,850)                 | (6,649,527)                 |
| Additions to intangible assets                                                                                    | 7            | (7,801,179)                 | (1,673,810)                 |
| Additions to investment property                                                                                  | 8            | (74,413,340)                | --                          |
| <b>Cash used in investing activities</b>                                                                          |              | <b>(248,898,514)</b>        | <b>(60,640,536)</b>         |
| <b>FINANCING ACTIVITIES</b>                                                                                       |              |                             |                             |
| Dividend paid                                                                                                     |              | (146,061,117)               | (97,374,082)                |
| Lease liability paid                                                                                              |              | (1,614,374)                 | (1,749,996)                 |
| <b>Cash used in financing activities</b>                                                                          |              | <b>(147,675,491)</b>        | <b>(99,124,078)</b>         |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>                                                |              |                             |                             |
| Cash and cash equivalents at the beginning of the period                                                          | 15           | 49,501,887                  | 8,836,539                   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>                                                         | 15           | <b>20,891,009</b>           | <b>30,364,323</b>           |
|                                                                                                                   |              | <b>70,392,896</b>           | <b>39,200,862</b>           |

The attached notes 1 to 34 form part of these condensed consolidated interim financial statements

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the nine-month period ended 30 September 2024 (Unaudited)**

**1 ACTIVITIES**

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

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

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

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

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

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

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

These condensed consolidated interim financial statements do not include all the information and disclosures required for a complete set of financial statements under International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) as endorsed in Kingdom of Saudi Arabia and should be read in conjunction with the Group’s latest annual financial statements for the year ended 31 December 2023.

**2.2 Basis of measurement and presentation**

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for the following material items in the condensed consolidated interim statement of financial position:

- Investment at fair value through profit or loss (“FVTPL”) and fair value through other comprehensive income (“FVOCI”) is measured at fair value.
- Employees’ defined benefit obligations and employees’ equity award plan are recognised at the present value of future obligations using the projected unit credit method.

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the nine-month period ended 30 September 2024 (Unaudited)**

**2.3 Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Saudi Arabian Riyal ("SAR"); which represents the functional currency of the Group. All the financial information has been rounded off to the nearest Saudi Arabian Riyal except where otherwise indicated.

**2.4 Basis of consolidation**

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

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

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

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

**3 MATERIAL ACCOUNTING POLICIES**

The material accounting and risk management policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used and disclosed in the financial statements for the year ended 31 December 2023, except for the newly adopted as following:

**3.1 Investment property**

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation, net of impairment losses, if any.

Depreciation is charged to the statement of profit or loss, using straight-line method to allocate the costs of the related assets to their residual values over their estimated useful lives. The Group follows cost model of IAS 40 for subsequent measurement of investment property. For the purpose of computing impairment losses, at each reporting period an evaluation is conducted of investment property at fair value, which reflects market conditions at the reporting date. Any impairment loss identified is recorded in the statement of profit or loss. Fair values are determined based on an annual evaluation performed by an accredited external, independent values, applying a valuation model recommended by the International Valuation Standards Council.

Investment property is derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss in the period of derecognition.

**4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

In preparing these condensed consolidated interim financial statements, management has made estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant assumptions made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those used and disclosed in the financial statements for the year ended 31 December 2023.

**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the nine-month period ended 30 September 2024 (Unaudited)**

**5 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The following are number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these condensed consolidated interim financial statements.

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

|                |                                                                                                                                                |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 January 2024 | Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1 |
| 1 January 2024 | Lease Liability in a Sale and Leaseback – Amendments to IFRS 16                                                                                |
| 1 January 2024 | Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7                                                                                 |

*New standards, amendments and interpretations issued but not yet effective and not early adopted*

|                                                                      |                                                                                                                          |
|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 1 January 2025                                                       | Lack of Exchangeability – Amendments to IAS 21                                                                           |
| Available for optional adoption/effective date deferred indefinitely | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) |

The new and amended standards mentioned above are not expected to have a significant impact on the Group's condensed consolidated interim financial statements.



**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the nine-month period ended 30 September 2024 (Unaudited)**  
Amount in Saudi Arabian Riyal

**6 PROPERTY AND EQUIPMENT, NET**

| 30 September 2024<br><i>Cost</i>          | <u>Land</u> | <u>Leasehold<br/>improvements</u> | <u>Computers<br/>and office<br/>equipment</u> | <u>Furniture,<br/>fixtures and<br/>fittings</u> | <u>Work in<br/>progress</u> | <u>Total</u> |
|-------------------------------------------|-------------|-----------------------------------|-----------------------------------------------|-------------------------------------------------|-----------------------------|--------------|
| As at 1 January 2024                      | 12,299,352  | 9,773,203                         | 50,587,260                                    | 1,394,341                                       | 2,826,614                   | 76,880,770   |
| Additions during the period               | --          | --                                | 4,039,958                                     | --                                              | 3,504,892                   | 7,544,850    |
| Capitalised during the period             | --          | --                                | 4,350,547                                     | --                                              | (4,350,547)                 | --           |
| As at 30 September 2024                   | 12,299,352  | 9,773,203                         | 58,977,765                                    | 1,394,341                                       | 1,980,959                   | 84,425,620   |
| <i>Accumulated depreciation</i>           |             |                                   |                                               |                                                 |                             |              |
| As at 1 January 2024                      | --          | 3,489,813                         | 35,058,572                                    | 155,744                                         | --                          | 38,704,129   |
| Charge during the period                  | --          | 1,193,214                         | 5,483,831                                     | 206,534                                         | --                          | 6,883,579    |
| As at 30 September 2024                   | --          | 4,683,027                         | 40,542,403                                    | 362,278                                         | --                          | 45,587,708   |
| Net book value as at 30 September 2024    | 12,299,352  | 5,090,176                         | 18,435,362                                    | 1,032,063                                       | 1,980,959                   | 38,837,912   |
| 31 December 2023 (Audited)<br><i>Cost</i> |             |                                   |                                               |                                                 |                             |              |
| As at 1 January 2023                      | 12,299,352  | 12,856,682                        | 41,831,754                                    | 2,173,988                                       | 3,343,405                   | 72,505,181   |
| Additions during the year                 | --          | 135,171                           | 6,367,480                                     | 522,255                                         | 2,826,614                   | 9,851,520    |
| Capitalised during the year               | --          | 157,259                           | 2,388,026                                     | 798,120                                         | (3,343,405)                 | --           |
| Written off during the year               | --          | (3,375,909)                       | --                                            | (2,100,022)                                     | --                          | (5,475,931)  |
| As at 31 December 2023                    | 12,299,352  | 9,773,203                         | 50,587,260                                    | 1,394,341                                       | 2,826,614                   | 76,880,770   |
| <i>Accumulated depreciation</i>           |             |                                   |                                               |                                                 |                             |              |
| As at 1 January 2023                      | --          | 5,341,724                         | 29,340,309                                    | 2,119,339                                       | --                          | 36,801,372   |
| Charge during the year                    | --          | 1,523,998                         | 5,718,263                                     | 136,427                                         | --                          | 7,378,688    |
| Written off during the year               | --          | (3,375,909)                       | --                                            | (2,100,022)                                     | --                          | (5,475,931)  |
| As at 31 December 2023                    | --          | 3,489,813                         | 35,058,572                                    | 155,744                                         | --                          | 38,704,129   |
| Net book value as at 31 December 2023     | 12,299,352  | 6,283,390                         | 15,528,688                                    | 1,238,597                                       | 2,826,614                   | 38,176,641   |



**DERAYAH FINANCIAL COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the nine-month period ended 30 September 2024 (Unaudited)**  
Amount in Saudi Arabian Riyal

**7 INTANGIBLE ASSETS, NET**

Intangible assets comprise of internally developed and externally acquired softwares:

| <b>30 September 2024</b>                      | <b><u>Work in progress</u></b> | <b><u>Softwares</u></b>  | <b><u>Total</u></b>      |
|-----------------------------------------------|--------------------------------|--------------------------|--------------------------|
| <i>Cost</i>                                   |                                |                          |                          |
| As at 1 January 2024                          | 2,719,895                      | 57,774,790               | 60,494,685               |
| Additions during the period                   | <u>1,708,600</u>               | <u>6,092,579</u>         | <u>7,801,179</u>         |
| As at 30 September 2024                       | <u>4,428,495</u>               | <u>63,867,369</u>        | <u>68,295,864</u>        |
| <i>Accumulated amortisation</i>               |                                |                          |                          |
| As at 1 January 2024                          | --                             | 45,151,081               | 45,151,081               |
| Charge during the period                      | <u>--</u>                      | <u>5,068,673</u>         | <u>5,068,673</u>         |
| As at 30 September 2024                       | <u>--</u>                      | <u>50,219,754</u>        | <u>50,219,754</u>        |
| <b>Net book value as at 30 September 2024</b> | <b><u>4,428,495</u></b>        | <b><u>13,647,615</u></b> | <b><u>18,076,110</u></b> |
| <b>31 December 2023 (Audited)</b>             | <b><u>Work in progress</u></b> | <b><u>Softwares</u></b>  | <b><u>Total</u></b>      |
| <i>Cost</i>                                   |                                |                          |                          |
| As at 1 January 2023                          | 955,379                        | 53,700,596               | 54,655,975               |
| Additions during the year                     | 2,719,895                      | 3,118,815                | 5,838,710                |
| Capitalised during the year                   | <u>(955,379)</u>               | <u>955,379</u>           | <u>--</u>                |
| As at 31 December 2023                        | <u>2,719,895</u>               | <u>57,774,790</u>        | <u>60,494,685</u>        |
| <i>Accumulated amortisation</i>               |                                |                          |                          |
| As at 1 January 2023                          | --                             | 41,513,549               | 41,513,549               |
| Charge during the year                        | <u>--</u>                      | <u>3,637,532</u>         | <u>3,637,532</u>         |
| As at 31 December 2023                        | <u>--</u>                      | <u>45,151,081</u>        | <u>45,151,081</u>        |
| <b>Net book value as at 31 December 2023</b>  | <b><u>2,719,895</u></b>        | <b><u>12,623,709</u></b> | <b><u>15,343,604</u></b> |

**8 INVESTMENT PROPERTY, NET**

| <b>30 September 2024</b>                      | <b><u>Land</u></b>       | <b><u>Buildings</u></b>  | <b><u>Total</u></b>      |
|-----------------------------------------------|--------------------------|--------------------------|--------------------------|
| <i>Cost</i>                                   |                          |                          |                          |
| Additions during the period                   | <u>22,914,702</u>        | <u>51,498,638</u>        | <u>74,413,340</u>        |
| As at 30 September 2024                       | <u>22,914,702</u>        | <u>51,498,638</u>        | <u>74,413,340</u>        |
| <i>Accumulated depreciation</i>               |                          |                          |                          |
| Charge during the period                      | <u>--</u>                | <u>828,916</u>           | <u>828,916</u>           |
| As at 30 September 2024                       | <u>--</u>                | <u>828,916</u>           | <u>828,916</u>           |
| <b>Net book value as at 30 September 2024</b> | <b><u>22,914,702</u></b> | <b><u>50,669,722</u></b> | <b><u>73,584,424</u></b> |

The investment property represents residential villas situated in eastern province at Al Azizia District, Al Khobar City held by Derayah Gulf Real Estate Fund, a wholly owned subsidiary of the Group.

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**8 INVESTMENT PROPERTY, NET (CONTINUED)**

As at 30 June 2024, the management engaged two appraisers for the valuation of the investment property, whereby, the fair value of the investment property is determined to be SR 74.26 million. Moreover, the Group held no investment property as at 31 December 2023.

**9 INVESTMENT IN AN ASSOCIATE**

The Group holds 20% equity in Bank D360. The Group has determined that it has significant influence over D360 and has accounted for the investment using the equity method. Below is the movement in the carrying value of investment in an associate.

|                                                        | <b>30 September<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|--------------------------------------------------------|------------------------------|----------------------------------|
| Balance at the beginning of the period / year          | <b>263,852,000</b>           | 291,795,800                      |
| Share of loss in an associate during the period / year | <b>(45,874,800)</b>          | (27,943,800)                     |
| <b>Balance at the end of the period / year</b>         | <b>217,977,200</b>           | 263,852,000                      |

**10 INVESTMENTS AT AMORTISED COST, NET**

|                                          | <b>30 September<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|------------------------------------------|------------------------------|----------------------------------|
| Investment at amortized cost (note 10.1) | <b>51,099,955</b>            | 30,244,310                       |
| Allowance for expected credit losses     | <b>(6,095)</b>               | (9,625)                          |
|                                          | <b>51,093,860</b>            | 30,234,685                       |

10.1 The breakup of the investment is as follows:

|                                          |                             | <b>30 September<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|------------------------------------------|-----------------------------|------------------------------|----------------------------------|
|                                          | <b><u>Maturity date</u></b> |                              |                                  |
| Kingdom of Saudi Arabia Sukuk 06-10-2018 | 23 January 2024             | --                           | 2,503,355                        |
| Kingdom of Saudi Arabia Sukuk 05-07-2018 | 26 July 2024                | --                           | 2,503,219                        |
| Kingdom of Saudi Arabia Sukuk 05-10-2019 | 23 March 2025               | <b>5,018,269</b>             | 5,038,463                        |
| Banque Saudi Fransi Tier 1 Sukuk         | 03 May 2026                 | <b>2,000,000</b>             | 2,000,000                        |
| Kingdom of Saudi Arabia Sukuk 10-10-2019 | 23 March 2030               | <b>8,720,938</b>             | --                               |
| Saudi Awwal Bank Tier II Sukuk           | 22 July 2030                | <b>5,000,000</b>             | 5,000,000                        |
| Kingdom of Saudi Arabia Sukuk 10-06-2021 | 17 June 2031                | <b>8,554,806</b>             | --                               |
| Kingdom of Saudi Arabia Sukuk 08-08-2023 | 17 August 2031              | <b>3,739,178</b>             | 3,736,918                        |
| Kingdom of Saudi Arabia Sukuk 10-03-2022 | 17 March 2032               | <b>8,628,032</b>             | --                               |
| Kingdom of Saudi Arabia Sukuk 09-08-2023 | 17 August 2032              | <b>1,996,155</b>             | 1,995,953                        |
| Kingdom of Saudi Arabia Sukuk 10-08-2023 | 17 August 2033              | <b>3,737,739</b>             | 3,736,405                        |
| Kingdom of Saudi Arabia Sukuk 30-04-2019 | 24 April 2049               | <b>3,704,838</b>             | 3,729,997                        |
|                                          |                             | <b>51,099,955</b>            | 30,244,310                       |

The sukuk are earning commission income at profit rates ranging from 1.64% to 4.64% per annum.

|                                                 |                   |            |
|-------------------------------------------------|-------------------|------------|
| Sukuk with maturity date of less than 12 months | <b>5,017,665</b>  | 5,004,980  |
| Sukuk with maturity date after 12 months        | <b>46,076,195</b> | 25,229,705 |
|                                                 | <b>51,093,860</b> | 30,234,685 |

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**11 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Investments at FVTPL consists of investments in local equities, local, regional and international funds and debt securities. The movements are set out below:

|                                               | 30 September 2024  |                            |                    |
|-----------------------------------------------|--------------------|----------------------------|--------------------|
|                                               | <u>Cost</u>        | <u>Unrealised<br/>Gain</u> | <u>Fair Value</u>  |
| Equity securities (note 11.1)                 | 16,370,401         | 497,815                    | 16,868,216         |
| <b>Total current investments at FVTPL</b>     | <b>16,370,401</b>  | <b>497,815</b>             | <b>16,868,216</b>  |
| Equity funds                                  | 65,562,718         | 7,412,117                  | 72,974,835         |
| Corporate sukuk (note 11.2)                   | 50,186,490         | --                         | 50,186,490         |
| Money market funds                            | 155,524,327        | 3,947,680                  | 159,472,007        |
| Equity securities (note 11.3)                 | 30,897,506         | --                         | 30,897,506         |
| Venture capital and private equity funds      | 12,956,201         | 1,759,058                  | 14,715,259         |
| Real estate funds                             | 1,289,161          | 145,667                    | 1,434,828          |
| <b>Total non-current investments at FVTPL</b> | <b>316,416,403</b> | <b>13,264,522</b>          | <b>329,680,925</b> |
| <b>Total investments at FVTPL</b>             | <b>332,786,804</b> | <b>13,762,337</b>          | <b>346,549,141</b> |

|                                               | 31 December 2023 (Audited) |                                     |                    |
|-----------------------------------------------|----------------------------|-------------------------------------|--------------------|
|                                               | <u>Cost</u>                | <u>Unrealised<br/>Gain / (Loss)</u> | <u>Fair Value</u>  |
| Real estate fund                              | 25,877,855                 | (966,256)                           | 24,911,599         |
| Private equity fund (note 11.1)               | 888,860                    | --                                  | 888,860            |
| Equity securities                             | 121,164                    | --                                  | 121,164            |
| <b>Total current investments at FVTPL</b>     | <b>26,887,879</b>          | <b>(966,256)</b>                    | <b>25,921,623</b>  |
| Equity funds                                  | 35,027,766                 | 11,478,448                          | 46,506,214         |
| Corporate sukuk (note 11.2)                   | 42,186,490                 | --                                  | 42,186,490         |
| Money market funds                            | 33,571,576                 | 1,440,629                           | 35,012,205         |
| Equity securities (note 11.3)                 | 27,001,400                 | --                                  | 27,001,400         |
| Venture capital and private equity funds      | 13,612,532                 | (789,089)                           | 12,823,443         |
| Real estate funds                             | 2,055,900                  | --                                  | 2,055,900          |
| <b>Total non-current investments at FVTPL</b> | <b>153,455,664</b>         | <b>12,129,988</b>                   | <b>165,585,652</b> |
| <b>Total investments at FVTPL</b>             | <b>180,343,543</b>         | <b>11,163,732</b>                   | <b>191,507,275</b> |

- 11.1 The Group's managed unlisted Derayah Healthcare Fund has been liquidated and the underlying investment of the Fund, equity shares in Czech Rehabilitation Center ("investee"), transferred to the Unitholders in the agreed ratio. The Group has recorded full impairment against the investment.
- 11.2 The sukuk are earning commission income at profit rates ranging from 4.00% to 7.57% (31 December 2023: 4.00% to 7.57%) per annum
- 11.3 This includes investment of SR 15 million made by the Group in BwaTech (a related party).

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**12 INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

|                                   | <u>Cost</u>       | <u>Unrealised<br/>Loss</u> | <u>Fair<br/>Value</u> |
|-----------------------------------|-------------------|----------------------------|-----------------------|
| <b>30 September 2024</b>          |                   |                            |                       |
| <b>REIT fund</b>                  | <b>21,421,612</b> | <b>(4,699,772)</b>         | <b>16,721,840</b>     |
| <b>31 December 2023 (Audited)</b> |                   |                            |                       |
| <b>REIT fund</b>                  | <b>26,277,177</b> | <b>(4,855,565)</b>         | <b>21,421,612</b>     |

- 12.1 Investments in REIT fund represents 2,596,559 units (31 December 2023: 2,596,559 units) in the Group's managed listed Derayah REIT Fund (a related party).

**13 MARGIN CLIENT RECEIVABLES, NET**

|                                                  | <b>30 September<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|--------------------------------------------------|------------------------------|----------------------------------|
| Margin client receivables                        | 66,000,000                   | 77,339,655                       |
| Allowance for expected credit losses (note 13.1) | <u>(8,155)</u>               | <u>(2,021,925)</u>               |
|                                                  | <b>65,991,845</b>            | <b>75,317,730</b>                |

**14 OTHER CURRENT FINANCIAL ASSETS**

|                                      | <b>30 September<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|--------------------------------------|------------------------------|----------------------------------|
| Muqassa deposit (note 14.1)          | 211,231,332                  | 231,436,414                      |
| Accrued brokerage fees               | 60,691,606                   | 61,085,066                       |
| Other receivables                    | 29,699,167                   | 27,012,074                       |
| Employees loans and advances         | 3,997,278                    | 5,060,449                        |
| Allowance for expected credit losses | <u>(35,822)</u>              | <u>(42,772)</u>                  |
|                                      | <b>305,583,561</b>           | <b>324,551,231</b>               |

- 14.1 This amount represents deposit with Muqassa. The deposit is maintained through an omnibus client collateral account with Muqassa in compliance with mandatory requirement of the Muqassa clearing procedures.

**15 CASH AND CASH EQUIVALENTS, NET**

|                                       | <b>30 September<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|---------------------------------------|------------------------------|----------------------------------|
| Cash at banks current accounts, gross | 70,392,896                   | 20,891,009                       |
| Allowance for expected credit losses  | <u>(8,754)</u>               | <u>(2,778)</u>                   |
| Cash at banks current accounts, net   | <b>70,384,142</b>            | <b>20,888,231</b>                |

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**16 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent shareholders, directors and key management personnel of the Group, Funds under the Group's management and entities controlled or significantly influenced by such parties.

| <i><u>Transactions during the period</u></i><br><i><u>Name of related party</u></i> | <i><u>Nature of transaction</u></i>             | <b>30 September<br/>2024</b> | 30 September<br>2023 |
|-------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------|----------------------|
| Derayah REIT Fund                                                                   | <i>Receipts</i>                                 | <b>15,937,278</b>            | 5,887,314            |
| Derayah REIT Fund                                                                   | <i>Management fees</i>                          | <b>5,631,976</b>             | 6,395,943            |
| Derayah REIT Fund                                                                   | <i>Transactions fees</i>                        | --                           | 1,756,964            |
| Derayah REIT Fund                                                                   | <i>Loan</i>                                     | <b>10,000,000</b>            | --                   |
| Derayah REIT Fund                                                                   | <i>Payment made on behalf of the Fund</i>       | <b>654,164</b>               | 1,782,390            |
| Derayah Real Estate Income Fund II                                                  | <i>Receipts</i>                                 | --                           | 1,551,453            |
| Derayah Real Estate Income Fund III                                                 | <i>Receipts</i>                                 | <b>4,479,825</b>             | 2,258,323            |
| Derayah Real Estate Income Fund III                                                 | <i>Management fees</i>                          | <b>1,890,671</b>             | 3,513,763            |
| Derayah Real Estate Income Fund III                                                 | <i>Transaction fees</i>                         | <b>2,099,719</b>             | --                   |
| Derayah Trade Finance Fund SAR                                                      | <i>Receipts</i>                                 | <b>27,245,263</b>            | 23,212,299           |
| Derayah Trade Finance Fund SAR                                                      | <i>Management fees and brokerage commission</i> | <b>27,245,263</b>            | 23,212,299           |
| Derayah Trade Finance Fund USD                                                      | <i>Receipts</i>                                 | <b>2,488,917</b>             | 1,865,148            |
| Derayah Trade Finance Fund USD                                                      | <i>Management fees</i>                          | <b>2,489,033</b>             | 1,842,137            |
| Derayah Asia Venture Capital Fund                                                   | <i>Receipts</i>                                 | <b>3,250,417</b>             | --                   |
| Derayah Asia Venture Capital Fund                                                   | <i>Management fees</i>                          | --                           | 276,062              |
| Derayah Venture Capital Fund                                                        | <i>Receipts</i>                                 | <b>2,427,603</b>             | 1,000,027            |
| Derayah Venture Capital Fund                                                        | <i>Management fees</i>                          | <b>1,111,914</b>             | 1,370,664            |
| Derayah Venture Capital Fund                                                        | <i>Payment made on behalf of the Fund</i>       | --                           | 20,669               |
| Derayah Private Fund 10                                                             | <i>Receipts</i>                                 | <b>381,562</b>               | 471,237              |
| Derayah Private Fund 10                                                             | <i>Management fees</i>                          | <b>381,562</b>               | 425,912              |
| Derayah Freestyle Saudi Equity Fund                                                 | <i>Receipts</i>                                 | <b>27,533,660</b>            | 3,703,934            |
| Derayah Freestyle Saudi Equity Fund                                                 | <i>Management fees</i>                          | <b>16,808,599</b>            | 3,558,873            |
| Derayah Freestyle Saudi Equity Fund                                                 | <i>Subscription fees</i>                        | <b>10,705,061</b>            |                      |
| Derayah Freestyle Saudi Equity Fund                                                 | <i>Payment made on behalf of the Fund</i>       | <b>20,000</b>                | 12,500               |
| Derayah Private Fund 20                                                             | <i>Receipts</i>                                 | <b>152,459</b>               | 580,846              |
| Derayah Private Fund 20                                                             | <i>Management fees</i>                          | <b>152,459</b>               | 512,605              |
| Derayah Retail Fund                                                                 | <i>Receipts</i>                                 | <b>2,474,442</b>             | 1,193,756            |
| Derayah Retail Fund                                                                 | <i>Management fees</i>                          | <b>1,268,541</b>             | 1,391,206            |

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**16 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

| <i>Transactions during the period</i><br><i>Name of related party</i> | <i>Nature of transaction</i>               | <b>30 September<br/>2024</b> | <b>30 September<br/>2023</b> |
|-----------------------------------------------------------------------|--------------------------------------------|------------------------------|------------------------------|
| Derayah Global Venture Capital Fund                                   | <i>Receipts</i>                            | <b>5,987,436</b>             | --                           |
| Derayah Global Venture Capital Fund                                   | <i>Management fees</i>                     | <b>1,922,160</b>             | 3,328,470                    |
| Derayah Global Venture Capital Fund                                   | <i>Payments made on behalf of the Fund</i> | --                           | 324,403                      |
| Derayah Private Equity Fund                                           | <i>Receipts</i>                            | <b>3,623,030</b>             | 3,623,030                    |
| Derayah Private Equity Fund                                           | <i>Management fees</i>                     | <b>2,625,380</b>             | 3,623,026                    |
| Derayah Private Equity Fund                                           | <i>Payment made on behalf of the Fund</i>  | <b>61,753</b>                | 188,205                      |
| Durat Al Khalij Real Estate Fund                                      | <i>Receipts</i>                            | <b>11,860,820</b>            | 43,195                       |
| Durat Al Khalij Real Estate Fund                                      | <i>Payments made on behalf of the Fund</i> | --                           | 38,395                       |
| Derayah GCC Growth and Income Equity Fund                             | <i>Receipts</i>                            | <b>2,519,574</b>             | 745,504                      |
| Derayah GCC Growth and Income Equity Fund                             | <i>Management fees</i>                     | <b>1,869,632</b>             | 666,795                      |
| Derayah GCC Growth and Income Equity Fund                             | <i>Subscription fees</i>                   | <b>565,167</b>               | --                           |
| Derayah GCC Growth and Income Equity Fund                             | <i>Payment made on behalf of the Fund</i>  | --                           | 7,500                        |
| Derayah Private Fund 25                                               | <i>Receipts</i>                            | <b>215,705</b>               | 112,637                      |
| Derayah Private Fund 25                                               | <i>Management fees</i>                     | <b>215,705</b>               | 104,915                      |
| Derayah Private Fund 15                                               | <i>Receipts</i>                            | <b>140,768</b>               | 110,051                      |
| Derayah Private Fund 15                                               | <i>Management fees</i>                     | <b>140,768</b>               | 101,129                      |
| Derayah Private Fund 30                                               | <i>Receipts</i>                            | <b>266,239</b>               | 213,420                      |
| Derayah Private Fund 30                                               | <i>Management fees</i>                     | <b>266,239</b>               | 213,420                      |
| Wadi Masharee Real Estate Fund                                        | <i>Transaction fees</i>                    | --                           | 2,300,000                    |
| Wadi Masharee Real Estate Fund                                        | <i>Financing fees</i>                      | --                           | 1,351,250                    |
| Al Waha Real Estate Fund                                              | <i>Payment made on behalf of the Fund</i>  | <b>31,500</b>                | 539,010                      |
| Derayah Saudi Equities Fund                                           | <i>Receipts</i>                            | <b>9,712,055</b>             | --                           |
| Derayah Saudi Equities Fund                                           | <i>Management fees</i>                     | <b>4,713,680</b>             | --                           |
| Derayah Saudi Equities Fund                                           | <i>Subscription fees</i>                   | <b>4,998,376</b>             | --                           |
| Derayah Saudi Equities Fund                                           | <i>Payment made on behalf of the Fund</i>  | <b>4,663</b>                 | --                           |
| Derayah Sukuk Fund                                                    | <i>Receipts</i>                            | <b>777,449</b>               | --                           |
| Derayah Sukuk Fund                                                    | <i>Management fees</i>                     | <b>530,353</b>               | --                           |
| Derayah Sukuk Fund                                                    | <i>Subscription fees</i>                   | <b>247,096</b>               | --                           |

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**16 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

| <i>Transactions during the period</i><br><i>Name of related party</i> | <i>Nature of transaction</i>       | 30 September<br>2024 | 30 September<br>2023 |
|-----------------------------------------------------------------------|------------------------------------|----------------------|----------------------|
| Derayah Private Fund 35                                               | Receipts                           | 322,746              | --                   |
| Derayah Private Fund 35                                               | Management fees                    | 322,746              | --                   |
| Derayah Private Fund 40                                               | Receipts                           | 447,015              | --                   |
| Derayah Private Fund 40                                               | Management fees                    | 447,015              | --                   |
| Derayah Private Fund 45                                               | Receipts                           | 127,997              | --                   |
| Derayah Private Fund 45                                               | Management fees                    | 127,997              | --                   |
| Derayah Money Market Fund                                             | Receipts                           | 336,995              | --                   |
| Derayah Money Market Fund                                             | Management fees                    | 336,995              | --                   |
| Derayah Credit Fund                                                   | Payment made on behalf of the Fund | 35,890               | --                   |
| Tawafuq Real Estate Fund                                              | Payment made on behalf of the Fund | 85,000               | --                   |
| Derayah Opportunistic Saudi Equity Fund                               | Receipts                           | 800,315              | --                   |
| Derayah Opportunistic Saudi Equity Fund                               | Subscription fees                  | 800,315              | --                   |

The summary of compensation to key management personnel for the period are as follows:

|                                        | For the nine-month period ended<br>30 September<br>2024 | 31 September<br>2023 |
|----------------------------------------|---------------------------------------------------------|----------------------|
| Salaries and employee related benefits | 6,909,048                                               | 6,378,107            |

Balances resulting from transactions with related parties are as follow:

|                                      | 30 September<br>2024 | 31 December<br>2023<br>(Audited) |
|--------------------------------------|----------------------|----------------------------------|
| <i>Due from related parties, net</i> |                      |                                  |
| Due from related parties             | 24,731,065           | 47,357,867                       |
| Allowance for expected credit losses | (2,899)              | (6,539)                          |
|                                      | <u>24,728,166</u>    | <u>47,351,328</u>                |

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**16 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

Balances resulting from transactions with related parties, other than those disclosed elsewhere in the financial statements, are as follows:

| <u><i>Name of related party</i></u>       | <u><i>Nature of Balance</i></u> | <u><b>30 September<br/>2024</b></u> | <u><b>31 December<br/>2023</b></u><br>(Audited) |
|-------------------------------------------|---------------------------------|-------------------------------------|-------------------------------------------------|
| Derayah REIT Fund                         | Management fee receivable       | 6,932,750                           | 6,583,887                                       |
| Wadi Masharee Real Estate Fund            | Management fee receivable       | 5,577,500                           | 5,577,500                                       |
| Derayah Real Estate Income Fund III       | Management fee receivable       | 4,221,477                           | 4,710,913                                       |
| Derayah Global Venture Capital Fund       | Management fee receivable       | 2,949,626                           | 7,014,901                                       |
| Derayah Private Equity Fund               | Management fee receivable       | 2,653,027                           | 3,588,925                                       |
| Derayah Retail Fund                       | Management fee receivable       | 851,806                             | 2,057,707                                       |
| Derayah Venture Capital Fund              | Management fee receivable       | 651,732                             | 1,967,420                                       |
| Al Waha Real Estate Fund                  | Due from related party          | 570,510                             | 539,010                                         |
| Derayah Credit Fund                       | Due from related party          | 107,696                             | 71,806                                          |
| Tawafuq Real Estate Fund                  | Due from related party          | 91,563                              | 6,563                                           |
| Derayah Private Fund 15                   | Due from related party          | 56,884                              | 56,884                                          |
| Derayah GCC Growth and Income Equity Fund | Due from related party          | 23,251                              | 23,250                                          |
| Derayah Freestyle Saudi Equity Fund       | Due from related party          | 20,000                              | 20,000                                          |
| Alremal Real Estate Fund                  | Due from related party          | 11,253                              | 11,253                                          |
| Derayah Trade Finance Fund USD            | Due from related party          | 7,327                               | 7,210                                           |
| Derayah Saudi Equities Fund               | Due from related party          | 4,663                               | --                                              |
| Derayah Asia Venture Capital Fund         | Management fee receivable       | --                                  | 3,250,418                                       |
| Derayah Gulf Real Estate Fund             | Due from related party          | --                                  | 9,400                                           |
| Durat Al Khalij Real Estate Fund          | Management fee receivable       | --                                  | 11,860,820                                      |
|                                           |                                 | <u><b>24,731,065</b></u>            | <u><b>47,357,867</b></u>                        |

During the period, real estate assets of Durat Al Khalij Fund, a Fund managed by Derayah amounting to SR 70 million have been sold to Derayah Gulf Real Estate Fund, a wholly owned subsidiary of the Group. Post the disposal of aforementioned assets, Durat Al Khalij Fund has been liquidated in March 2024.

**17 ACCRUED EXPENSES AND OTHER PAYABLES**

|                                        | <u><b>30 September<br/>2024</b></u> | <u><b>31 December<br/>2023</b></u><br>(Audited) |
|----------------------------------------|-------------------------------------|-------------------------------------------------|
| Dividend payable                       | 145,602,117                         | --                                              |
| Accrued expenses and other payables    | 39,455,606                          | 27,339,666                                      |
| Bonus payable                          | 36,598,381                          | 39,000,001                                      |
| Commission payable                     | 12,485,026                          | 8,475,738                                       |
| VAT payable                            | 9,953,973                           | 9,836,327                                       |
| Accrued salaries and employee benefits | 4,305,288                           | 3,056,896                                       |
| Current portion of lease liability     | 2,338,431                           | 1,938,771                                       |
| GOSI Payable                           | 764,834                             | 640,297                                         |
|                                        | <u><b>251,503,656</b></u>           | <u><b>90,287,696</b></u>                        |

- 17.1** The Board of Directors, through the power vested by the shareholders, resolution passed on 30 September 2024 approved the interim cash dividend.



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**18 ZAKAT PAYABLE**

|                                       | <b>30 September<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|---------------------------------------|------------------------------|----------------------------------|
| At the beginning of the period / year | 24,143,322                   | 21,295,229                       |
| Zakat charge for the period / year    | 10,000,000                   | 18,242,210                       |
| Paid during the period / year         | <u>(11,354,471)</u>          | <u>(15,394,117)</u>              |
|                                       | <u><b>22,788,851</b></u>     | <u><b>24,143,322</b></u>         |

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Custom Authority ("ZATCA"). Zakat declaration for all the years up to 2023 have been filed with the ZATCA and acknowledgement certificates have been obtained.

During the period ended 30 September 2024, the Group settled the assessment for the years 2019 – 2021. Provision, amounting to SR 9 million, maintained by the Group against these assessment has accordingly been reversed. Except as mentioned above, there has been no change in the status of the Group's zakat assessments from the status disclosed in the annual financial statements of the Group for the year ended 31 December 2023.

**19 SHARE CAPITAL**

|                        | <b>30 September<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|------------------------|------------------------------|----------------------------------|
| Ordinary share capital | <u><b>499,470,390</b></u>    | <u>162,290,130</u>               |

Share capital of SR 499 million (31 December 2023: SR 162 million) is divided into 249,735,195 shares (31 December 2023: 16,229,013 shares) of SR 2 each (31 December 2023: SR 10 each), which is wholly paid.

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

**20 TREASURY SHARE RESERVE**

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Group. As at 30 September 2024, the Group held 7,065,000 of the Company's shares (31 December 2023: Nil shares) at par value of SR 2 each.

**21 REVENUE FROM CONTRACTS WITH CUSTOMERS**

**21.1 Disaggregated revenue information**

|                                             | <b>For the nine-month period ended 30 September 2024</b> |                             |                           |
|---------------------------------------------|----------------------------------------------------------|-----------------------------|---------------------------|
|                                             | <b>Brokerage<br/>Fees</b>                                | <b>Asset<br/>Management</b> | <b>Total</b>              |
| <b>Timing of revenue recognition</b>        |                                                          |                             |                           |
| Services rendered at a point in time        | 365,593,876                                              | --                          | 365,593,876               |
| Services rendered over a period of time     | --                                                       | 105,277,973                 | 105,277,973               |
| Total revenue from contracts with customers | <u><b>365,593,876</b></u>                                | <u><b>105,277,973</b></u>   | <u><b>470,871,849</b></u> |

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**21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)**

**21.1 Disaggregated revenue information (continued)**

|                                             | For the nine-month period ended 30 September 2023 |                   |                    |
|---------------------------------------------|---------------------------------------------------|-------------------|--------------------|
|                                             | Brokerage                                         | Asset             |                    |
|                                             | <u>Fees</u>                                       | <u>Management</u> | <u>Total</u>       |
| Timing of revenue recognition               |                                                   |                   |                    |
| Services rendered at a point in time        | 279,881,840                                       | --                | 279,881,840        |
| Services rendered over a period of time     | --                                                | 55,962,540        | 55,962,540         |
| Total revenue from contracts with customers | <u>279,881,840</u>                                | <u>55,962,540</u> | <u>335,844,380</u> |

**21.2 Performance obligations**

Information about the Group's performance obligations are summarised below:

**Brokerage services:**

This consist of a separate and distinct performance obligation i.e. to act as a broker (agent) in providing trading facility on stock exchange or capital markets to client against the commission. The performance obligation is complete for buy orders when a buy order is executed; and similarly, for a sell order when it is executed on behalf of its principals (clients). Clients can directly place buy/sell order using internet based trading platform or use Group's phone call or email service for placing orders.

The income is recognised upon execution of related deals / transactions and presented in statement of profit or loss and other comprehensive income net of discounts.

**Asset management services:**

This consist of a separate and distinct performance obligation i.e. to provide asset management services to the mutual funds under the Group's management. As per the terms and condition of the funds, the management fees is computed on daily / weekly / monthly / semi-annually (annual % pro-rated for periodic accrual) with reference to periodic net asset value of the fund. The Group's practice for recognition of management fee is aligned with IFRS 15 since management fee is recognised on an accrual basis against rendering of asset management services that the Group is providing on an on-going basis. Performance fees are earned from some arrangements when contractually agreed performance levels are exceeded within specified performance measurement periods, typically over one year. The fees are recognised when they can be reliably estimated and / or crystallised, and there is deemed to be a low probability of a significant reversal in future periods. This is usually at the end of the performance period or upon early redemption by a fund investor. Once crystallised, performance fees typically cannot be clawed-back.

**Geographical distribution**

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

**22 SPECIAL COMMISSION INCOME**

|                                        | For the nine-month period ended |                             |
|----------------------------------------|---------------------------------|-----------------------------|
|                                        | 30 September<br><u>2024</u>     | 30 September<br><u>2023</u> |
| Special commission income earned from: |                                 |                             |
| - Financial institutions               | 152,732,902                     | 88,204,270                  |
| - Investments                          | 2,709,955                       | 1,036,980                   |
|                                        | <u>155,442,857</u>              | <u>89,241,250</u>           |

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**23 GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, NET**

|                                                                          | <u>For the nine-month period ended</u><br><u>30 September</u><br><u>2024</u> | <u>30 September</u><br><u>2023</u> |
|--------------------------------------------------------------------------|------------------------------------------------------------------------------|------------------------------------|
| Unrealised gain on investments at fair value through profit or loss, net | 13,762,337                                                                   | 9,633,446                          |
| Realised gain on investments at fair value through profit or loss, net   | <u>2,806,438</u>                                                             | <u>1,547,704</u>                   |
|                                                                          | <u>16,568,775</u>                                                            | <u>11,181,150</u>                  |

**24 SALARIES AND EMPLOYEE' RELATED EXPENSES**

|                                        | <u>For the nine-month period ended</u><br><u>30 September</u><br><u>2024</u> | <u>30 September</u><br><u>2023</u> |
|----------------------------------------|------------------------------------------------------------------------------|------------------------------------|
| Salaries and employee related expenses | 102,773,675                                                                  | 86,948,239                         |
| GOSI expense                           | 3,596,882                                                                    | 3,449,716                          |
| End of service benefit                 | <u>2,701,593</u>                                                             | <u>2,716,750</u>                   |
|                                        | <u>109,072,150</u>                                                           | <u>93,114,705</u>                  |

**25 GENERAL AND ADMINISTRATIVE EXPENSES**

|                        | <u>For the nine-month period ended</u><br><u>30 September</u><br><u>2024</u> | <u>30 September</u><br><u>2023</u> |
|------------------------|------------------------------------------------------------------------------|------------------------------------|
| Professional expenses  | 54,540,799                                                                   | 30,346,071                         |
| Commission expenses    | 26,000,000                                                                   | 19,195,092                         |
| IT expenses            | 23,924,992                                                                   | 14,107,346                         |
| Depreciation           | 9,316,095                                                                    | 6,754,849                          |
| Utilities              | 6,868,446                                                                    | 6,172,756                          |
| Amortisation           | 5,068,673                                                                    | 3,096,343                          |
| Finance charges        | 4,941,405                                                                    | 4,070,402                          |
| Office maintenance     | 1,943,981                                                                    | 2,013,267                          |
| Office expenses        | 1,529,815                                                                    | 2,343,699                          |
| Tax and other expenses | <u>11,549,860</u>                                                            | <u>1,472,262</u>                   |
|                        | <u>145,684,066</u>                                                           | <u>89,572,087</u>                  |

**26 OTHER INCOME, NET**

|                                | <u>For the nine-month period ended</u><br><u>30 September</u><br><u>2024</u> | <u>30 September</u><br><u>2023</u> |
|--------------------------------|------------------------------------------------------------------------------|------------------------------------|
| Foreign exchange gains, net    | 6,738,116                                                                    | 4,690,860                          |
| Price Streamer Fees & Advisory | <u>556,228</u>                                                               | <u>670,680</u>                     |
|                                | <u>7,294,344</u>                                                             | <u>5,361,540</u>                   |

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**27 EARNINGS PER SHARE**

The calculation of basic earnings per share has been based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

|                                                                 | <b>For the nine-month period ended</b> |                     |
|-----------------------------------------------------------------|----------------------------------------|---------------------|
|                                                                 | <b>30 September</b>                    | <b>30 September</b> |
|                                                                 | <b><u>2024</u></b>                     | <b><u>2023</u></b>  |
|                                                                 |                                        | (Restated)          |
| Income for the period                                           | <b>336,316,915</b>                     | 214,723,489         |
| Weighted average number of ordinary shares exc. treasury shares | <b>242,670,195</b>                     | 242,670,195         |
| Basic and diluted income per share                              | <b>1.39</b>                            | 0.88                |

**28 FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Set out below is an overview of financial assets, held by the Group as at 30 September 2024 and 31 December 2023.

|                                                                          | <b>30 September</b>  | <b>31 December</b> |
|--------------------------------------------------------------------------|----------------------|--------------------|
|                                                                          | <b><u>2024</u></b>   | <b><u>2023</u></b> |
|                                                                          |                      | (Audited)          |
| <b>Financial assets at amortised cost</b>                                |                      |                    |
| Cash and cash equivalents, net                                           | <b>70,384,142</b>    | 20,888,231         |
| Investment at amortised cost, net                                        | <b>51,093,860</b>    | 30,234,685         |
| Due from related parties, net                                            | <b>24,728,166</b>    | 47,351,328         |
| Margin client receivables, net                                           | <b>65,991,845</b>    | 75,317,730         |
| Other current financial assets                                           | <b>305,583,561</b>   | 324,551,231        |
| <b>Financial assets at fair value through other comprehensive income</b> |                      |                    |
| Investment in a REIT fund                                                | <b>16,721,840</b>    | 21,421,612         |
| <b>Financial assets at fair value through profit or loss</b>             |                      |                    |
| Real estate funds                                                        | <b>1,434,828</b>     | 26,967,499         |
| Venture capital and private equity funds                                 | <b>27,986,365</b>    | 13,712,303         |
| Equity securities                                                        | <b>61,772,702</b>    | 27,122,564         |
| Equity funds                                                             | <b>45,696,749</b>    | 46,506,214         |
| Corporate sukuk                                                          | <b>50,186,490</b>    | 42,186,490         |
| Money market funds                                                       | <b>159,472,007</b>   | 35,012,205         |
| <b>Investment in an associate</b>                                        | <b>217,977,200</b>   | 263,852,000        |
| <b>Total financial assets</b>                                            | <b>1,099,029,755</b> | 975,124,092        |
| <b>Total current</b>                                                     | <b>488,618,298</b>   | 499,035,123        |
| <b>Total non-current</b>                                                 | <b>610,411,457</b>   | 476,088,969        |
|                                                                          | <b>1,099,029,755</b> | 826,024,405        |

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**28 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**

Set out below is an overview of financial liabilities held by the Group as at 30 September 2024 and 31 December 2023.

|                                                | <b>30 September<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|------------------------------------------------|------------------------------|----------------------------------|
| <b>Financial liabilities at amortised cost</b> |                              |                                  |
| Accrued expenses and other payables            | <b>238,446,418</b>           | 77,872,301                       |
| Lease liability                                | <b>5,723,064</b>             | 5,159,705                        |
| <b>Total financial liabilities</b>             | <b>244,169,482</b>           | 83,032,006                       |
| <b>Total current liabilities</b>               | <b>240,784,849</b>           | 79,811,072                       |
| <b>Total non-current liabilities</b>           | <b>3,384,633</b>             | 3,220,934                        |
|                                                | <b>244,169,482</b>           | 83,032,006                       |

**29 FAIR VALUE HIERARCHY**

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement, as follows:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides the fair value measurement hierarchy of the Group's financial assets as at 30 September 2024 and 31 December 2023. There are no financial liabilities measured at fair value.

|                                                | <b>Total</b>       | <b>(Level 1)</b>  | <b>(Level 2)</b>   | <b>(Level 3)</b>  |
|------------------------------------------------|--------------------|-------------------|--------------------|-------------------|
| <b>As at 30 September 2024</b>                 |                    |                   |                    |                   |
| <b>Financial assets measured at fair value</b> |                    |                   |                    |                   |
| <b>Investments at FVTPL</b>                    | <b>346,549,141</b> | <b>21,434,706</b> | <b>294,216,929</b> | <b>30,897,506</b> |
| <b>Investments at FVOCI</b>                    | <b>16,721,840</b>  | <b>16,721,840</b> | --                 | --                |
| <b>As at 31 December 2023 (Audited)</b>        |                    |                   |                    |                   |
| <b>Financial assets measured at fair value</b> |                    |                   |                    |                   |
| <b>Investment at FVTPL</b>                     | <b>191,507,275</b> | <b>51,162,663</b> | <b>113,343,212</b> | <b>27,001,400</b> |
| <b>Investment at FVOCI</b>                     | <b>21,421,612</b>  | <b>21,421,612</b> | --                 | --                |

There were no transfers between levels during the period / year ended 30 September 2024 and 31 December 2023.

As at the reporting date, the carrying values of the financial assets not measured at fair value including investment at amortised cost, due from related parties and receivable against margin lending and other current financial assets approximate their fair values, since the market commission rates for similar instruments are not significantly different from contracted rates, and / or due to short duration of financial instruments.

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**29 FAIR VALUE HIERARCHY (CONTINUED)**

An active market for these instruments is not available and the Group intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities.

Investments in listed securities are classified under Level 1, investment in public and private mutual funds and corporate bonds are classified under Level 2 and investment in private securities are classified at Level 3. The valuations of mutual funds are derived from the net asset values of the Funds whereas fair value for the private equity securities is derived from the latest valuation rounds or bids received. For certain private equity securities purchased recently, transaction price has been considered as a reasonable approximation of the fair value.

Moreover, during the period, there is no movement in investments classified under Level 3.

**30 SEGMENT REPORTING**

The Group is organised into the following segments:

***Brokerage***

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

***Asset Management***

Fees from asset management of discretionary portfolio, funds, real estate management, and alternative investments.

***Murabaha***

Special commission income from Murabaha.

***Investment***

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

***Advisory***

Advisory relates to the services offered for establishment of Bank D360.

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

| 30 September 2024                | <u>Brokerage</u> | <u>Asset<br/>management</u> | <u>Murabaha</u> | <u>Investment</u> | <u>Advisory</u> | <u>Total</u>  |
|----------------------------------|------------------|-----------------------------|-----------------|-------------------|-----------------|---------------|
| Total assets                     | 362,040,256      | 104,254,658                 | 121,478,002     | 654,832,605       | --              | 1,242,605,521 |
| Total liabilities                | 87,868,424       | 25,302,967                  | 29,483,132      | 158,930,142       | 92,759,437      | 394,344,102   |
| Total operating income           | 365,593,876      | 105,277,973                 | 155,442,857     | 17,722,499        | --              | 644,037,205   |
| Other income, net                | 5,787,830        | 1,506,514                   | --              | --                | --              | 7,294,344     |
| Operating expenses               | (74,751,599)     | (21,525,789)                | (25,081,948)    | (135,205,362)     | (2,575,136)     | (259,139,834) |
| Share of loss in an associate    | --               | --                          | --              | (45,874,800)      | --              | (45,874,800)  |
| Net income / (loss) before zakat | 296,630,107      | 85,258,698                  | 130,360,909     | (163,357,663)     | (2,575,136)     | 346,316,915   |

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**30 SEGMENT REPORTING (CONTINUED)**

| 31 December 2023<br>(Audited) | <u>Brokerage</u> | <u>Asset<br/>management</u> | <u>Murabaha</u> | <u>Investment</u> | <u>Advisory</u> | <u>Total</u>  |
|-------------------------------|------------------|-----------------------------|-----------------|-------------------|-----------------|---------------|
| Total assets                  | 424,796,450      | 89,063,798                  | 51,122,916      | 476,780,887       | --              | 1,041,764,051 |
| Total liabilities             | 58,155,675       | 12,193,052                  | 6,998,853       | 65,272,472        | 87,335,891      | 229,955,943   |
| 30 September 2023             | <u>Brokerage</u> | <u>Asset<br/>management</u> | <u>Murabaha</u> | <u>Investment</u> | <u>Advisory</u> | <u>Total</u>  |
| Total operating income        | 279,881,840      | 55,962,540                  | 89,241,250      | 12,095,139        | --              | 437,180,769   |
| Other income                  | 4,690,860        | 670,680                     | --              | --                | --              | 5,361,540     |
| Operating expenses, net       | (68,861,478)     | (13,768,893)                | (10,514,969)    | (93,021,027)      | (801,643)       | (186,968,010) |
| Share of loss in an associate | --               | --                          | --              | (22,108,600)      | --              | (22,108,600)  |
| Net income before zakat       | 215,711,222      | 42,864,327                  | 78,726,281      | (103,034,488)     | (801,643)       | 233,465,699   |

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

|                                                                            | <b>30 September<br/>2024</b> | 30 September<br>2023 |
|----------------------------------------------------------------------------|------------------------------|----------------------|
| Total operating income                                                     | <b>644,037,205</b>           | 437,180,769          |
| Adjustment for:                                                            |                              |                      |
| - <i>Special commission income</i>                                         | <b>(155,442,857)</b>         | (89,241,250)         |
| - <i>Net gain on financial assets at fair value through profit or loss</i> | <b>(16,568,775)</b>          | (11,181,150)         |
| - <i>Dividend income</i>                                                   | <b>(1,153,724)</b>           | (913,989)            |
| Revenue from contract with customers                                       | <b>470,871,849</b>           | 335,844,380          |

**31 CAPITAL COMMITMENTS AND CONTINGENCIES**

The contingent liabilities against letter of guarantees as at 30 September 2024 amount to SAR 29.38 million (31 December 2023: SAR 29.38 million).

**32 CAPITAL REGULATORY REQUIREMENTS AND CAPITAL ADEQUACY MODEL**

The CMA has issued Prudential Rules (the "Rules") dated 17 Safar 1434H (corresponding to 30 December 2012), thereafter, amended on 04 Jumada II 1444H (corresponding to 28 December 2022). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under these Rules. In accordance with this methodology, the Group has calculated its risk weighted asset and surplus in the capital as follows:

|                      | <b>30 September<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|----------------------|------------------------------|----------------------------------|
|                      | <b>SAR (000)</b>             | SAR (000)                        |
| <b>Capital base:</b> |                              |                                  |
| Tier 1 Capital       | <b>818,503</b>               | 793,763                          |
| Tier 2 Capital       | --                           | --                               |
| Total Capital base   | <b>818,503</b>               | 793,763                          |

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**32 CAPITAL REGULATORY REQUIREMENTS AND CAPITAL ADEQUACY MODEL  
(CONTINUED)**

|                                     | <b>30 September<br/>2024</b> | 31 December<br>2023<br>(Audited) |
|-------------------------------------|------------------------------|----------------------------------|
| <b>Minimum capital requirement:</b> |                              |                                  |
| Credit risk                         | <b>1,887,429</b>             | 1,718,710                        |
| Market risk                         | <b>33,736</b>                | 14,101                           |
| Operational risk                    | <b>1,161,167</b>             | 1,161,167                        |
| Concentration risk                  | <b>166,893</b>               | 654,111                          |
| Total minimum capital required      | <u><b>3,249,226</b></u>      | <u>3,548,089</u>                 |
| Surplus in the Capital              | <u><b>558,565</b></u>        | <u>509,916</u>                   |

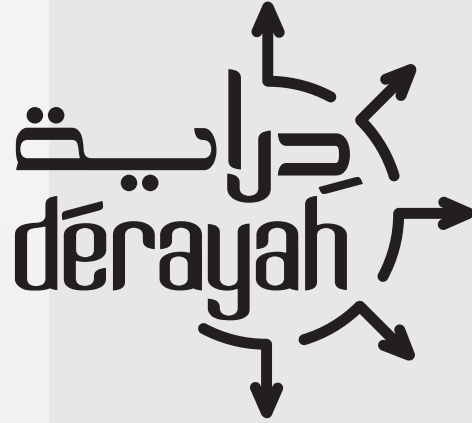
**33 SUBSEQUENT EVENTS**

There have been no significant subsequent events that would have a material impact on the financial position or financial performance of the Group as reflected in these condensed consolidated interim financial statements.

**34 APPROVAL OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The condensed consolidated interim financial statements were approved by the Board of Directors on 10 Jumada Al Awwal 1446H (corresponding to 12 November 2024).





# YOUR GATEWAY TO GLOBAL MARKETS AND SMART INVESTMENTS