

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 1. GENERAL

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

The Company was wholly owned by the Government of the Kingdom of Saudi Arabia (the "Government") as ultimate controlling party through the Public Investment Fund ("PIF"). On 8 December, 2021 the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Stock Exchange. In connection with the IPO, the Government through PIF sold 30% of their stake representing 36 million ordinary shares. On 13 November 2022, PIF sold an additional 10% of their stake representing 12 million ordinary shares. Accordingly, PIF now holds 60% (31 December 2023: 60%) of the share capital. As at 31 December 2024, the authorized, issued and fully paid-up share capital of the Company is ₪ 1,200 million (31 December 2023: ₪ 1,200 million) divided into 120 million shares (31 December 2023: 120 million shares) of ₪ 10 each.

The Company's main activities are managing and supporting subsidiaries or participating in the management of other companies in which it owns shares, investing its funds in shares and other securities owning real estate and other properties in connection with its businesses, granting loans, guarantees and financing to its subsidiaries, and owning and leasing industrial property rights to its subsidiaries or other companies.

On 7 May 2023, 51% shareholding in Direct Financial Network Company ("DFN") was acquired by the Group through one of its subsidiary (Wamid) refer note 1.1, 40 for details. On 15 December 2024, the Group announced a development regarding the acquisition through one of its wholly owned subsidiary, Tadawul Advanced Solutions Company ("WAMID") which already held 51% shares in

Direct Financial Network Company (DirectFN Limited), by announcing the acquisition of 49% of the entire remaining shares in Direct Financial Network Company (DirectFN Limited) for a value of ₪ 220,500,000 in accordance with the terms of agreement. This transaction is subject to the completion of the regulatory requirements and Group deems that date of completion of regulatory approvals and requirements will be the acquisition date which was not completed as of 31 December 2024 and hence no impacts for this transaction are reflected in these consolidated financial statements. Subsequently, on 2 February 2025 (corresponding to Shaban 3rd, 1446 AH) the Group announced the completion of the regulatory requirements of the transaction and hence the acquisition was completed which will be reflected in the consolidated financial statements prepared for the period ended 31 March 2025.

The Group has established a new wholly owned subsidiary (a Limited Liability Company) called "Tadawul Investment Holding Company" ("TIH") with authorised share capital of ₪ 35 million registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010980736 dated 25/7/1445 H (corresponding to 6 February 2024). TIH's objective is to fully hold investment in another subsidiaries, including in the new wholly owned subsidiary (a Limited Liability Company) called "Tadawul First Investment Company" ("TFIC") with the authorized share capital of ₪ 25 million registered in the Kingdom of Saudi Arabia under Commercial Registration number 1009014645 dated 8/10/1445 H (corresponding to 17 April 2024). TFIC is used as investment vehicle to own Group's upcoming planned investments in associates and joint ventures.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 1. GENERAL (CONTINUED)

On 26 June 2024 (corresponding to 20 Dhu Al-Hijjah 1445 AH), Group through one of its subsidiary (TFIC) acquired 32.6% shareholding of Gulf Mercantile Exchange Limited (GME) (formerly called Dubai Mercantile Exchange – DME), a company incorporated in Bermuda on 21 April 2005. GME provides an electronic financial market to facilitate trading, clearing and settlement of a range of energy financial instruments. It also provides a set of ancillary services similar to those of other financial exchanges to help promote the market's development. Refer note 1 and 6.3.

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

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

The Company's registered office address is as follows:

Tadawul Tower, building no. 3229  
Financial Boulevard (KAFFD)  
Riyadh 13519  
Kingdom of Saudi Arabia

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 1. GENERAL (CONTINUED)

### 1.1 Details of the Company's subsidiaries:

Name of subsidiaries	Country of incorporation and legal status	Commercial registration dated	Business activity	Effective ownership		Paid up share capital
				December 2024	December 2023	
Securities Depository Center Company ("Edaa")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	27/11/1437 H (corresponding to 30 August 2016 G)	Depository and registration of securities	100%	100%	400,000,000
Securities Clearing Center Company ("Muqassa")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	02/06/1439 H (corresponding to 18 February 2018 G)	Clearing services of securities	100%	100%	600,000,000
Saudi Exchange Company ("Exchange")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	17/08/1442 H (corresponding to 31 March 2021G)	Listing and trading of securities, market information dissemination	100%	100%	600,000,000
Tadawul Advance Solution Company ("Wamid")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	11/02/1442 H (corresponding to 28 September 2020 G)	Financial technology solutions, innovative capital market solutions for stakeholders	100%	100%	75,000,000
Tadawul Investment Holding Company ("TIH")	Kingdom of Saudi Arabia, Limited Liability Company	25/07/1445 H (corresponding to 6 February 2024 G)	Holding company for other subsidiaries to be used for planned investments in associates and joint ventures	100%	-	35,000,000
Tadawul First Investment Company ("TFIC") wholly owned by TIH	Kingdom of Saudi Arabia, Limited Liability Company	8/10/1445 H (corresponding to 17 April 2024)	Investment vehicle for the Group's investment in GME Limited.	100%	-	25,000,000
Direct Financial Network Company (DFN) owned by Wamid (Refer Note 40)	Kingdom of Saudi Arabia, Saudi Limited Liability Company	16/09/1426 H (corresponding to 19 October 2005)	Develops financial technology and financial content for stakeholders	51%	51%	500,000

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 1. GENERAL (CONTINUED)

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

Name of subsidiaries	Country of incorporation	Effective ownership 2024	Effective ownership 2023
Direct Financial Network ME Dubai Multi Commodities Center	United Arab Emirates	100%	100%
DFN Technology (Private) Limited	Sri Lanka	99%	99%
DFN Technology Pakistan (Private) Limited	Pakistan	99%	99%

### 1.2 Details of the Company's equity accounted investments:

Name of companies	Country of incorporation and legal status	Commercial registration dated	Business activities	Ownership, direct and effective		Paid up share capital
				December 2024	December 2023	
Tadawul Real Estate Company ("TREC")	Kingdom of Saudi Arabia, Limited Liability Company	22/02/1433 H (corresponding to 17 January 2012 G)	Buying, selling, renting, managing and operating real estate facilities	33.12%	33.12%	1,280,000,000
Regional Voluntary Carbon Market Company ("RVCMC")	Kingdom of Saudi Arabia, Limited Liability Company	28/03/1444 H (corresponding to 24 October 2022 G)	Active market and Auction for Carbon Credits	20%	20%	400,000,000
Gulf Mercantile Exchange Limited ("GME") formerly called Dubai Mercantile Exchange (DME)	Bermuda, Limited Liability Company	12/3/1426 H (corresponding to 21 April 2005 G)	Electronic financial market to facilitate trading, clearing and settlement of a range of energy financial instruments	32.6%	-	328,006,200

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals ("ﷲ"), which is the functional and presentational currency of the Group and its subsidiaries and associates. All amounts have been rounded to the nearest Saudi Riyal. For each subsidiary and equity accounted entities, the Group determines the functional currency and items included in the financial statements of each entity are measured using the functional currency.

### 2.4 Basis of consolidation

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

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

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

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 2. BASIS OF PREPARATION (CONTINUED)

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

### 2.5 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

## 2.6 New standards and amendments issued

### Standards and amendments adopted as of 1 January 2024

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, and the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 1, 2024. The management has assessed that the amendments have no significant impact on the Group's financial statements.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants- Clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and non-current liabilities with covenants.
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements - Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements.
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback - Require seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.

### Standards and amendments issued and not yet effective

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 2. BASIS OF PREPARATION (CONTINUED)

Effective for annual financial periods beginning on or after	Standard, amendment or interpretation	Summary of requirements
1 January 2025	Amendments to IAS 21 – Lack of exchangeability	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures.
Effective date deferred indefinitely	Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures.
1 January 2027	IFRS 18 Presentation and Disclosure in Financial Statements	New requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.
1 January 2027	IFRS 19 - Subsidiaries without Public Accountability: Disclosures	In May 2024, the Board issued IFRS 19 Subsidiaries without Public Accountability: Disclosures (IFRS 19), which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.
1 January 2026	Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	Clarifies derecognition of financial liabilities on "Settlement date" and settled through electronic payment system before settlement date with certain conditions, clarifies contractual cash flows characteristic linked with environmental, social and governance (ESG) features, clarifies treatment of non-recourse assets and contractually linked instruments, require additional disclosures financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.
1 January 2026	Annual Improvements to IFRS Accounting Standards	Clarification and amendments relating to various IFRSs under annual improvement program.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.7 Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, profit and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about material assumptions and estimation uncertainties are included in:

- Impairment of investment in associates: As referred to in note 3.3 of these consolidated financial statements, the Group estimates the recoverable amount of its investment for the assessment of impairment. To compute the recoverable amount of investment in associates, the Group applies its judgement in determining the recoverable amount. Based on the evaluation, the Group has concluded that there are no impairment indicators as at year end.
- Valuation of the employees' end-of-service benefits: The costs of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions, which are reviewed annually. Key assumptions include discount rates, future salary increases, employee turnover, mortality rates and retirement age. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Information about amounts reported in respect of defined benefit plans, assumptions applicable to the plans and their sensitivity to changes are presented in note 16.
- Allowance for expected credit losses: Allowance of expected credit losses are probability-weighted estimate of credit losses. Loss rates are calculated using "roll rate" method based on the probability of a trade debt progressive through successive stages of delinquency to calculate the weighted average loss rate. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. (Note 3.6)

- Useful life of intangible assets: The Group's management determines the estimated useful lives of its intangible assets for calculating amortisation. This estimate is determined after considering the expected future cash generation from the software. The Group management reviews the residual values and useful lives annually and future amortisation charges would be adjusted where management believes the useful lives differ from previous estimates.
- Impairment of intangible assets: The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's or cash generating unit's (CGU) recoverable amount. An asset's or CGU's recoverable amount is higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset or CGU, unless the asset or CGU does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the assets or CGU. The management does not believe there is any impairment in the value of intangible assets at year-end.
- Impairment of non-financial assets: An impairment exists when the carrying value of an asset or cash generating unit 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 of disposing of the asset. The value in use calculation is based on a discounted cash flow model (DCF). The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 2. BASIS OF PREPARATION (CONTINUED)

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group. The key assumptions used to determine the recoverable amount are disclosed and further explained in Note 5.

- Capitalisation of software development costs: The Group capitalizes cost for software development projects. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a software development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding element of directly attributable costs, expected future cash generation of the project and the expected period of benefits
- Revenue recognition on time or over period of time refer note 3.17
- Going concern: The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue the business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast a significant doubt about the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.
- Fair value of derivative liability: The fair value of put options granted is estimated at the reporting date using a Monte-Carlo simulation model, considering the terms and conditions on which the put options agreement. The model simulates the total shareholder return and compares it against the group of principal competitors. It considers historical and expected dividends, and the share price volatility of the entity relative to that of its competitors so as to predict the share price.

### 3. MATERIAL ACCOUNTING POLICIES

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

#### 3.1 Property and equipment

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### Depreciation

Depreciation is calculated over depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and

equipment except for the land and capital work-in-progress. Depreciation of an asset begins when it is available for use. The estimated useful lives for current and comparative periods of different items of property and equipment are as follows:

	Estimated useful lives (years)
Building	10-30
Furniture and fixtures	5 - 25
Computers	3-5
Office equipment	2-6
Vehicles	4

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

#### 3.2 Intangible assets and goodwill

Purchased intangible assets are initially recognised at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. These assets are amortised on a straight-line basis over their useful economic lives of 7 to 20 years.

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

Internally generated intangibles are composed of expenditure incurred on internal product development which is capitalised if the costs can be reliably measured; the product or process is technically and commercially feasible; future economic benefits are probable; and the Group has sufficient resources to complete the development and to use or sell the asset. The assets are initially recorded at cost, which includes labour and,

directly attributable costs. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. These intangible assets when under work-in-progress are stated at cost and not amortised until they are ready for their intended use. Once available for the intended use, they are then amortised over their useful economic lives of 7 to 20 years.

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if applicable. For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date, allocated to each of the Group's cash generating units (CGU) that are expected to have benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and portion of CGU retained.

#### 3.3 Impairment of non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

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

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

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

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

#### 3.4 Investments in equity accounted entities

An associate is an entity over which the Group has significant influence, but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss in the profit and loss.

Unrealised gains arising from transactions associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### 3.5 Right-of-use assets and lease liabilities

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

##### As a lessee:

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset

reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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

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

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

##### Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items relating to office equipment.

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

#### 3.6 Financial instruments

##### i. Recognition and initial measurement:

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

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

##### ii. Classification and subsequent measurement of financial assets:

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

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

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

##### Financial assets at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

##### Financial assets at FVOCI

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

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

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

##### Financial assets at FVTPL

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

Investments in units of mutual funds are carried at FVTPL.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### Financial assets – Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

### iii. Classification and measurement of financial liabilities

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

### iv. Derecognition

#### Financial assets

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

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

#### Financial liabilities

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

### v. Offsetting

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### vi. Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

### Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Loss rates are calculated using "roll rate" method based on the probability of a trade debt progressive through successive stages of delinquency to calculate the weighted average loss rate. These rates are multiplied by scalar factors to reflect the difference between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Credit losses for financial assets other than trade receivables which are current in nature are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.)

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Presentation of allowance for ECL in statement of financial position

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

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

### Write-off

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

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

### 3.7 Fair value measurement

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

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

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

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

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

Level 1 —Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 —Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 —Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

### 3.8 Cash and cash equivalents

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

### 3.9 Employees' end-of-service benefits

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

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

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

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

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

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

### 3.10 Non-controlling interest put option

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

### 3.11 Business combination

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

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

### 3.12 Borrowings

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

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

### 3.13 Zakat

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

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

### 3.14 Provisions

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.15 Financial liabilities

Financial liabilities are measured initially at fair value and subsequently either measured at fair value through profit or loss or at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. The Group measures all financial liabilities at amortised cost except employees' end-of-service benefit liability and derivative liability which is measured at fair value through profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### 3.16 Contingent liabilities

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

### 3.17 Revenue recognition

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

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

#### A. Capital Markets

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

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

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

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

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

#### B. Post Trade

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

**B.1** Clearing, settlement and custody services generate fees from trades or contracts cleared and settled and custody services which are recognised as revenue at a point in time when the Group meets its obligations to complete the transaction or service. In cases where the Group's performance obligations related to custody services are completed over time, revenue is recognised on a straight-line basis, representing the continuous delivery of services over the period. In cases where there is

a fixed annual fee for a service, the revenue is recognised overtime and billed on annual basis.

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

#### C. Data and technology services

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

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

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### D. Other fees

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

#### E. Dividend and commission income

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

**Deferred revenue** is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group provide the services to customers and are recognised as revenue when the Group completes its performance obligation under the contract.

**Accrued revenue** is initially recognised for revenue earned from services provided, however, invoice is not issued and once the invoice issued contract assets is reclassified to trade receivables.

#### 3.18 Expenses

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

#### 3.19 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting year. Non-monetary assets and liabilities

that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of FVOCI instruments, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 4. PROPERTY AND EQUIPMENT

	Notes	Land	Buildings	Furniture and fixtures	Computers	Office equipment	Vehicles	Capital work-in-progress	Total
<b>Cost:</b>									
Balance as at 1 January 2023		2,310,985	618,248	22,005,397	180,703,105	20,252,262	2,190,603	52,185,492	280,266,092
Additions		-	238,342	128,620	9,892,756	743,911	354,500	110,281,588	121,639,717
Acquisition of a subsidiary	40	1,824,189	3,989,658	802,692	11,180,584	899,185	188,909	-	18,885,217
<b>Balance as at 31 December 2023</b>		<b>4,135,174</b>	<b>4,846,248</b>	<b>22,936,709</b>	<b>201,776,445</b>	<b>21,895,358</b>	<b>2,734,012</b>	<b>162,467,080</b>	<b>420,791,026</b>
Additions		-	-	11,290,291	27,099,322	712,489	679,995	133,768,263	173,550,360
Disposals		-	-	(8,976,404)	(28,749,584)	(4,551,387)	(535,450)	-	(42,812,825)
<b>Balance as at 31 December 2024</b>		<b>4,135,174</b>	<b>4,846,248</b>	<b>25,250,596</b>	<b>200,126,183</b>	<b>18,056,460</b>	<b>2,878,557</b>	<b>296,235,343</b>	<b>551,528,561</b>
<b>Accumulated depreciation:</b>									
Balance as at 1 January 2023		-	151,127	18,578,478	130,332,142	18,896,816	1,903,414	-	169,861,977
Acquisition of a subsidiary	40	-	2,827,436	616,558	10,223,326	86,085	168,621	-	13,922,026
Charge for the year	4.1	-	133,427	784,769	17,084,637	1,030,522	181,121	-	19,214,476
<b>Balance as at 31 December 2023</b>		<b>-</b>	<b>3,111,990</b>	<b>19,979,805</b>	<b>157,640,105</b>	<b>20,013,423</b>	<b>2,253,156</b>	<b>-</b>	<b>202,998,479</b>
Charge for the year	4.1	-	20,608	1,996,797	20,368,524	1,181,118	359,400	-	23,926,447
Disposals		-	-	(8,963,366)	(28,749,584)	(4,551,387)	(535,450)	-	(42,799,787)
<b>Balance as at 31 December 2024</b>		<b>-</b>	<b>3,132,598</b>	<b>13,013,236</b>	<b>149,259,045</b>	<b>16,643,154</b>	<b>2,077,106</b>	<b>-</b>	<b>184,125,139</b>
<b>Net book value:</b>									
<b>As at 31 December 2024</b>		<b>4,135,174</b>	<b>1,713,650</b>	<b>12,237,360</b>	<b>50,867,138</b>	<b>1,413,306</b>	<b>801,451</b>	<b>296,235,343</b>	<b>367,403,422</b>
<b>As at 31 December 2023</b>		<b>4,135,174</b>	<b>1,734,258</b>	<b>2,956,904</b>	<b>44,136,340</b>	<b>1,881,935</b>	<b>480,856</b>	<b>162,467,080</b>	<b>217,792,547</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 4. PROPERTY AND EQUIPMENT (CONTINUED)

4.1 Deprecation expenses is allocated as follows:

	Notes	For the year ended 31 December	
		2024	2023
Operating costs	27	19,639,986	16,314,589
General and administrative expenses	28	4,286,461	2,899,887
<b>Total</b>		<b>23,926,447</b>	<b>19,214,476</b>

### 5. INTANGIBLE ASSETS AND GOODWILL

	Notes	Software	DFN brand	Customer relationship	Goodwill	Capital work-in-progress	Total
<b>Cost:</b>							
Balance as at 1 January 2023		427,031,293	-	-	-	28,267,918	455,299,211
Additions		42,785,459	-	-	-	21,707,003	64,492,462
Acquisition of a subsidiary (restated)	40	148,432,687	12,859,708	34,714,306	65,517,363	8,454,236	269,978,300
Transfer to software		8,043,085	-	-	-	(8,043,085)	-
Balance as at 31 December 2023 (restated)		<b>626,292,524</b>	<b>12,859,708</b>	<b>34,714,306</b>	<b>65,517,363</b>	<b>50,386,072</b>	<b>789,769,973</b>
Additions		69,777,134	-	-	-	24,827,584	94,604,718
<b>Balance as at 31 December 2024</b>		<b>696,069,658</b>	<b>12,859,708</b>	<b>34,714,306</b>	<b>65,517,363</b>	<b>75,213,656</b>	<b>884,374,691</b>
<b>Accumulated amortization:</b>							
Balance as at 1 January 2023		316,000,826	-	-	-	-	316,000,826
Acquisition of a subsidiary	40	54,508,929	-	-	-	-	54,508,929
Charge for the year	5.1	41,815,654	-	-	-	-	41,815,654
<b>Balance as at 31 December 2023</b>		<b>412,325,409</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>412,325,409</b>
Charge for the year	5.1	44,908,940	1,630,161	3,425,585	-	-	49,964,686
<b>Balance as at 31 December 2024</b>		<b>457,234,349</b>	<b>1,630,161</b>	<b>3,425,585</b>	<b>-</b>	<b>-</b>	<b>462,290,095</b>
<b>Net book value as at 31 December 2024</b>		<b>238,835,309</b>	<b>11,229,547</b>	<b>31,288,721</b>	<b>65,517,363</b>	<b>75,213,656</b>	<b>422,084,596</b>
<b>Net book value as at 31 December 2023 (restated)</b>		<b>213,967,115</b>	<b>12,859,708</b>	<b>34,714,306</b>	<b>65,517,363</b>	<b>50,386,072</b>	<b>377,444,564</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 5. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

5.1 Amortization expense allocation is as follows:

	Notes	For the year ended 31 December	
		2024	2023
Operating costs	27	46,940,060	37,693,607
General and administrative expenses	28	3,024,626	4,122,047
<b>Total</b>		<b>49,964,686</b>	<b>41,815,654</b>

### 5.2 Goodwill

Goodwill is attributable to acquisition transaction of DFN. For the impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. As at 31 December 2024, the recoverable amount of DFN and newly identified intangible assets from DFN acquisition of customer relationship and DFN brand were considered as single group of cash generating units was determined based on value in use calculations which require the use of assumptions. The calculations used cash flow projections based on financial budgets and projections approved by management covering a five-years period. Cash flows beyond the five-years period were extrapolated using the estimated growth rate stated below. This growth rate was consistent with forecasts included in industry reports specific to the industry in which the group of CGUs operate. The calculation of value in use was most sensitive to the assumptions on discount rate.

Key assumptions underlying the projections included discount rate of 12%.

### Discount rate

The discount rate is an estimate of the weighted average cost of capital as of 31 December 2024 based on market rates adjusted to reflect management's estimate of the specific risks relating to operations of the CGU.

### Sensitivity analysis

As at 31 December 2024, management of the Company has considered and assessed reasonably possible changes for key assumptions and has not identified any instances that could cause the carrying value of the group of CGU including goodwill to exceed its recoverable amount.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 6. EQUITY ACCOUNTED INVESTMENTS

	Notes	31 December 2024	31 December 2023
Investment in Tadawul Real Estate Company ("TREC ")	6.1	346,012,633	359,701,941
Investment in Regional Voluntary Carbon Company ("RVCMC")	6.2	53,781,083	23,837,805
Investment in Gulf Mercantile Exchange Limited ("GME")	6.3	151,459,609	-
<b>Total</b>		<b>551,253,325</b>	<b>383,539,746</b>

### 6.1 Investment in TREC

This represents the Group's share of investment in TREC, a company incorporated in the Kingdom of Saudi Arabia. As at 31 December 2024, the Group owns 33.12% (31 December 2023: 33.12%) of the share capital of TREC. The main activities of this associate is to develop a commercial office tower in King Abdullah Financial District, Riyadh, where the Group will be headquartered.

During the year ended 31 December 2023, the Group assessed whether there was any indication that an impairment loss recognised in prior years may no longer exist or may have decreased. Considering the completion

of TREC's building "Tadawul Tower" and committed occupancy, the Group carried out an impairment test and estimated the recoverable amount to be more than the carrying amount and reversed impairment amounting to ₪ 20.89 million.

The Group has recognized its share of loss for year ended 31 December 2024, based on available draft of TREC financial statements at the time of issuance of the Group's consolidated financial statement.

The movement in carrying value of investment is as follows:

	Note	31 December 2024	31 December 2023
Balance as at 1 January		359,701,941	365,697,523
<b>Share of results of associates and reversal of impairment</b>			
Reversal of impairment		-	20,889,120
Share of results, (adjusted by equity accounting elimination)	34.1	(13,689,308)	(26,884,702)
		<b>(13,689,308)</b>	<b>(5,995,582)</b>
<b>Balance at end of the year</b>		<b>346,012,633</b>	<b>359,701,941</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 6. EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

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

	31 December 2024	31 December 2023
<b>Summarized statement of financial position</b>		
Total current assets	191,153,617	156,604,707
Total non-current assets	2,280,165,052	2,323,513,241
Total current liabilities	1,352,977,117	1,362,830,420
Total non-current liabilities	14,615,637	3,725,343
Net assets (100%)	1,103,725,915	1,113,562,185
Group's share in equity – 33.12%	365,554,023	368,811,796
Cumulative equity accounting adjustments	(19,541,390)	(9,109,855)
Group's carrying amount of the investment	<b>346,012,633</b>	<b>359,701,941</b>

	For the year ended 31 December	
	2024	2023
<b>Summarized statement of profit or loss and other comprehensive income</b>		
Total revenue	216,792,211	121,861,195
Net loss and total comprehensive loss for the year	(8,195,094)	(58,266,984)

#### 6.2 Investment in RVCMC

This represents the Group's share of investment in RVCMC, a company incorporated in the Kingdom of Saudi Arabia on 25 October 2022. The main activities of this associate include offering guidance and resourcing to support businesses and industries in the region as they play their part in the global transition to net zero, ensuring that carbon credit purchases go above and beyond meaningful emission reductions in value chains. The RVCMC's capital amounts to 500 million (paid up capital of 400 million, 2023; 175 million), where PIF holds 80% stake and the Company holds 20% stake. RVCMC is headquartered in Riyadh, Kingdom of Saudi Arabia.

The Group has recognized its share of loss for the year ended 31 December 2024, based on available draft of RVCMC financial statements at the time of issuance of the Group's consolidated financial statement.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 6. EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

The movement in carrying value of investment is as follows:

	Note	31 December 2024	31 December 2023
Balance as at 1 January		23,837,805	35,000,000
Investment made during the year		45,000,000	-
Share of results	34.1	(15,056,722)	(11,162,195)
<b>Balance at end of the year</b>		<b>53,781,083</b>	<b>23,837,805</b>

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

	31 December 2024	31 December 2023
<b>Summarized statement of financial position</b>		
Total assets	390,930,854	145,042,099
Total liabilities	122,025,441	25,853,074
Net assets (100%)	268,905,413	119,189,025
Group's share in equity – 20%	<b>53,781,083</b>	<b>23,837,805</b>

	For the year ended 31 December	
	2024	2023
<b>Summarized statement of profit or loss and other comprehensive income</b>		
Total revenue	105,596,535	52,931,798
Net loss and total comprehensive loss for the year	(69,481,183)	(55,810,977)

#### 6.3 Investment in GME

This represents the Group investment in GME, a company incorporated in Bermuda on 21 April 2005. The main activities of this joint venture includes providing an electronic financial market to facilitate trading, clearing and settlement of a range of energy financial instruments. It also provides a set of ancillary services similar to those of other financial exchanges to help promote the market's development. The GME's paid up capital of 328 million where the Company holds 32.6% stake and majorly owned by New York Mercantile Exchange Inc. (NYMEX), a corporation incorporated in Delaware, United States of America; Eagle Commodities Limited, a limited liability company incorporated in Jersey and Tatweer Dubai LLC, a limited liability Company incorporated in Dubai, United Arab Emirates. GME is headquartered in Bermuda.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 6. EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

The accounting for investment in GME is based on fair value of assets and liabilities from the purchase price allocation exercise concluded during the year ended 31 December 2024.

The Group has recognized its share of results for the year ended 31 December 2024 from the acquisition date as mentioned above based on available draft of GME's financial statements at the time of issuance of the Group's consolidated financial statement.

The movement in carrying value of investment is as follows:

	Notes	From 26 June to 31 December 2024
Investment made on 26 June 2024		106,887,391
Derivative liability	18	45,549,626
Share of results (adjusted by amortization of identified intangible assets at acquisition)	34.1	(977,408)
<b>Balance at end of the year</b>		<b>151,459,609</b>

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

	31 December 2024
<b>Summarized statement of financial position</b>	
Total assets including newly identified intangible assets	169,616,269
Total liabilities	5,713,864
Net assets (100%)	163,902,405
Group's share in equity – 32.6%	53,432,184
Derivative liability	45,549,626
Goodwill	52,477,799
Group's carrying amount of the investment	<b>151,459,609</b>

	From 26 June to 31 December 2024
<b>Summarized statement of profit or loss and other comprehensive income</b>	
Total revenue	13,549,010
Net profit for the year	2,476,816

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 7. RIGHT-OF-USE ASSETS

	Notes	31 December 2024	31 December 2023
Balance as at 1 January		217,360,938	5,310,445
Acquisition of a subsidiary	40	-	1,198,121
Additions	15	1,688,562	260,457,743
Depreciation for the year	7.1	(50,036,560)	(49,605,371)
<b>Balance at the end of year</b>		<b>169,012,940</b>	<b>217,360,938</b>

7.1 Depreciation is allocated as follows:

	Notes	For the year ended 31 December 2024	2023
Operating costs		4,185,839	5,587,724
General and administrative expenses		2,961,313	8,175,183
Cost directly attributable to capital work-in-progress under property and equipment	4, 7.2, 34.1	42,889,408	35,842,464
<b>Total</b>		<b>50,036,560</b>	<b>49,605,371</b>

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 8. INVESTMENTS

Investment securities portfolios are summarized as follows:

	Notes	31 December 2024	31 December 2023
<b>Non-current</b>			
Investments at amortized cost	8.1	172,392,867	391,088,818
		<b>172,392,867</b>	<b>391,088,818</b>
<b>Current</b>			
Investments at amortized cost	8.1	218,684,858	-
Investments at FVTPL	8.2	983,626,687	269,253,058
		<b>1,202,311,545</b>	<b>269,253,058</b>

#### 8.1 Investments at amortized cost:

This represents investment in Sukuks issued by counterparties in the Kingdom of Saudi Arabia having sound credit ratings. The Sukuks carry an average commission rate of 4.91% per annum as of 31 December 2024 (31 December 2023: 4.96%).

The details of these investments are as follow:

	31 December 2024	31 December 2023
Bank Albilad (Credit rating A3)	55,934,646	55,946,231
Saudi Government Sukuk (2022-03-15 - Credit rating A1)	61,985,793	61,985,793
Saudi Government Sukuk (2020-02-15 - Credit rating A1)	54,472,428	54,472,428
Saudi Government Sukuk (2018-07-07 - Credit rating A1)	218,686,018	218,686,018
Impairment loss on investments at amortized cost (Note 8.1.1)	(1,160)	(1,652)
<b>Total</b>	<b>391,077,725</b>	<b>391,088,818</b>

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

	31 December 2024	31 December 2023
Balance as at 1 January	1,652	206
(Reversal) / charge for the year (Note 29)	(492)	1,446
<b>Balance at the end of the year</b>	<b>1,160</b>	<b>1,652</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 8. INVESTMENTS (CONTINUED)

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

31 December 2024			
Description	Maturity date	Face value	Classification
Bank Albilad ٴ Denominated Tier 2	15 April 2031	55,000,000	Non-current asset
Saudi Government ٴ Sukuk (2022-03-15)	17 March 2037	68,400,000	Non-current asset
Saudi Government ٴ Sukuk (2020-02-15)	24 February 2035	61,561,000	Non-current asset
Saudi Government ٴ Sukuk (2018-07-07)	25 July 2025	219,110,000	Current asset

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

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

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

	31 December 2024		31 December 2023	
	Cost	Fair value	Cost	Fair value
Money market funds	934,975,047	983,626,687	250,223,976	269,253,058
<b>Total</b>	<b>934,975,047</b>	<b>983,626,687</b>	<b>250,223,976</b>	<b>269,253,058</b>

### 9. ACCOUNTS RECEIVABLE

	Notes	31 December 2024	31 December 2023
<b>Trade receivables</b>			
- Related parties	34.2	22,026,854	21,227,004
- Others		102,391,963	115,847,152
Sub-total	36.3	124,418,817	137,074,156
Less: allowance for expected credit losses	9.1	(25,507,114)	(42,366,363)
<b>Total</b>		<b>98,911,703</b>	<b>94,707,793</b>

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 9. ACCOUNTS RECEIVABLE (CONTINUED)

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

	Notes	31 December 2024	31 December 2023
Balance as at 1 January		42,366,363	26,110,800
Acquisition of a subsidiary		-	16,647,314
Arbitration ruling		(20,275,820)	-
Charge / (reversal) for the year	29	3,416,571	(391,751)
<b>Balance at end of the year</b>	<b>36.3</b>	<b>25,507,114</b>	<b>42,366,363</b>

### 10. ADVANCES, PREPAYMENTS AND OTHER ASSETS

	Notes	31 December 2024	31 December 2023
Advance against purchase of property	10.1	77,500,000	77,500,000
Prepaid insurance expenses		9,270,844	12,892,297
Advances to vendor		20,893,732	10,995,199
Value added tax (VAT), net		11,122,442	-
Receivable from ZATCA	10.2, 25	14,526,589	8,638,957
Accrued operational revenue		10,832,124	7,395,257
Advance to employees		7,104,899	7,011,127
Security deposit		4,493,760	4,493,760
Other receivables	10.3	6,395,763	7,714,462
<b>Total</b>		<b>162,140,153</b>	<b>136,641,059</b>

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

10.2 Receivable from ZATCA relates to Zakat paid on eligible investments as per the ministerial resolution 2218 dated 7/07/1440H (corresponding to 14/03/2019) in Government sukuks. The Group has filed the refund claim for amount settled in 2023 and awaits its settlement. Similar refund will be filed for 2024 once zakat liability is settled.

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 11. CLEARING PARTICIPANT FINANCIAL ASSETS

Financial assets at amortised cost:	Notes	31 December 2024	31 December 2023
Deposits with SAMA	11.1	1,010,696,139	1,029,134,232
Investment in SAMA Bills	11.2	3,398,627,370	2,497,782,585
		<b>4,409,323,509</b>	<b>3,526,916,817</b>

#### 11.1 Deposits with SAMA:

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

	31 December 2024	31 December 2023
Deposits with SAMA - relating to Equities markets	942,834,576	962,334,250
Deposits with SAMA - relating to Derivatives markets	67,861,563	66,799,982
	<b>1,010,696,139</b>	<b>1,029,134,232</b>

#### 11.2 Investment in SAMA Bills:

	Note	31 December 2024	31 December 2023
Investment in SAMA Bills	11.2.1	<b>3,398,627,370</b>	<b>2,497,782,585</b>

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 12. TIME DEPOSITS

	31 December 2024	31 December 2023
Time deposits with original maturities more than three months and less than a year at the date of acquisition	1,234,207,295	-

**12.1** Commission is also earned on these time deposits as per the prevailing market rates. These time deposits are sharia compliant.

### 13. CASH AND CASH EQUIVALENTS

	Notes	31 December 2024	31 December 2023
Cash at banks		69,741,121	71,489,884
Deposit with SAMA	13.1	16,500,000	16,500,000
Time deposits with original maturities equal to or less than three months from the date of acquisition	13.2	265,942,825	1,962,624,190
		<b>352,183,946</b>	<b>2,050,614,074</b>

**13.1** Commission is earned on deposit with SAMA at the prevailing market rates offered by SAMA with original maturity of less than three months. These funds are not available for use in the operations of the Group.

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

### 14. STATUTORY RESERVE

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 15. LEASE LIABILITIES

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

	Notes	31 December 2024	31 December 2023
Balance as at 1 January		202,256,755	
Acquisition of a subsidiary	40	-	1,279,618
Additions		1,688,562	260,457,743
Finance cost	15.1	11,518,116	9,354,023
Payment		(58,426,459)	(68,834,629)
<b>Balance at the end of year</b>		<b>157,036,974</b>	<b>202,256,755</b>
Non-current		108,233,697	150,950,630
Current		48,803,277	51,306,125
<b>Total</b>		<b>157,036,974</b>	<b>202,256,755</b>

**15.1** Finance cost is allocated as follows:

	Notes	For the year ended 31 December	
		31 December 2024	2023
Finance cost directly capitalized in capital work-in-progress under property and equipment	7.2,34.1	11,518,116	9,320,191
Finance cost expense	31	-	33,832
<b>Total</b>		<b>11,518,116</b>	<b>9,354,023</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 16. EMPLOYEES' END-OF-SERVICE BENEFITS

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

	Notes	31 December 2024	31 December 2023
Balance as at 1 January		98,708,089	79,561,092
Current service cost		10,264,530	10,089,828
Finance cost	31	4,521,655	4,075,104
Amount recognised in profit or loss		14,786,185	14,164,932
Acquisition of a subsidiary	40	-	8,045,493
Re-measurement loss recognized in other comprehensive income		(1,328,072)	1,803,861
Benefits paid during the year		(10,856,713)	(4,867,289)
<b>Balance at end of the year</b>		<b>101,309,489</b>	<b>98,708,089</b>

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

	31 December 2024	31 December 2023
Effect of changes in financial assumptions	(6,063,060)	403,018
Effect of experience adjustments	4,734,988	1,400,843
<b>Re-measurement loss / (gain) recognized in other comprehensive income</b>	<b>(1,328,072)</b>	<b>1,803,861</b>

### 16.2 Principal actuarial assumptions

	31 December 2024	31 December 2023
Discount rate	5.70%	5.05%
Future growth in salary	5.00%	5.00%
Turnover	18%	17%
Mortality rate	AM80-100%	AM80-100%
<b>Demographic assumptions</b>		
Retirement age	58 - 65 years	60 years

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 16. EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

#### Discount rate

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

#### Salary increases

With regards to the past trend, it is assumed that the salaries would increase at a rate of 5% per annum compound in the long range.

#### Turnover

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

### 16.3 Maturity profile of the defined benefit liability

	31 December 2024	31 December 2023
Weighted average duration (years)	5.19	5.13
<b>Distribution of benefit payments:</b>		
<b>Years</b>	<b>Amounts</b>	
1	11,409,779	10,318,158
2	6,637,574	5,354,293
3	9,198,522	6,381,762
4	7,902,028	5,249,529
5	5,196,692	9,229,142
6-10	133,575,568	122,036,074

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 16. EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

#### 16.4 Sensitivity analysis

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

	31 December 2024		31 December 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	89,944,744	106,369,027	88,117,030	104,872,667
Future salary growth (1% movement)	106,811,609	89,437,480	105,242,617	87,668,663
Turnover (10% movement)	100,875,042	101,777,603	98,110,922	99,353,609
Mortality rate (10% movement)	101,317,507	101,301,436	98,705,441	98,710,747

#### 16.5 Risks associated with defined benefits plan

##### Longevity risks

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

##### Salary increase risk

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

### 17. NON-CONTROLLING INTEREST PUT OPTION

The Group, through its subsidiary Wamid, acquired 51% of issued share capital of the DFN carrying full voting rights on 7 May 2023 (refer Note 40 for further details). The shareholders' agreement and put option agreement grants non-controlling interest equity holders in DFN an irrevocable and unconditional right to exercise their put options in respect of the non-controlling interest held in DFN (49% of issued share capital) for cash consideration of ₪ 220.5 million by issuing a put notice within 60 days from the put option exercise period. Put option exercise period is earlier of:

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

The Group recognized put option over non-controlling interests and recorded non-current put option financial liability discounted at present value against non-controlling interest and other reserve. At each reporting date, the difference between the fair value of the non-current liability resulting from the put option and the transfer of non-controlling interests is recognized in other reserve. Please also refer Note 33.2.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 17. NON-CONTROLLING INTEREST PUT OPTION (CONTINUED)

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

	31 December 2024	31 December 2023
Balance as at 1 January	175,363,779	-
Put option issued on 7 May 2023	-	167,805,446
Change in non-controlling interest put option liability	11,968,227	7,558,333
<b>Balance at the end of the year</b>	<b>187,332,006</b>	<b>175,363,779</b>

### 18. DERIVATIVE LIABILITY

The Group, through its subsidiary TIH, acquired 32.6% of issued share capital of GME on 26 June 2024. The shareholders' agreement grants certain existing equity holders in GME an irrevocable and unconditional right to exercise their put options in respect of their interest held in GME (a total of 59.8% of issued share capital among three parties) for the fair value of their respective share by issuing a put notice within the put option exercise period. The share of the respective shareholders post the acquisition and their respective exercise periods are as follows:

Party	Shareholding	Exercise period
New York Mercantile Exchange ("NYMEX")	32.6%	Between 4th and 10th anniversary of the transaction date
Eagle Commodities Limited ("ECL")	23.1%	Between 10th and 15th anniversary of the transaction date
Tatweer Dubai LLC ("Tatweer")	4.1%	Between 4th and 10th anniversary of the transaction date

The Group recognized the aforementioned put option liabilities and recorded these at fair value amounting to ₪ 45.5 million against an addition to the value of the investment in GME. At each reporting date, the change in the fair value of the non-current liabilities resulting from the put options is recognized in profit or loss.

The Group also entered into a call option agreement which provides the Group right to purchase additional 18.4% shareholding in GME from its existing other shareholders at fair value in between 4th anniversary to 10th anniversary which has no value at reporting date.

The movement in the put options derivative liability during the year is as follows:

	Note	31 December 2024	31 December 2023
Put options issued on 26 June 2024	6.3	45,549,626	-
Change in fair value during the year		(1,474,826)	-
<b>Balance at the end of the year</b>		<b>44,074,800</b>	<b>-</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 19. BORROWINGS

The balances, commission rate and repayment terms are as follows:

	Borrower	Maturity	31 December 2024	31 December 2023
<b>NON – CURRENT</b>				
Islamic financing (19.1)	Saudi Tadawul Group Holding Company	2028	137,566,667	-
Islamic financing (19.2)	DFN	2025	12,500,000	1,145,301
			<b>150,066,667</b>	<b>1,145,301</b>
<b>CURRENT</b>				
Islamic financing (19.1)	Saudi Tadawul Group Holding Company	Current portion	39,616,215	-
Overdraft facility (19.3)	DFN	On demand	-	959,339
Islamic financing (19.4)	DFN	Current portion	2,199,586	9,383,402
			<b>41,815,801</b>	<b>10,342,741</b>

**19.1** The Company has obtained Islamic Sharia-compliant banking facilities for 5 years with quarterly repayments from a local bank amounting to 500 million (31 December 2023: Nil) at commission rate of SIBOR 3 month plus margin.

**19.2** The Group through its subsidiary (DFN) obtained Al-Tawarroq financing from a local bank at a commission rate of SIBOR plus 2.25% (2023: nil) which is repayable between 2026-2028.

**19.3** The Group through its subsidiary (DFN) obtained an overdraft from a local bank which carried commission rate of SIBOR plus 5.5% as of 31 December 2023 and had been fully settled during the year.

**19.4** The Group through its subsidiary (DFN) obtained Islamic financings from financing companies at commission rate ranging from 6.59% to 14% per annum (2023: 6.59% to 14% per annum) which are repayable in installments in 2025. These financing facilities are secured against a mix of promissory notes, corporate guarantees from the related parties and related parties' real estate properties

### 20. CLEARING PARTICIPANT FINANCIAL LIABILITIES

	Notes	31 December 2024	31 December 2023
<b>Financial liabilities at amortised cost:</b>			
Collateral from clearing members	20.1	4,374,408,370	3,501,398,133
Members' contribution to clearing house funds	20.2	7,817,741	6,661,908
		<b>4,382,226,111</b>	<b>3,508,060,041</b>

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 20. CLEARING PARTICIPANT FINANCIAL LIABILITIES (CONTINUED)

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

### 21. ACCOUNTS PAYABLE

	Notes	31 December 2024	31 December 2023
<b>Trade payables:</b>			
Others		25,855,681	24,612,326
Related parties	34.2	26,569,615	25,181,080
<b>Total</b>		<b>52,425,296</b>	<b>49,793,406</b>

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

### 22. BALANCE DUE TO CAPITAL MARKET AUTHORITY (CMA)

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

### 23. DEFERRED REVENUE

	Note	31 December 2024	31 December 2023
Balance as at 1 January		42,775,929	16,722,361
Acquisition of a subsidiary	40	-	26,943,959
Invoiced during the year		325,349,409	261,409,593
Recognised as revenue during the year		(311,337,930)	(262,299,984)
<b>Balance at end of the year</b>		<b>56,787,408</b>	<b>42,775,929</b>
Non-current		12,682,832	12,397,613
Current		44,104,576	30,378,316
<b>Total</b>		<b>56,787,408</b>	<b>42,775,929</b>

Deferred revenue includes balances pertaining to related parties amounting to 4,852,761 (31 December 2023: 4,641,968) (Note 34.2).

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 24. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	Notes	31 December 2024	31 December 2023
Accrued employee expenses		169,447,394	105,023,642
Payable for General Organization for Social Insurance		2,623,882	2,249,012
Value added tax (VAT), net		-	5,827,225
Board of Directors remuneration payable	34.2	12,913,028	12,435,456
Accrued supplier expenses:			
- Related party	34.2	5,655,158	9,734,539
- Others		161,579,659	164,792,618
<b>Total</b>		<b>352,219,121</b>	<b>300,062,492</b>

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

### 25. ZAKAT PROVISION

Zakat is assessed at 2.5% of the Zakat base based on the lunar year which will be adjusted for the Gregorian fiscal year. The key elements of zakat base primarily include equity components, provisions, net adjustments to the income, in addition to liabilities as adjusted for zakat purposes reduced by non-current assets.

The movements in zakat provision are as follows:

	31 December 2024	31 December 2023
Balance as at 1 January	64,221,598	67,221,868
Provision for Zakat for the year		
Current year	59,861,129	55,582,640
Prior year over provision	(27,753)	(82,829)
Zakat expense for the year	59,833,376	55,499,811
Recoverable from ZATCA (Note 10)	5,887,632	8,638,957
	65,721,008	64,138,768
Zakat paid during the year	(64,193,845)	(67,139,038)
<b>Balance at end of the year</b>	<b>65,748,761</b>	<b>64,221,598</b>

The Group has already filed and paid its consolidated Zakat return for the Company and its wholly owned subsidiaries with ZATCA for years 2020 till 2023. The Group is subject to Zakat in accordance with the Zakat regulations. The Company has received final assessments from ZATCA for the year 2021 and 2022 with no additional zakat liability. The zakat returns for years 2020 and 2023 are still under review by ZATCA.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 26. OPERATING REVENUE

	For the year ended 31 December	
	2024	2023
<b>Revenue recognized over-time</b>		
Post trade services	183,667,541	159,266,711
Data and technology services	219,336,964	164,441,670
Listing services	98,421,140	86,860,531
Membership fees	7,740,864	4,153,520
Derivatives services	1,495,980	1,584,955
Commission income on SAMA Bills, net	98,514,252	61,006,849
Commission income on SAMA deposits, net	9,399,001	8,861,314
	<b>618,575,742</b>	<b>486,175,550</b>
<b>Revenue recognized at point-in-time</b>		
Post trade services	471,792,153	341,098,726
Trading services	340,710,314	243,203,625
Data and technology services	267,600	26,250
Listing services	14,772,090	2,080,000
Derivatives services	14,387	47,139
Membership fees	426,500	148,900
	<b>827,983,044</b>	<b>586,604,640</b>
<b>Revenue from contracts with customers</b>	<b>1,446,558,786</b>	<b>1,072,780,190</b>

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 27. OPERATING COSTS

	Note	For the year ended 31 December	
		2024	2023
Salaries and related benefits		234,646,262	192,521,043
CMA fees	27.1	130,000,000	122,000,000
Technology and network		92,450,923	76,474,466
Depreciation and amortization		70,765,885	59,595,920
Accommodation and utilities		209,328	4,938,455
Consultancy		6,460,037	7,337,827
Others		230,043	3,070,640
<b>Total</b>		<b>534,762,478</b>	<b>465,938,351</b>

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

### 28. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2024	2023
Salaries and related benefits	225,918,320	178,749,163
Marketing and public relations	32,790,403	23,138,351
Technology and network	18,271,284	19,411,629
Consultancy	30,668,600	17,820,455
Depreciation and amortization	10,272,400	15,197,117
Board of Directors' remuneration	13,187,422	12,603,499
Accommodation and utilities	10,437,207	7,705,406
Others	705,596	4,281,302
<b>Total</b>	<b>342,251,232</b>	<b>278,906,922</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 29. ALLOWANCE / (REVERSAL) FOR EXPECTED CREDIT LOSSES

	Notes	For the year ended 31 December	
		2024	2023
(Reversal) / allowance on investments at amortised cost	8	(492)	1,446
Allowance / (reversal) on accounts receivable	9.1	3,416,571	(391,751)
<b>Total</b>		<b>3,416,079</b>	<b>(390,305)</b>

### 30. INVESTMENT INCOME

	For the year ended 31 December	
	2024	2023
Commission income on time deposits	51,139,661	105,010,344
Commission income on investments at amortised cost	16,462,995	12,062,000
Realised gain on sale investments, net	40,167,277	4,518,981
Unrealised gain on investments, net	40,495,850	4,632,741
Dividend income	2,850,129	810,036
<b>Total</b>	<b>151,115,912</b>	<b>127,034,102</b>

### 31. FINANCE COSTS

	Notes	For the year ended 31 December	
		2024	2023
Finance cost on borrowings		6,221,962	137,098
Finance cost on employees' end-of-service benefits liabilities	16	4,521,655	4,075,104
Finance cost on lease liabilities	15	-	33,832
<b>Total</b>		<b>10,743,617</b>	<b>4,246,034</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 32. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing profit attributable to the ordinary shareholders of the parent company by the weighted average outstanding number of shares for the year ended 31 December 2024, totaling 120 million shares (31 December 2023: 120 million shares).

	For the year ended 31 December	
	2024	2023
Profit for the year	621,842,981	390,060,733
Weighted average outstanding number of shares	120,000,000	120,000,000
Earnings per share	5.18	3.25

### 33. CONTINGENCIES AND COMMITMENTS

#### Commitments

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

	31 December 2024	31 December 2023
Capital expenditure commitments	57,421,744	154,745,819
Operating expenditure commitments	49,145,906	58,460,211
	<b>106,567,650</b>	<b>213,206,030</b>

#### Investment commitment

**33.2** As of 31 December 2024, the Group has investment commitment of 220,500,000 relating to acquisition of remaining 49% shareholding of Direct Financial Network Company (refer note 1).

#### Contingencies

	31 December 2024	31 December 2023
<b>33.3</b> Letters of guarantee	1,147,940	1,270,710

**33.4** The Group, in its ordinary course of business, is subject to proceedings, lawsuits and other claims, which are being defended. The ultimate results of these matters cannot be determined with certainty. However, the management believes that the results of these matters are not expected to have any material impact on the Group's financial position or on the results of its operations as reflected in these consolidated financial statements.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 34. TRANSACTIONS WITH RELATED PARTIES

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

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

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

	Notes	For the year ended 31 December	
		2024	2023
<b>PIF</b>			
Operating revenue from services rendered		5,845,805	5,185,177
<b>Other related parties</b>			
Operating revenue from services rendered		420,810,153	295,883,446
Commission income		8,998,761	39,119,395
Purchase of services (internet, utilities and others)		25,159,866	10,495,424
Disposals of investments at FVTPL		(11,064,381)	(13,801,775)
<b>Equity accounted investments</b>			
TREC – Share of results	6.1	(13,689,308)	(26,884,702)
Depreciation on right-of-use assets	7.1	42,889,408	35,842,464
Lease payment	15	(55,816,244)	(54,599,184)
Finance cost on lease liabilities	15	11,518,116	9,320,191
RVCMC – Share of results	6.2	(15,056,722)	(11,162,195)
GME – Share of results	6.3	(977,408)	-
<b>Key management personnel compensation</b>			
Salaries and other short-term benefits		28,523,249	28,054,978
Post-employment benefits		2,154,321	1,963,043
Board of Directors' remuneration	28	13,187,422	12,603,499

Operating revenue from services rendered by the Group to the related parties included services of post trade, trading, listing, data and technology services, derivative and membership at agreed terms.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 34. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

**34.2** Following are the outstanding balances arising from related party transactions:

	Notes	31 December 2024	31 December 2023
<b>PIF</b>			
Accounts receivable	9	60,579	6,420,079
Deferred revenue	23	4,185,000	4,140,000
<b>Other related parties</b>			
Investments held at FVTPL	8.2	185,396,324	-
Accounts receivables	9	21,782,858	14,412,523
Less: ECL allowance	9.1	(161,725)	(1,185,540)
Accounts receivable, net		21,621,133	13,226,983
Other receivables	10	-	5,440,626
Accounts payable, deferred revenue and accrued expenses	21,23,24	37,077,534	39,557,587
Cash and cash equivalents	13	77,306,930	430,468,282
Clearing participant financial liabilities	20	583,168,812	352,400,544
<b>Equity accounted investments</b>			
Accounts receivable - Tadawul Real Estate Company	9	183,417	394,402
<b>Key management personnel</b>			
Board of Directors remuneration payable	24	12,913,028	12,435,456

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

### 35. SEGMENT INFORMATION

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

#### Capital markets

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 35. SEGMENT INFORMATION (CONTINUED)

#### Post-trade

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

#### Data and technology services

The activities of this segment are to grow the business of Data and Technology Services which includes offering high-

quality real-time trading data, reference data, market indices, financial information to the financial community, financial technology solutions, research & development in the field of engineering & technology and innovative capital market solutions for stakeholders. In addition, this segment also develops financial technology and financial content for stakeholders to utilize as data and technology services.

#### Corporate

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

**35.1** Financial information relating to operating segments:

31 December 2024	Capital markets	Data and technology services	Post-trade	Corporate	Total
Segment revenue	461,289,141	219,604,564	765,665,081	-	1,446,558,786
Segment costs excluding depreciation and amortization	(188,769,363)	(138,821,304)	(361,705,748)	(110,095,089)	(799,391,504)
Depreciation and amortization	(12,931,129)	(16,318,186)	(22,290,370)	(29,498,600)	(81,038,285)
Investment income	-	-	-	151,115,912	151,115,912
Share of results of equity accounted investments and reversal of impairment	-	-	-	(29,723,438)	(29,723,438)
Finance costs	-	-	-	(10,743,617)	(10,743,617)
Changes in the fair value of a derivative liability	-	-	-	1,474,826	1,474,826
Other income, net	-	-	-	2,466,702	2,466,702
Profit before Zakat	259,588,649	64,465,074	381,668,963	(25,003,304)	680,719,382
Zakat expense	-	-	-	(59,833,376)	(59,833,376)
Profit after Zakat	259,588,649	64,465,074	381,668,963	(84,836,680)	620,886,006
<b>Net profit for the year is attributable to:</b>					
Ordinary shareholders of the parent company	259,588,649	65,422,049	381,668,963	(84,836,680)	621,842,981
Non-controlling interest	-	(956,975)	-	-	(956,975)
	<b>259,588,649</b>	<b>64,465,074</b>	<b>381,668,963</b>	<b>(84,836,680)</b>	<b>620,886,006</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 35. SEGMENT INFORMATION (CONTINUED)

31 December 2023	Capital markets	Data and technology services	Post-trade	Corporate	Total
Segment revenue	335,452,000	164,467,920	572,860,270	-	1,072,780,190
Segment cost excluding depreciation and amortization	(192,834,363)	(112,935,106)	(334,218,422)	(29,674,040)	(669,661,931)
Depreciation and amortization	(13,845,089)	(9,953,677)	(28,968,897)	(22,025,374)	(74,793,037)
Investment income	-	-	-	127,034,102	127,034,102
Share of results of associates	-	-	-	(17,157,777)	(17,157,777)
Finance costs	-	-	-	(4,246,034)	(4,246,034)
Other income, net	-	-	-	3,041,049	3,041,049
Segment profit before Zakat	128,772,548	41,579,137	209,672,951	56,971,926	436,996,562
Zakat expense	-	-	-	(55,499,811)	(55,499,811)
Segment profit after Zakat	128,772,548	41,579,137	209,672,951	1,472,115	381,496,751
<b>Net profit for the year is attributable to:</b>					
Ordinary shareholders of the parent company	128,772,548	50,143,119	209,672,951	1,472,115	390,060,733
Non-controlling interest	-	(8,563,982)	-	-	(8,563,982)
	<b>128,772,548</b>	<b>41,579,137</b>	<b>209,672,951</b>	<b>1,472,115</b>	<b>381,496,751</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 35. SEGMENT INFORMATION (CONTINUED)

#### 35.2 Operating revenue by operating segments

31 December 2024	Capital markets	Data and technology services	Post-trade	Total
<b>Revenue recognised at a point-in-time</b>				
Trading services	340,710,314	-	-	340,710,314
Data & technology Services	-	267,600	-	267,600
Post trade services	-	-	471,792,153	471,792,153
Listing services	14,772,090	-	-	14,772,090
Derivatives market	5,765	-	8,622	14,387
Membership fees	426,500	-	-	426,500
<b>Revenue recognised over-time</b>				
Data and technology services	-	219,336,964	-	219,336,964
Post trade services	-	-	183,667,541	183,667,541
Listing services	98,421,140	-	-	98,421,140
Derivatives market	1,276,157	-	219,823	1,495,980
Membership fees	5,677,175	-	2,063,689	7,740,864
Commission income on SAMA Bills, net	-	-	98,514,252	98,514,252
Commission income on SAMA deposits, net	-	-	9,399,001	9,399,001
<b>Consolidated revenue</b>	<b>461,289,141</b>	<b>219,604,564</b>	<b>765,665,081</b>	<b>1,446,558,786</b>

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 35. SEGMENT INFORMATION (CONTINUED)

31 December 2023	Capital markets	Data and technology services	Post-trade	Total
<b>Revenue recognised at a point-in-time</b>				
Trading services	243,203,625	-	-	243,203,625
Data & Technology Services	-	26,250	-	26,250
Post trade services	-	-	341,098,726	341,098,726
Listing services	2,080,000	-	-	2,080,000
Derivatives markets	14,823	-	32,316	47,139
Membership fees	148,900	-	-	148,900
<b>Revenue recognised over-time</b>				
Data and technology services	-	164,441,670	-	164,441,670
Post trade services	-	-	159,266,711	159,266,711
Listing services	86,860,531	-	-	86,860,531
Derivatives markets	1,189,889	-	395,066	1,584,955
Membership fees	1,954,232	-	2,199,288	4,153,520
Commission income on SAMA Bills, net	-	-	61,006,849	61,006,849
Commission income on SAMA deposits, net	-	-	8,861,314	8,861,314
<b>Consolidated revenue</b>	<b>335,452,000</b>	<b>164,467,920</b>	<b>572,860,270</b>	<b>1,072,780,190</b>

## 36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

### Enterprise Risk Management Framework

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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

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

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

### Risk management structure

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

### Board of Directors

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

### Senior management

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

Risk Appetite Statement.

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

### 36.1 Market risk

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

#### Price risk

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

#### Currency risk

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

#### Commission rate risk

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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

	For the year ended 31 December	
	2024	2023
Effect on profit for the year (+/-)	50,557,317	44,446,519

#### 36.2 Credit risk

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

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

	31 December 2024	31 December 2023
Cash and cash equivalents	352,183,946	2,050,614,074
Investments at amortized cost	391,077,725	391,088,818
Investments at fair value through profit or loss	983,626,687	269,253,058
Clearing participant financial assets	4,409,323,509	3,526,916,817
Accounts receivable	98,911,703	94,707,793
Other receivables	6,395,763	7,714,462
Accrued operational revenue	10,832,124	7,395,257
Advance to employees	7,104,899	7,011,127
Security deposit	4,493,760	4,493,760
<b>Total</b>	<b>6,263,950,116</b>	<b>6,359,195,166</b>

#### Cash and cash equivalents

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

#### Current accounts

Bank name	STANDARD & POOR		Moody's		Fitch	
	Long term	Short term	Long term	Short term	Long term	Short term
SAB	-	-	A3	P-1	A-	F2
SNB	A-	A-2	A3	P-1	A-	F2
BSF	A-	A-2	A1	P-1	-	-
SAIB	BBB	A2	A2	P-1	A-	F2
Emirates NBD	-	-	A1	P-1	-	-
Mashreq Bank	A	A-1	A3	P-2	-	-
United Bank Limited	C1	NP	-	-	-	-

#### Time deposit

Bank name	STANDARD & POOR		Moody's		Fitch	
	Long term	Short term	Long term	Short term	Long term	Short term
SAB	-	-	A1	P-1	-	-
Alinma Bank	-	-	A2	P-1	-	-
ANB	A-	A-2	A1	P-1	-	-
AlRajhi Bank	A-	A-2	A3	P-1	-	-

#### Investments at amortized cost

This represents investments in sukuk issued by counter parties operating in the Kingdom of Saudi Arabia having sound credit ratings as disclosed in note 9.

#### Accounts receivable

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

#### Accrued operational revenue

Accrued operating revenue represents earned revenue which is yet to be billed to customers. These are short-term in nature and no significant credit risk exists in the balance.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

#### Advance to employees

This represents advances provided to employees on their request. Such advances are deducted from their monthly salaries. Therefore, no significant credit risk exists in the balance.

#### Other receivables

Other receivables represent receivables from low credit risk counterparties and are short-term in nature.

#### 36.3 Concentration of credit risk

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 31 December 2024.

	Weighted average loss rate %	Gross carrying amount	Loss allowance
0-30 days (not past due)	3.02	74,371,050	2,245,795
30-60 days	2.72	2,739,824	74,505
61-90 days	16.00	7,532,778	1,205,457
91-120 days	4.25	3,037,663	129,212
121-180 days	37.41	4,328,954	1,619,595
181-360 days	29.42	5,058,123	1,488,165
More than 360 days past due	68.53	27,350,425	18,744,385
		<b>124,418,817</b>	<b>25,507,114</b>

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

#### 36.4 Operational Risk Management

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

In order to manage the Group's Clearing services activities risks, the Group through one of its subsidiaries (Muqassa) has an integrated and comprehensive risk management system and ensures that its risk management framework identifies, measures, monitors and manages the risks that it bears from Clearing Members as well as other key institutions. Group has as a low risk appetite for financial, liquidity, operational, market and credit concentration risk. This appetite helps drive the setting of conservative values when deciding on key measures such as the Default Fund Cover or Investment Duration. These risk management policies, procedures, systems and controls have been developed to adhere to the CMA's Securities Central Counterparties Regulation as well as align to both CPMI-IOSCO's Principles for Financial Market Infrastructures (PFMIs) and international best practices.

#### 36.5 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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

	31 December 2024				31 December 2023			
	Carrying amount	Less than 12 months	More than 12 months	Total	Carrying amount	Less than 12 months	More than 12 months	Total
<b>Financial assets at fair value:</b>								
Investments	983,626,687	983,626,687	-	983,626,687	269,253,058	269,253,058	-	269,253,058
<b>Financial assets at amortised cost:</b>								
Investments	391,077,725	218,684,858	172,392,867	391,077,725	391,088,818	-	391,088,818	391,088,818
Cash and cash equivalents	352,183,946	352,183,946	-	352,183,946	2,050,614,074	2,050,614,074	-	2,050,614,074
Clearing participant financial assets	4,409,323,509	4,409,323,509	-	4,409,323,509	3,526,916,817	3,526,916,817	-	3,526,916,817
Account receivables	98,911,703	98,911,703	-	98,911,703	94,707,793	94,707,793	-	94,707,793
Accrued operational revenue	10,832,124	10,832,124	-	10,832,124	7,395,257	7,395,257	-	7,395,257
Advance to employees	7,104,899	7,104,899	-	7,104,899	7,011,127	7,011,127	-	7,011,127
Other receivables	6,395,763	6,395,763	-	6,395,763	7,714,462	7,714,462	-	7,714,462
Security deposit	4,493,760	4,493,760	-	4,493,760	4,493,760	4,493,760	-	4,493,760
<b>Total financial assets</b>	<b>6,263,950,116</b>	<b>6,091,557,249</b>	<b>172,392,867</b>	<b>6,263,950,116</b>	<b>6,359,195,166</b>	<b>5,968,106,348</b>	<b>391,088,818</b>	<b>6,359,195,166</b>
<b>Financial liabilities at fair value</b>								
Derivative liability	44,074,800	-	44,074,800	44,074,800	-	-	-	-
<b>Financial liabilities at amortised cost</b>								
Borrowings	191,882,468	63,053,347	172,142,929	235,196,276	11,488,042	10,771,522	1,174,355	11,945,877
Non-controlling interest put options	187,332,006	-	220,500,000	220,500,000	175,363,779	-	220,500,000	220,500,000
Clearing participant financial liabilities	4,382,226,111	4,382,226,111	-	4,382,226,111	3,508,060,041	3,508,060,041	-	3,508,060,041
Lease liabilities	157,036,974	57,066,071	108,233,697	165,299,768	202,256,755	56,594,257	175,227,111	231,821,368
Accounts payable	52,425,296	52,425,296	-	52,425,296	49,793,406	49,793,406	-	49,793,406
Balance due to Capital Market Authority	58,445,702	58,445,702	-	58,445,702	55,137,969	55,137,969	-	55,137,969
Accrued expenses and other current liabilities	352,219,121	352,219,121	-	352,219,121	300,062,492	300,062,492	-	300,062,492
<b>Total financial liabilities</b>	<b>5,425,642,478</b>	<b>4,965,435,648</b>	<b>544,951,426</b>	<b>5,510,387,074</b>	<b>4,302,162,484</b>	<b>3,980,419,687</b>	<b>396,901,466</b>	<b>4,377,321,153</b>
<b>Net financial assets</b>	<b>838,307,638</b>	<b>1,126,121,601</b>	<b>(372,558,559)</b>	<b>753,563,042</b>	<b>2,057,032,682</b>	<b>1,987,686,661</b>	<b>(5,812,648)</b>	<b>1,981,874,013</b>

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

## 36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### 36.6 Changes in liabilities arising from financing activities

	1 January	Acquisition	Cash flows	Finance costs	New financing	31 December
<b>2024</b>						
Lease liabilities	202,256,755	-	(58,426,459)	11,518,116	1,688,562	157,036,974
Borrowings	11,488,042	-	(25,327,536)	6,221,962	199,500,000	191,882,468
	<b>213,744,797</b>	<b>-</b>	<b>(83,753,995)</b>	<b>17,740,078</b>	<b>201,188,562</b>	<b>348,919,442</b>
	1 January	Acquisition	Cash flows	Finance cost	New financing	31 December
<b>2023</b>						
Lease liabilities	-	-	(68,834,629)	9,354,023	261,737,361	202,256,755
Borrowings	-	20,743,923	(9,291,691)	35,810	-	11,488,042
	<b>-</b>	<b>20,743,923</b>	<b>(78,126,320)</b>	<b>9,389,833</b>	<b>261,737,361</b>	<b>213,744,797</b>

### 36.7 Capital management

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

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. Equity comprises capital and other reserve and retained earnings, and is measured at ₪ 3,491,737,165 as at 31 December 2024 (31 December 2023 (restated): ₪ 3,157,491,314).

### 37. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The fair value of all other / remaining financial assets and financial liabilities not mentioned below approximates to their carrying values.

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 37. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	31 December 2024				Total fair value
	Carrying Value	Level 1	Level 2	Level 3	
<b>Investments – at FVTPL</b>					
Money market funds	983,626,687	-	983,626,687	-	983,626,687
Derivative liability (Note 18)	44,074,800	-	-	44,074,800	44,074,800
Non-controlling interest put option	187,332,006	-	187,332,006	-	187,332,006

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

There were no transfers between level 1 and level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements as of 31 December 2024 (31 December 2023: Nil).

#### Derivative liability – significant assumptions and inputs used:

Particular	Inputs used
Risk-free rate	3.96% - 4.33%
Expected share price volatility	30.79% - 32.30%
Dividend yield	0.00%
Equity price per share	\$0.92 - \$1.02

#### Sensitivity analysis on derivative liability:

The sensitivity is as a result of the subjective nature of the unobservable input, namely the volatility and the potential movements in the risk-free rates. The impact of change in 10% volatility would result in change in fair value of the put options as follows:

Sensitivity analysis	-10%	Base case	+10%
<b>Total</b>	<b>25,490,749</b>	<b>44,074,800</b>	<b>61,769,839</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 38. SUBSEQUENT EVENTS

Subsequent to year end, the Group completed acquisition of remaining 49% shareholding of Direct Financial Network Company after completing regulatory requirements (refer note 1).

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

### 39. DIVIDENDS

On 27 February 2025, the Board of Directors of the Company recommended dividends to the shareholders for the fiscal year ended 31 December 2024 with a total amount of ₪ 402,000,000, equivalent to ₪ 3.35 per share representing 33.5% of the share par value subject to the approval of the shareholders in the General Assembly of the Company.

The Board of Directors of the Company in their meeting on 9 March 2024 recommended to the General Assembly which approved the distribution of dividends on 25 April 2024 to the shareholders for the fiscal year ended 31 December 2023 with a total amount of ₪ 276 million, equivalent to ₪ 2.30 per share representing 23% of the share par value.

The Board of Directors of the Company in their meeting on 25 February 2023 recommended to the General Assembly which approved the distribution of dividends on 10 May 2023 to the shareholders for the fiscal year ended 31 December 2022 with a total amount of ₪ 277.2 million, equivalent to ₪ 2.31 per share representing 23.1% of the share par value.

### 40. BUSINESS COMBINATION

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

The net assets recognised in the annual consolidated financial statements for the year ended 31 December 2023 were based on a provisional assessment of their fair values. The valuation had not been completed by the date the 2023 consolidated financial statements were approved for issue by the Board of Directors.

In May 2024, the Group completed the comprehensive purchase price allocation exercise that resulted in the fair value of the identifiable net assets of ₪ 100.6 million as at acquisition date. The 2023 comparative information was restated to reflect these adjustments to the provisional amounts. As result, there was an increase of intangible assets by ₪ 58 million, increase of non-controlling interest by ₪ 28.4 million and decrease of goodwill on acquisition by ₪ 29.6 million. The goodwill is primarily attributable to the expected synergies and other benefits from combining the assets and activities of DFN with those of the Group. Intangible assets recognized along with the valuation techniques used for measuring the relevant fair values are as follows:

Intangible assets	Amount	Valuation methodology
Customer relationship	34,714,306	Relief from royalty method
DFN Brand	12,859,708	Multi period excess earnings method

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 40. BUSINESS COMBINATION (CONTINUED)

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

	Notes	Provisional fair value as at 7 May 2023	Fair value adjustments	Fair value as at 7 May 2023 (Restated)
<b>Assets</b>				
<b>Non-current assets</b>				
Property and equipment	4	4,963,191	-	4,963,191
Intangible assets - Software	5	83,424,788	10,498,970	93,923,758
Intangible assets – DFN Brand and customers relationship	5	-	47,574,014	47,574,014
Capital work-in-progress	5	8,454,236	-	8,454,236
Right of use asset	7	1,198,121	-	1,198,121
<b>Total non-current asset</b>	<b>-</b>	<b>98,040,336</b>	<b>58,072,984</b>	<b>156,113,320</b>
<b>Current assets</b>				
Cash and cash equivalents	-	6,282,326	-	6,282,326
Accounts receivable	-	18,996,663	-	18,996,663
Other assets	-	7,202,715	-	7,202,715
<b>Total current asset</b>	<b>-</b>	<b>32,481,704</b>	<b>-</b>	<b>32,481,704</b>
<b>Total assets</b>	<b>-</b>	<b>130,522,040</b>	<b>58,072,984</b>	<b>188,595,024</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' end-of-service benefits	16	8,045,493	-	8,045,493
Long-term borrowings	-	5,980,002	-	5,980,002
Deferred revenue	23	12,397,613	-	12,397,613
Lease liability	15	163,250	-	163,250
<b>Total non-current liabilities</b>	<b>-</b>	<b>26,586,358</b>	<b>-</b>	<b>26,586,358</b>
<b>Current liabilities</b>				
Lease liability	15	1,116,368	-	1,116,368
Current portion of long-term borrowings	-	14,763,921	-	14,763,921
Deferred revenue	23	14,546,346	-	14,546,346
Accounts payable and accrued expenses	-	28,169,017	-	28,169,017
<b>Total current liabilities</b>	<b>-</b>	<b>58,595,652</b>	<b>-</b>	<b>58,595,652</b>
<b>Total liabilities</b>	<b>-</b>	<b>85,182,010</b>	<b>-</b>	<b>85,182,010</b>
<b>Total identifiable net assets</b>	<b>-</b>	<b>45,340,030</b>	<b>58,072,984</b>	<b>103,413,014</b>
Non-controlling interest's share of identifiable net assets (49%)	-	22,216,614	28,455,762	50,672,376
Group's share of identifiable net assets (51%)	-	23,123,415	29,617,222	52,740,637
Goodwill arising on acquisition	5	95,134,585	(29,617,222)	65,517,363
Purchase consideration	-	<b>118,258,000</b>	<b>-</b>	<b>118,258,000</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(Saudi Arabian Riyals)

### 40. BUSINESS COMBINATION (CONTINUED)

Analysis of cash flows on acquisition:	31 December 2023
Purchase consideration transferred for acquisition of subsidiary	113,921,000
Cash and bank balances of DFN as at 7 May 2023	(6,282,326)
Purchase consideration for acquisition of subsidiary net of cash acquired	<b>107,638,674</b>

### 41. RECLASSIFICATIONS

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

### 42. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on 28 Sha'ban 1446H corresponding to 27 February 2025.