AWAED ALOSOOL CAPITAL
(A Saudi Closed Joint Stock Company)
Financial Statements
For the period from January 3, 2023 to December 31, 2023
Together With The
Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AWAED ALOSOOL CAPITAL

RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Awaed Alosool Capital (the "Company") as at 31 December 2023, and its financial performance and its cash flows for the period from 3 January 2023 to 31 December 2023 in accordance with International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the financial statements of the Company, which comprise of the following:

- The statement of financial position as at 31 December 2023;
- The statement of profit or loss and other comprehensive income for the period from 3 January 2023 to 31 December 2023;
- The statement of changes in equity for the period from 3 January 2023 to 31 December 2023;
- The statement of cash flows for the period from 3 January 2023 to 31 December 2023, and;
- The notes to the financial statements, comprising material accounting policies and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of professional conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Company's financial statements and we have fulfilled our 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 IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AWAED ALOSOOL CAPITAL

RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS (Continued)

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

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

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

- Identify and asses the risk 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 by the management;

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AWAED ALOSOOL CAPITAL

RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

- 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 the material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- 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.

For Al-Bassam & Co.

البسام وشركاؤه
محاسبون قانونيون
رقم الترخيص ٥٢٠/١١/٣٢٣
C.R. 1010385804
License 520/11/323
Al-Bassam & Co.
Certified Public Accountants

Ahmed A. Mohandis
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AWAED ALOSOOL CAPITAL
(A Saudi Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
As At 31 December 2023
(Saudi Arabian Riyals)

	Note	31 December 2023
Assets		
Current assets		
Cash and cash equivalents	4	**40,232,940**
Prepayments and other debtors	5	**1,796,762**
Due from related parties	12	**693,335**
Total current assets		**42,723,037**
Non-current assets		
Property and equipment, net	6	**1,303,385**
Intangible assets, net	7	**802,739**
Work in progress	8	**14,092,997**
Right-of-use assets, net	9	**3,340,353**
Total non-current assets		**19,539,474**
Total assets		**62,262,511**
Equity and Liabilities		
Equity		
Share capital	10	**50,000,000**
Accumulated Losses		**(27,295,701)**
Total equity		**22,704,299**
Liabilities		
Current liabilities		
Lease liabilities – current portion	9	**341,443**
Accounts Payable		**1,972,272**
Accrued expenses and other creditors	11	**222,169**
Due to related parties	12	**32,520,421**
Zakat Provision	14	**345,901**
Total current liabilities		**35,402,206**
Non-current liabilities		
Lease liabilities – non-current portion	9	**3,511,882**
Employee defined benefits plan obligations	13	**644,124**
Total non-current liabilities		**4,156,006**
Total liabilities		**39,558,212**
Total equity and liabilities		**62,262,511**

The accompanying notes (1) to (21) form an integral part of these financial statements.

AWAED ALOSOOL CAPITAL
(A Saudi Closed Joint Stock Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the period from January 3, 2023 to December 31, 2023
(Saudi Arabian Riyals)

	Note	For the period from January 3, 2023 to December 31, 2023
Revenue from investment services and assets management	15	**1,960,740**
Cost of Revenue		**(356,540)**
Gross Profit		**1,604,200**
Operating expenses		
Depreciation of property and equipment	6	**(283,930)**
Amortization of intangible assets	7	**(88,932)**
Depreciation of right-of-use assets	9	**(835,088)**
Finance costs of lease liability	9	**(250,527)**
General and administrative expenses	17	**(20,570,658)**
Selling and marketing expenses	18	**(2,933,869)**
Total operating expenses		**(24,963,004)**
Net operating loss		**(23,358,804)**
Other revenue	16	**1,903,246**
Net loss for the year before zakat		**(21,455,558)**
Zakat	14	**(345,901)**
Net loss for the period		**(21,801,459)**
Other comprehensive loss		
Items that will not subsequently reclassified to the statement of profit or loss		
Loss from re-measurement of employee defined benefits plan obligations	13	**(12,761)**
Total other comprehensive loss for the period		**(12,761)**
Total comprehensive loss for the period		**(21,814,220)**

The accompanying notes (1) to (21) form an integral part of these financial statements

AWAED ALOSOOL CAPITAL
(A Saudi Closed Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
For the period from January 3, 2023 to December 31, 2023
(Saudi Arabian Riyals)

	Share capital	Accumulated Loss	Total Shareholders' equity
Transferred from Sanabel Financial Company as of January 3, 2023	**400,000**	**(5,481,481)**	**(5,081,481)**
Increased capital during the period	**49,600,000**	**-**	**49,600,000**
Net Loss for the period	**-**	**(21,801,459)**	**(21,801,459)**
Loss from re-measurement of employee defined benefits plan	**-**	**(12,761)**	**(12,761)**
Total comprehensive loss for the period	**-**	**(21,814,220)**	**(21,814,220)**
Balance as at 31 December 2023	**50,000,000**	**(27,295,701)**	**22,704,299**

The accompanying notes (1) to (21) form an integral part of these financial statements

AWAED ALOSOOL CAPITAL
(A Saudi Closed Joint Stock Company)
STATEMENT OF CASH FLOWS
For the period from January 3, 2023 to December 31, 2023
(Saudi Arabian Riyals)

	For the period from January 3, 2023 to December 31, 2023
CASH FLOW FROM OPERATING ACTIVITIES	
Net income for the period before zakat	**(21,455,558)**
Adjustments to reconcile net profit for the period before zakat:	
Depreciation of property and equipment	**283,930**
Amortization of intangible assets	**88,932**
Depreciation of right-of-use assets	**835,088**
Finance costs	**250,527**
Provision for employee benefit plans obligations	**502,955**
	(19,494,126)
The changes in operating assets and liabilities:	
Prepayments and other debtors	**(1,044,098)**
Due from related parties	**(693,335)**
Accounts Payable	**1,713,729**
Accrued expenses and other creditors	**(615,659)**
Due to related parties	**(31,977,916)**
Net cash used in operating activities	**(52,111,405)**
Cash Flow From Investing Activities	
Work in progress	**(10,668,619)**
Purchase of property and equipment	**(1,198,842)**
Purchase of intangible assets	**(188,388)**
Net cash used in investing activities	**(12,055,849)**
Cash Flow From Financing activities	
Increased capital	**49,600,000**
Lease liabilities paid	**(572,643)**
Net cash generated from financing Activities	**49,027,357**
Net change in cash and cash equivalents at banks	**(15,139,897)**
Cash and cash equivalents transferred from Sanabil financial company at beginning of the period	**55,372,837**
Cash and cash equivalents at banks at end of the period	**40,232,940**

The accompanying notes (1) to (21) form an integral part of these financial statements

1- ORGANIZATION AND ACTIVITIES

Awaed Alosool Capital ("the Company") is a Saudi closed joint stock company, registered with the Capital Market Authority under license No (22247-03) dated 30 Shaaban 1443H (corresponding to 1 April 2022). Commencement date for dealing and managing is 21 March 2023 and Custody 2 August 2024
The Company operates in the Kingdom of Saudi Arabia under commercial registration number 1010734817 dated 9 Muharram 1443H (corresponding to 17 August 2021).
The main activities of the company are dealing in securities, providing advice in securities, custody of securities, managing investments and operating funds
The address of the Company's head office is at Auroba road, Riyadh, P.O. Box 7795, Riyadh 12234, Saudi Arabia.

According to the company's articles of incorporation, the company's year begins from the date of its registration in the commercial register until December 31 of the following year.
The company's management is working to amend the articles of incorporation so that the end of the first financial period will be on December 31 of the same year.Therefore, no comparative figures are shown in these financial statements.
On 6 Jumada al-Akhirah 1444, corresponding to January 3, 2023, Sanabel Financial Company (a limited liability company), with commercial registration No. 1010670744 and dated 4/11/1442, decided to have a branch registered named Awaed Alosool Company - Commercial Registration No. 1010738817, dated 1/9/1443, in Riyadh, and the company desires to transform the aforementioned branch, with its rights, obligations, employment, classification, licenses, and all its financial, technical, and administrative elements, into a closed joint stock company. The partners desire to retain the name, number, and date of the commercial registry of the branch as a main center for the company and its capital of 50 million Saudi riyals. The company's rights and obligations were as follows:

	31 December 2022
Assets	
Current assets	
Cash and cash equivalents	55,372,837
Prepayments and other debtors	752,664
Total current assets	56,125,501
Non-current assets	
Property and equipment, net	388,473
Intangible assets, net	703,283
Work in progress	3,424,378
Total non-current assets	4,516,134
Total assets	60,641,635
Equity and Liabilities	
Equity	
Share capital	400,000
Accumulated Loss	(5,481,480)
Total equity	(5,081,480)
Liabilities	
Current liabilities	
Due to related parties	64,498,337
Accounts Payable	258,543
Accrued expenses and other creditors	837,828
Total current liabilities	65,594,708
Non-current liabilities	
Employee defined benefits plan obligations	128,407
Total non-current liabilities	128,407
Total liabilities	65,723,115
Total equity and liabilities	60,641,635

2- BASIS OF PREPARATION

2-1 Statement of compliance

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

2-2 Basis of measurement

The financial statements have been prepared on a historical cost convention except right of use assets and employees’ end of service benefits are carried at the present value of future obligations using the projected credit unit.

2-3 Functional and presentation currency

These financial statements are presented in Saudi Riyals, which is the Company's functional currency.

New and amended IFRS standards issued and effective in the year 2023

The following amendments to the company's relevant standards are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The company has adopted these standards and/or amendments, but they do not have a material impact on the financial statements:

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 9 (Amendments to IFRS 4)	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	January 1, 2023	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
IFRS 17	Insurance Contracts and its amendments	January 1, 2023	This is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements..
IAS 8	Amendment to definition of accounting estimate	January 1, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023	These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
IAS 12	International tax reform (pillar two model rules)	January 1, 2023	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

2-BASIS OF PREPARATION (CONTINUED)

2.4 New standards, amendments to standards and interpretations (continued)

New standards and amendments IFRS issued but not yet effective

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

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 1	Classification of liabilities as current or non-current	January 1, 2024	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification.
IFRS 16	Leases on sale and leaseback	January 1, 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024	These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.
IAS 21	Lack of Exchangeability	January 1, 2024	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

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

3 - MATERIAL ACCOUNTING POLICIES

Use of estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized prospectively.

<u>The following is information about assumptions and estimates that have a material impact on the amounts reported in the financial statements:</u>

<u>Assumptions</u>

Going concern

The accumulated losses as of December 31, 2023 amounted to 27,295,701 Saudi riyals, accordingly the company's losses exceeded half of the Company's capital. These events may cast significant doubt on the Company's ability to continue as a going concern. On March 24, 2024, the founding shareholders approve to increase in the company's capital by 32 million Saudi riyals. The management has evaluated the ability of the Company to continue as a going concern and believes the Company has sufficient recourses to continue its business in the near future. and therefore the management does not have any fundamental doubts about the company's ability to continue. Therefore, the financial statements are still prepared on the basis of the going concern.

<u>Use of estimates</u>

1-Estimate useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant and equipment to calculate depreciation and amortization. These estimates are determined after taking into account the expected use of assets, obsolescence and damage. The management reviews the residual value and useful lives annually and changes in depreciation expenses in current and future periods, if any.

2-Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

3-Impairment of Financial Assets

The Company recognizes allowances for expected credit losses ("ECL") for financial assets Provision rates are originally determined on the basis of historical observed default rates. The Company evaluates historical information to adjust the historical credit loss calculation with information that indicates expected rates in the future. At each reporting date, historical observed default rates are updated and changes in forward-looking estimates are analysed. An assessment of the correlation between historical observed default rates, expected economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast economic conditions. Also, the calculation of the company's historical losses and expected economic conditions may not represent the client's actual default in the future. Information about expected credit losses on the company's financial assets has been disclosed.

3 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

4- Benefits and defined benefit plans (employee benefits)

Post-employment defined benefits and the current value of those benefits are determined actuarial valuations. Actuarial valuation include further assumptions regarding variables are required such as discount rates, rate of salary increase and return on assets, mortality rates,increase in future pensions. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. All actuarial assumptions are reviewed at the date of every statement of financial position.

5- Lesses

Company as a lessee

The company prove the asset (right to use) and lease liability on the start date of the lease contract. The asset (right of use) is initially measured at the cost that consists of the initial amount of the modified lease obligation for any lease payments made on or before the start date. (right to use) or the end of the lease term, whichever is earlier. The estimated useful lives of (right-of-use) assets are determined on the same basis used for property and equipment. In addition, the asset (right to use) is periodically reduced by impairment losses, if any.
The lease commitment is initially measured at the present value of lease payments that were not paid at the commencement date of the lease and discounted using the interest rate implicit in the lease agreement or if that rate is difficult to determine reliably, the company uses the additional borrowing rate.

Short-term and low-value leases

The company has chosen not to prove the assets (right to use) and lease obligations for short-term leases of 12 months or less and low-value lease contracts, the company recognizes the lease payments associated with these contracts as expenses in the statement of profit or loss and other comprehensive income on a straight-line basis over a period lease.

6- Fair value measurment

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

An entity shall measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
For reporting, determining fair value of assets and liabilities, and disclosure purposes, the company uses the following hierarchy:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has access to at the measurement date.

Level 2: Inputs other than the prices displayed within the first level that can be observed for the assets or liabilities, directly or indirectly, such as the fair value shown in the financial statements of the funds.

Level 3: unobservable inputs for assets and liabilities, and the company relies on proving the investments at cost.

3 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

Classification of assets and liabilities from "current" to "non-current"

The Company presents assets and liabilities in the statement of financial position on a current / non-current basis. The assets are current as follows:

- When it is expected to be realized or is intended to be sold or consumed during the normal cycle of operations.
- If it is acquired primarily for the purpose of trading.
- When it is expected to be achieved within twelve months after the fiscal year, or
- When they are cash and cash equivalents, unless there are restrictions on their replacement or use to pay any liabilities for a period of not less than twelve months after the financial year.

All other assets are classified as "non-current".

All liabilities are current as follows:

- When it is expected to be paid during the normal business cycle
- If it is acquired primarily for the purpose of trading.
- When it matures within twelve months after the fiscal year, or
- When there is no unconditional right to defer the payment of liabilities for a period of not less than twelve months after the financial year.

All other liabilities are classified as "non-current".

Financial Instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument.
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that relate directly to the purchase or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through the statement of profit or loss) are added to the fair value of financial assets and financial liabilities or deducted from them, as appropriate, upon initial recognition. Transaction costs that are directly related to the purchase of financial assets and liabilities and are measured at fair value through the statement of profit or loss are recognized directly in the statement of profit or loss.

First: Financial assets
Financial assets are classified into the following specified categories: Financial assets 'at fair value through profit or loss' (FVTPL), Financial assets at fair value through other comprehensive income (FVOCI), and financial assets measured at amortized cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. A regular way purchase or sale of financial assets is recognized using trade date. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets measured at amortised cost
Accounts receivable, including trade and other receivables, bank balances and cash are measured at amortized cost using the effective interest method less any impairment loss, and charged to the profit or loss.

Interest income is determined using the effective interest rate, except for short-term receivables when the discount effect is insignificant.

3 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

Second: Financial liabilities

Financial liabilities are measured subsequently at mortised cost using the effective interest method.
The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of disposed financial liabilities and amount paid is charged to the statement of profit or loss.

Effective interest rate method

The effective interest method is an accounting practice used for calculating the amortized cost of a debt instrument and for distributing interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (Including all fees and points paid or received, which form an integral part of the effective interest rate, transaction costs, installments or other discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Cash and cash equivalent

Cash and bank balances comprise cash on hand, bank balances, and bank Murabaha that can be converted into cash with original maturity of three-months or less from the acquisition date.

Related parties

Related party is the person or entity associated with the company that prepares its financial statements.

A) If the person or a member of his family is closely related to the company whose financial statements are prepared:

- Has joint control or control over the company preparing its financial statements;
- It has a material impact on the company preparing its financial statements. or
- He is a member of the top management of the company whose financial statements are prepared or the parent company of the company that prepares its financial statments.

B) If the facility is related to the company that prepares its financial statements if any of the following conditions are fulfilled:

- The establishment and the company that prepares its financial statements are members of the same company (which means that both the parent company, subsidiaries and associates have a relationship with the other).
- One of the two companies is an associate or a joint venture of the other company (or an associate or a joint venture of a member of the company of which the other company is a member).
- Both companies are joint ventures of the same third party.
- One of the two companies is a joint venture of a third company and the other company is an associate of the third company.
- The company is jointly controlled or controlled by a person specified in Paragraph (a).
- The person identified in paragraph (a) (1) has a material influence on the company or is a member of the top management in the company (or the parent company).
- The company or any member of the company provides part of the services of senior management employees of the company that prepares its financial statements or to the parent company of the company that prepares its financial statements.

3 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

Property and equipment

Property and equipment are stated at cost less accumulated depreciations. Expenditures on maintenance and repairs are expensed, while expenditures for improvements are capitalized. Depreciation is computed using the straight line method based on the estimated useful lives of the assets. Lands are not depreciated. Leasehold improvements are being amortized on the straight-line basis over the shorter of useful life or lease period. Sold or disposed asset and its accumulated depreciation are written-off at the date of sale or disposal.

The annual estimated rates of depreciation of the principal classes of assets are as follows:

Item	Annual depreciation rate
Computer	25%
Furnitures and fixtures	25%
Tools and equipments	25%
Decoration & Installation	25%

Intangible assets

Purchased intangible assets are recorded at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized over its estimated useful life which is 10 years using the straight-line method. If there is an indication of a significant change in the useful life or residual value of these assets, the impairment is adjusted to reflect new projections.

The annual amortization rates for the main items of these assets is 10%.

Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately as expenses in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately as revenue in profit or loss.

3 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

Assets held in trust
Assets held in trust are not treated as assets of the Company and accordingly are not included in the financial statements. These assets are treated as off-balance sheet items and disclosed in the notes to the financial statements. Fees collected by the Company for managing these assets are included in the statement of profit or loss.

Managed assets
The Company provides asset management services.These assets are not treated as assets of the Company and accordingly are not included in the financial statements except for units owned by the company.

Clients' cash accounts
Clients' cash accounts are not treated as assets of the Company and accordingly are not included in the financial statements.

Employees' defined benefit obligations

End of service indemnities
The end-of-service indemnity provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur and are not charged to the statement of profit or loss.

Retirement benefits
The Company makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. These payments are expensed when incurred.

Short-term employee benefits
Liabilities recognized in respect of short-term employee benefits related to wages and salaries , annual leave and sick leave are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of short-term employee benefits are measured at the un-discounted amount of the benefits expected to be paid in exchange for the related service.

Accounts payable and accruals
Liabilities are recognized for amounts to be paid in the future for goods or service received, whether billed or not by suppliers.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

3 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

Zakat provision
Zakat is provided for in accordance with the regulations of the General Authority of of Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia. The Zakat charge is computed at year-end on Zakat base or adjusted net income whichever is higher. Changes to the assessment, if any, in the periods in which assessment is finalized.

Foreign currency translation
Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss.

Revenue recognition

The company realizes revenue under IFRS 15 using the following five-step model:

Step 1 : Determine the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and specifies the conditions that must be met for each contract.
Step.2 : Determine Performance Obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3 : Determine the transaction price	The transaction price is the amount of consideration that the Company expects to receive in exchange for transferring the goods or services promised to the customer, excluding amounts collected on behalf of third parties.
Step 4 : Allocate the transaction price	For a contract that contains more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that identifies the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation
Step 5 : Revenue recognition	A company recognizes revenue when (or whenever) it has satisfied a performance obligation by transferring goods or services promised to the customer under the contract.

For performance obligations where one of the above conditions is not met, revenue is recognized at the time the performance obligation is satisfied. When a company satisfies a performance obligation by providing the promised services, it creates a contract-based asset with the value of the consideration earned from performance. If the amount billed to the customer exceeds the amount of revenue recognized, a contract liability will arise. Revenue is measured at the fair value of the consideration received or receivable after taking into account specific contractual payment terms.

The recognition criteria set out below must also be met before revenue can be recognised:

- Fundraising fees:
Fund raising fees brought in through the company are calculated at 2% as a subscription fee from investors brought in through Awaed Company. The Company's practice of recognizing fundraising fees is consistent with IFRS 15, whereby fundraising fees are recognized on an accrual basis in exchange for providing fundraising services provided by the Company on an ongoing basis.

3 - MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

-Special commission income
Special commission income is recognized in the income statement on an effective yield basis.

Expenses
All expenses not directly related to making profits are classified as general and administrative expenses, except for employees' salaries and benefits, which are presented separately.

4- CASH AND CASH EQUIVALENT

	31 December 2023
Cash at the bank	**4,395,513**
Murabaha with banks*	**35,194,000**
Murabaha accrued interest *	**533,923**
Petty cash	**109,504**
	40,232,940

* Murabaha with banks are placed with other parties with good credit ratings. The book value disclosed above approximates the fair value at the date of the statement of financial position. All deposits have a duration of less than three months and are as follows:
- During the period, the company placed a deposit with Al-Khair Capital Company amounting to 20,194,000 Saudi riyals, due on February 7, 2024. The interest due until December 31, 2023 amounted to 328,152 Saudi riyals.
- During the year, the company placed a deposit with Riyad Bank amounting to 15,000,000 Saudi riyals due in 9 January 2024 , and the interest due until December 31, 2023 amounted to 205,771 Saudi riyals.

5- PREPAYMENTS AND OTHER DEBTORS

	31 December 2023
VAT receivables	**896,555**
Prepaid expenses	**586,797**
Others	**313,410**
	1,796,762

6 -PROPERTY AND EQUIPMENT, NET

	Computers	Furnitures and fixtures	Tools and equipments	Decoration & Installation	Total
Cost					
Transferred from Sanabel Financial Company as of January 3, 2023	**368,852**	**25,510**	**38,389**	**-**	**432,751**
Additions during the period	**321,567**	**84,112**	**6,926**	**786,235**	**1,198,840**
Balance as at 31 December 2023	**690,419**	**109,622**	**45,315**	**786,235**	**1,631,591**
Accumulated depreciation					
Transferred from Sanabel Financial Company as of January 3, 2023	**40,329**	**1,310**	**2,637**	**-**	**44,276**
Charged to the period	**143,866**	**18,502**	**10,668**	**110,894**	**283,930**
Balance as at 31 December 2023	**184,195**	**19,812**	**13,305**	**110,894**	**328,206**
Net book value					
Balance as at 31 December 2023	**506,224**	**89,810**	**32,010**	**675,341**	**1,303,385**

7- INTANGIBLE ASSETS, NET

Intangible assets are computer software licenses and software. The movement in intangible assets is as follows:

	31 December 2023
Cost	
Transferred from Sanabel Financial Company as of January 3, 2023	**781,425**
Additions during the period	**188,389**
Balance at the end of the period	**969,814**
Accumulated amortizations	
Transferred from Sanabel Financial Company as of January 3, 2023	**78,143**
Charged to the period	**88,932**
Balance at the end of the period	**167,075**
Net book value as of 31 December 2023	**802,739**

8- WORK IN PROGRESS

Work in progress include a project to develop applications, software, resource planning and information technology for the Investment Returns platform, where the movement of projects under implementation was as follows:

	31 December 2023
Transferred from Sanabel Financial Company as of January 3, 2023	**3,424,378**
Additions during the period	**10,668,619**
Balance as of 31 December 2023	**14,092,997**

9. RIGHT OF USE ASSETS, NET AND LEASE LIABILITIES

On March 7, 2023, the company rented a property to use as its headquarters, and the lease contract was concluded with the Property Management Company for a period of 5 years.

Movement on the right to use assets:

	31 December 2023
Cost	
Balance at the beginning of the period	**-**
Additions during the period	**4,175,441**
Balance as at 31 December	**4,175,441**
Aaccumulated Amortization	
Charged balance at beginning of the period	**-**
Charged to the period	**835,088**
Balance as at 31 December	**835,088**
Net book Value	**3,340,353**

9. RIGHT OF USE ASSETS, NET AND LEASE LIABILITIES (CONTINUED)

Movement on leases liabilities as follows:

	31 December 2023
Balance at the beginning of the period	-
Additions during the period	4,175,441
Finance cost during the period	250,527
Paid during the period	(572,643)
Balance at the end of the period	**3,853,325**

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

	31 December 2023
Leases liabilities - Non current portion	3,511,882
Leases liabilities - Current portion	341,443
	3,853,325

The following amounts recognized in the statement of profit or loss and other comprehensive income

	For the period from January 3, 2023 to December 31, 2023
Interest on lease liabilities	250,527
Amortization expense	835,088

10- SHARE CAPITAL

The company's authorized and paid-up capital is 50 million Saudi riyals, divided into 5 million shares, each share valued at 10 Saudi riyals, as of December 31, 2023.

11- ACCRUED EXPENSES AND OTHER CREDITORS

	31 December 2023
Expenses due to the Zakat Authority - withholding tax	120,169
Accrued Professional fees	102,000
	222,169

12- RELATED PARTY TRANSACTIONS AND THEIR BALANCES

Related parties represent subsidiaries, stockholders in the Company, key management personnel and jointly controlled or managed entities or on which significant influence is exercised by those parties and other affiliated parties of the Company. Pricing policies and terms of these transactions are approved by the management of the Company.

The following are the details of transactions and balances with related parties during the period:

Related Parties	nature of relationship	Nature of transaction	Amount of transaction For the perid ended 31 December 2023
Sanabil finance Company	Sister company	Finance	**17,625,082**
		Reimbursement of expenses	**120,635**

Balances due from related parties are as follows:

	31 December 2023
Sanabil finance Company	**693,335**
	693,335

Balances due to related parties are as follows:

	31 December 2023
Sanabil finance Company	**32,484,778**
Mutaib Mukhlif Al-Mutairi	**35,643**
	32,520,421

13- EMPLOYEE DEFINED BENEFIT PLANS OBLIGATIONS

In accordance with the provisions of IAS 19 “Employee Benefits”, management has carried out an exercise to assess the present value of its employees’ defined benefit obligations at the date of statement of financial position, in respect of employees’ end-of-service benefits payable under relevant local regulations and contractual arrangements. The following are the main actuarial assumptions used to calculate the end-of-service indemnity, which are as follows:

	31 December 2023
Discount rate	**%5.40**
Salaries increase rate	**%4.00**

The movement in employees benefit obligations plan is as follows:

	31 December 2023
Opening balance of employees defined benefits plan obligations (Transferred from Sanabel Financial Company as of January 3, 2023)	**128,407**
Charged to the Statement of profit or loss	
Cost of the period	**496,022**
Interest cost	**6,934**
Charged to the statement of other comprehensive income	
Losses from re-measurement of employee benefit plans obligations	**12,761**
Paid during the period	**-**
Employees defined benefits plan obligations balance at end of period	**644,124**

13- EMPLOYEE DEFINED BENEFIT PLANS OBLIGATIONS (CONTINUED)

The sensitivity table is as follows:

Description	**31 December 2023**
Basic assumptions	
1% discount rate	**(567,626)**
-1% discount rate	**(736,619)**
1% salary increase rate	**(737,007)**
-1% salary decrease rate	**(566,006)**
20% mortality rate	**(644,006)**
-20% mortality rate	**(644,241)**
20% withdrawal rate	**(623,197)**
-20% withdrawal rate	**(663,149)**

The above sensitivity analysis was determined based on a method that extrapolates the effect on the end-of-service benefits obligation as a result of reasonable changes in key assumptions that occur at the end of the period for which the financial statements are prepared. Sensitivity analysis is based on a change in one of the main assumptions while keeping all other assumptions constant. The sensitivity analysis may not reflect actual changes in the end-of-service benefit obligation because it is unlikely that changes in assumptions will be isolated.

14- ZAKAT PROVISION

a) Components of Zakat base

	31 December 2023
Capital	**50,000,000**
Debt and whatever is similar	**3,340,353**
Net fixed assets and similar	**(2,106,124)**
Other deductions	**(17,433,350)**
Zakatable adjusted net loss	**(20,824,195)**
Zakat base	**12,976,684**
Zakat Provision	**345,901**

b) The movement in Zakat provision for the period

	31 December 2023
Balance at the beginning of the period	**-**
Provided during the period	**345,901**
Paid during the period	**-**
Balance at period-end	**345,901**

15- Revenue from assets management

	For the period from January 3, 2023 to December 31, 2023
Subscription fees	**1,960,740**
	1,960,740

16- Other Revenue

	For the period from January 3, 2023 to December 31, 2023
Income from Murabha	1,246,996
Other income	656,250
	1,903,246

17- GENERAL AND ADMINISTRATIVE EXPENSES

	For the period from January 3, 2023 to December 31, 2023
Empolyees benefit expense	11,257,712
Subscriptions, governmental fees	2,931,547
Professional and advisory services	2,139,495
Withholding tax	836,969
Technical support and consulting for the platform	517,648
End of services	502,956
Rent expenses	419,707
Transportation expenses	376,948
General utilities	268,051
Training Expenses	222,909
License fees	222,123
Repair and maintenance expenses	167,319
Others	707,274
	20,570,658

18- SELLING AND MARKETING EXPENSES

	For the period from January 3, 2023 to December 31, 2023
Advertising	2,933,869
	2,933,869

19- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

Fair value is 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. Fair value definition includes the assumption that the Company will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.

Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted (unadjusted) prices in an active financial market for identical assets and liabilities that can be accessed on the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, directly (prices) or indirectly (derived from prices).

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

Financial risk management

The activities of the Company may be exposed mainly to financial risks resulting from the following:

Foreign currency risk management

The Company is not exposed to significant risks related to exchange prices, as the Company's main transactions are in Saudi riyals and US dollars. Therefore, no need to manage such exposure effectively.

Interest rate risk management

Special interest rate risk arises from the possibility that changes in future cash flows or in the fair values of financial instruments will affect at the reporting date. The company was not exposed to interest rate risk since the interest on deposits is fixed.

market price risk

The company is exposed to market price risk as a result of changes in the fair value of financial assets held at fair value as a result of changes in the level of market indicators.

19- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)
market price risk (Continued)

Credit risk management
Credit risk is the risk that one party may fail to discharge an obligation and will cause the other party to incur a financial loss. The Company is exposed to credit risk on its balances as follows:

	31 December 2023	
	Exposure	**Expected credit losses**
Cash and cash equivalents	**40,232,940**	**-**
Due from related parties	**693,335**	
VAT receivables	**896,555**	**-**
Others	**313,410**	**-**
	42,136,240	**-**

The company seeks to monitor credit risks by monitoring credit exposure, in addition to identifying and analyzing risks, setting appropriate limits and controls, monitoring risks and adhering to limits through reliable management information data in a timely manner. The company also takes the necessary measures to recover overdue debts. Moreover, it The company reviews the recoverable amount of all receivables and other assets on an individual basis at the end of the financial period in order to ensure that an adequate loss allowance is set aside for the non-recoverable amounts.

The company uses the simplified approach so that it measures the loss allowance for receivables and other assets at an amount equal to expected credit losses over the lifetime. The company records a loss allowance of 100% against all receivables and other debit balances that exceed more than 365 days from their due date .

The company conducted an assessment of the expected credit losses due from related parties and other assets, and after examining the nature of these balances and the date of default, the company found that it does not require a provision for expected credit losses, because in its capacity as an asset manager, the company has the first right to recover the due balance from the invested funds. Under the management of the company in respect of management fees payable. As at the date of the financial statements, the concerned entities have a positive net asset value, and according to the management's estimate, the expected credit losses, if any, will not be significant.

As for cash and cash equivalents, the credit risks are low, as they are kept with financial institutions with a good credit rating of BBB+ for the rating of Standard & Poor's, and there is no default history for any of these balances.

<u>credit focus</u>
Concentrations of credit risk arise when a number of counterparties are engaged in similar activities, or activities within the same geographic region, or have similar economic characteristics due to changes in economic policies or other conditions.

At the statement of financial position date, management has not identified any significant concentrations of credit risk.

19- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risks management

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments.

To reduce the liquidity risk and associated losses which may affect the business of the Company, the company maintains, wherever possible, sufficient highly liquid current assets in all business conditions. The company avoids financing long-term capital requirements and its activities related to current accounts with related parties through short-term borrowings. The Company has a highly dynamic cash flow policy and a system by which it can estimate the maturity dates of its liabilities and develop appropriate plans to provide the required funding to meet these liabilities in a timely manner.

a) Below is a statement of maturity of liabilities as at 31 December 2023:

31 December 2023	book value of the liabilities	3 months or less	More than 3 months to 1 year	More than 1 year up to 10 years	No specific maturity dates
Liabilities					
Accounts Payable	**1,972,271**	**1,972,271**	**-**	**-**	**-**
Accrued expenses and other creditors	**222,169**	**222,169**	**-**	**-**	**-**
Due to related parties	**32,520,421**	**32,520,421**	**-**	**-**	**-**
Employees defined benefits plan obligations	**644,124**	**-**	**-**	**644,124**	**-**
Lease liabilities	**3,853,325**	**-**	**341,443**	**3,511,882**	
Total	**39,212,310**	**34,714,861**	**341,443**	**4,156,006**	

20- SUBSEQUENT EVENTS

On March 24, 2024, the shareholders decided to approve increasing the company’s current issued capital from 50 million riyals to 82 million riyals.

21- APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 21 Ramadan 1445 H (31 March 2024).