SAUDI TADAWUL GROUP HOLDING COMPANY
(A Saudi Joint Stock Company)
Consolidated Financial Statements
For the year ended 31 December 2021
together with the
Independent auditor's report

SAUDI TADAWUL GROUP HOLDING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No. 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد 92876
الرياض 11663
المملكة العربية السعودية
سجل تجاري رقم 1010425494

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Saudi Tadawul Group Holding Company

Opinion

We have audited the consolidated financial statements of Saudi Tadawul Group Holding Company and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report

To the Shareholders of Saudi Tadawul Group Holding Company (continued)

Key audit matter

The key audit matter	How the matter was addressed in our audit
Operating revenue Operating revenue is a key element of the financial statements due to its materiality and is a key metric for the users of the consolidated financial statements. For the year ended 31 December 2021, the Group has recorded operating revenue of SR 1,166,080,140 (2020: SR 1,079,635,090). As mentioned in note 24 to the consolidated financial statements, the operating revenue mainly comprise of trading services, technology and information services and post trade services. The recognition of revenue under some of these services is fully automated while others require manual recording of the transactions. With respect to trading services, technology and information services and post trade services (clearing, settlement and trading related custody services), the processes around the recognition and recording of revenue are automated and involve a large volume of data. The general IT controls and application controls in respect of the input, processing and output of the data through to recording in the general ledger are of a critical nature. The revenue recognition in respect of other post trade services and listing fees is based upon a manual process, and therefore controls around data input, the processing / calculation of revenue to be recognized and the subsequent posting into the general ledger are considered critical. Due to its scale and significance to the consolidated financial statements, we have determined revenue recognition as a key audit matter. *Refer to the summary of significant accounting policies note 3.15 to the consolidated financial statements for the revenue recognition and note 24 which contains disclosure of operating revenue.*	We obtained and updated our understanding of the revenue recognition process including the recording of the different revenue streams; We tested the design and implementation of relevant key controls around the revenue recognition process including the recognition of revenue under different revenue streams; We involved our IT specialists to test the operating effectiveness of general IT controls and IT application controls around the revenue recognition of trading services, technology and information services and major post trade services (clearing, settlement and trading related custody services); We tested the operating effectiveness of manual controls relating to the revenue recognition process of listing fees and part of post-trade services; We performed the recalculation of revenue recorded from trading services, listing fees (annual) and part of post-trade services (in relation to trading activity); For a sample of transactions, we performed test of details to verify that the revenue recorded from listing fees, technology and information services and other post trade services exists and is accurate through vouching to sales invoices; We evaluated the accounting policies around the recognition of revenue under each stream to determine if the recognition meets the point in time or over the period recognition criteria; and We assessed the appropriateness of the presentation and disclosures in the consolidated financial statements with respect to revenue and the relevant accounting policies.

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Independent Auditor's Report

To the Shareholders of Saudi Tadawul Group Holding Company (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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Independent Auditor's Report

To the Shareholders of Saudi Tadawul Group Holding Company (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Saudi Tadawul Group Holding Company ("the Company") and its subsidiaries ("the Group").

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

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

KPMG Professional Services

Hani Hamza H. Bedairi
License No: 460

Al Riyadh, 06 Sha'ban 1443H
Corresponding to: 09 March 2022

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ترخيص رقم ٤٦
KPMG Professional Services

SAUDI TADAWUL GROUP HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021
(Saudi Arabian Riyals)

	Notes	**31 December 2021**	31 December 2020
ASSETS			
Non-current assets			
Property and equipment	*4*	**56,056,384**	21,381,712
Intangible assets	*5*	**144,727,277**	179,552,282
Equity-accounted investee	*6*	**375,616,085**	378,895,293
Right of use assets	*8*	**7,120,394**	19,856,726
Investments	*7*	**55,272,377**	101,267,886
Total non-current assets		**638,792,517**	700,953,899
Current assets			
Accounts receivable	*9*	**60,547,611**	57,364,818
Prepaid expenses and other current assets	*10*	**108,059,619**	102,271,835
Investments	*7*	**2,631,732,808**	3,103,518,964
Deposits with Saudi Central Bank (SAMA)	*11*	**28,013,567**	32,177,558
Cash and cash equivalents	*12*	**76,197,458**	96,798,376
Total current assets		**2,904,551,063**	3,392,131,551
Total assets		**3,543,343,580**	4,093,085,450
EQUITY AND LIABILITIES			
Equity			
Share capital	*1*	**1,200,000,000**	1,200,000,000
Statutory reserve	*13*	**360,000,000**	376,963,633
General reserve	*14*	**--**	1,114,180,214
Retained earnings		**1,532,440,906**	943,478,532
Total equity		**3,092,440,906**	3,634,622,379
Non-current liabilities			
Employees' end-of-service benefits liability	*15*	**96,876,185**	91,024,046
Lease liability	*16*	**--**	4,658,348
Total non-current liabilities		**96,876,185**	95,682,394
Current liabilities			
Margin deposits from clearing participants	*17*	**14,386,707**	19,030,340
Members' contribution to clearing house funds	*18*	**3,626,642**	3,147,217
Lease liability	*16*	**982,913**	9,128,643
Accounts payable	*19*	**6,785,710**	5,977,047
Balance due to Capital Market Authority (CMA)	*20*	**22,280,843**	32,758,785
Deferred revenue	*21*	**3,214,902**	3,223,464
Accrued expenses and other current liabilities	*22*	**236,085,074**	205,953,907
Zakat payable	*23*	**66,663,698**	83,561,274
Total current liabilities		**354,026,489**	362,780,677
Total liabilities		**450,902,674**	458,463,071
Total equity and liabilities		**3,543,343,580**	4,093,085,450

The accompanying notes from (1) through (37) form an integral part of these consolidated financial statements.

Chairperson | *Group Chief Executive Officer* | *Group Chief Financial Officer*

SAUDI TADAWUL GROUP HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021
(Saudi Arabian Riyals)

	Notes	For the year ended 31 December 2021	2020
Operating revenue	24	**1,166,080,140**	1,079,635,090
Operating costs	25	**(345,391,599)**	(325,233,118)
Gross profit		**820,688,541**	754,401,972
General and administrative expenses	26	**(209,669,462)**	(192,583,382)
Impairment reversal / (loss) on financial assets	27	**814,878**	(18,659,796)
Operating profit		**611,833,957**	543,158,794
Investment income	28	**40,596,274**	38,797,145
Share of loss in equity-accounted investee	6	**(3,279,208)**	(2,101,685)
Finance cost		**(956,484)**	(253,057)
Other income		**5,732,352**	4,478,947
Non-operating profit		**42,092,934**	40,921,350
Profit for the year before Zakat		**653,926,891**	584,080,144
Zakat expense	23	**(66,223,360)**	(83,561,274)
Net profit for the year		**587,703,531**	500,518,870
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Re-measurement of employees' end-of-service benefits liability	15	**(9,885,004)**	(5,301,735)
Other comprehensive loss for the year		**(9,885,004)**	(5,301,735)
Total comprehensive profit for the year		**577,818,527**	495,217,135
Basic and diluted earnings per share	29	**4.90**	4.17

The accompanying notes from (1) through (37) form an integral part of these consolidated financial statements.

Chairperson | *Group Chief Executive Officer* | *Group Chief Financial Officer*

SAUDI TADAWUL GROUP HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021
(Saudi Arabian Riyals)

	Share capital	Statutory reserve	General reserve	Retained earnings	Total equity
Balance as at 1 January 2021	**1,200,000,000**	**376,963,633**	**1,114,180,214**	**943,478,532**	**3,634,622,379**
Total comprehensive income for the year					
Net profit for the year				**587,703,531**	**587,703,531**
Other comprehensive loss for the year	--	--	--	**(9,885,004)**	**(9,885,004)**
Transaction with the owners of the Group					
Dividends (Note 33)	--	--	--	**(1,120,000,000)**	**(1,120,000,000)**
Transfers between reserves					
Transfer to retained earning	--	**(16,963,633)**	--	**16,963,633**	--
Transfer to retained earning	--	--	**(1,114,180,214)**	**1,114,180,214**	--
Balance as at 31 December 2021	**1,200,000,000**	**360,000,000**	--	**1,532,440,906**	**3,092,440,906**
Balance as at 1 January 2020	1,200,000,000	326,911,746	1,114,180,214	618,313,284	3,259,405,244
Total comprehensive income for the year					
Net profit for the year	--	--	--	500,518,870	500,518,870
Other comprehensive loss for the year	--	--	--	(5,301,735)	(5,301,735)
Transaction with the owners of the Group					
Dividends (Note 33)	--	--	--	(120,000,000)	(120,000,000)
Transfers between reserves					
Transfer to statutory reserve	--	50,051,887	--	(50,051,887)	--
Balance as at 31 December 2020	1,200,000,000	376,963,633	1,114,180,214	943,478,532	3,634,622,379

The accompanying notes from (1) through (37) form an integral part of these consolidated financial statements.

Chairperson *Group Chief Executive Officer* *Group Chief Financial Officer*

SAUDI TADAWUL GROUP HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year end 31 December 2021
(Saudi Arabian Riyals)

	Notes	For the year ended 31 December 2021	2020
Cash flows from operating activities			
Profit after zakat		**587,703,531**	500,518,870
Adjustments to reconcile net profit for the period to net cash generated from operating activities:			
Zakat		**66,223,360**	83,561,274
Depreciation and amortization	25, 26	**57,016,184**	48,213,576
(Reversal) / charge for credit losses on accounts receivable	9	**(817,875)**	19,735,859
Charge/(reversal) for impairment on investments held at amortized cost	7	**2,997**	(1,076,063)
Provision for employees' end-of-service benefits	15	**11,430,706**	11,300,262
Realised gain on sale of investments	28	**(8,826,153)**	(15,751,508)
Unrealised gain on investments	28	**(22,134,258)**	(8,817,609)
Dividend income		**(6,103,257)**	(11,367,239)
Special commission income	28	**(3,519,005)**	(2,856,686)
Share of loss in equity-accounted investee	6	**(3,279,208)**	(2,101,685)
Interest expense on lease liability		**956,484**	253,057
Changes in operating assets and liabilities:			
Deposits with Saudi Central Bank (SAMA)		**4,163,991**	(32,177,558)
Accounts receivable		**(3,182,793)**	(35,920,798)
Prepaid expenses and other current assets		**(5,787,784)**	569,165
Margin deposits from clearing participants		**(4,643,633)**	19,030,340
Members' contribution to clearing house funds		**479,425**	3,147,217
Accounts payable		**808,663**	5,760,718
Balance due to Capital Market Authority		**(10,477,942)**	10,428,584
Deferred revenue		**(8,562)**	88,497
Accrued expenses and other current liabilities		**30,131,167**	25,768,038
Cash generated from operations		**690,136,038**	618,306,311
Employees' end-of-service benefits paid	15	**(15,463,571)**	(2,872,352)
Zakat paid	23	**(83,120,936)**	--
Net cash generated from operating activities		**591,551,531**	615,433,959
Cash flows from investing activities			
Purchase of investments		**(1,990,510,071)**	(2,558,201,111)
Additional investment in equity-accounted investee		--	(210,000,000)
Proceeds from disposal of investments		**2,552,364,275**	2,080,331,477
Special commission income received		**3,218,820**	3,998,707
Proceeds from maturity of sukuk		--	75,000,000
Purchase of intangible assets and property and equipment		**(43,464,911)**	(45,676,373)
Net cash used in investing activities		**521,608,113**	(654,547,300)
Cash flows from financing activities			
Dividends paid	36	**(1,120,000,000)**	(120,000,000)
Interest payment of lease liability		**(956,484)**	(253,057)
Principal repayment of lease liability		**(12,804,078)**	(12,323,093)
Net cash used in financing activities		**(1,133,760,562)**	(132,576,150)
Net increase / (decrease) in cash and cash equivalents		**(20,600,918)**	(171,689,491)
Cash and cash equivalents at the beginning of the period		**96,798,376**	268,487,867
Cash and cash equivalents at end of the period	12	**76,197,458**	96,798,376
Non-cash supplemental information			
Conversion of sukuk investment to equity-accounted investee	6	--	130,000,000

The accompanying notes from (1) through (37) form an integral part of these consolidated financial statements.

Chairperson | *Group Chief Executive Officer* | *Group Chief Financial Officer*

1. GENERAL

Saudi Tadawul Group Holding Company (formerly "Saudi Stock Exchange Company") ("Tadawul" or the "Company") 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"). As at 31 December 2021, the authorized, issued and fully paid-up share capital of the Company is SR 1,200 million (31 December 2020: SR 1,200 million) divided into 120 million shares (31 December 2021: 120 million shares) of SR 10 each.

During the year, the Company announced its restructuring which resulted in transforming the Saudi Stock Exchange (Tadawul) into a holding company under the name of Saudi Tadawul Group Holding Company, a parent company of four wholly owned subsidiaries; Saudi Exchange Company (Exchange), Securities Clearing Center Company (Muqassa); the Securities Depository Center Company (Edaa); and Tadawul Advance Solutions Company (Wamid), details of these subsidiaries given in note 1.1. From 1 June 2021, the operations of the Company, that included listing, trading and dissemination of securities information, were transferred to the Exchange.

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

The Company's main activities, after becoming a holding company, 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.

The Group's main activities through dedicated subsidiaries (given in note 1.1) 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 and engage in any related other activity to achieve the objectives as defined in the Capital Market Law.

On December 08, 2021, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Exchange. In connection with the IPO, the Government through PIF sold 30% of their stake representing 36 million ordinary shares. Accordingly, the PIF now holds 70% (2020: 100%) of the share capital.

The Company's registered address is as follows:

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

1. GENERAL (CONTINUED)

1.1 Details of the Company's subsidiaries

Name of Subsidiary	Country of Incorporation & Legal Status	Commercial Registration dated	Business Activity	Ownership, Direct and Effective		Paid up Share capital - SR
				2021	2020	
Security Depository Center Company "Edaa"	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	11/27/1437 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
Tadawul Advanced 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
Saudi Exchange Company "Exchange"	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	17/08/1442 H (corresponding to 31 March 2021 G)	Listing and trading of securities, market information dissemination	100%	The company did not exist	600,000,000

Going Concern

The Coronavirus ("COVID-19") pandemic continues to disrupt global markets as many geographies are experiencing multiple waves of infections despite having previously controlled the outbreak through aggressive precautionary measures. The Government of the Kingdom of Saudi Arabia, however, managed to successfully control the outbreak to date.

These events have impacted businesses and economies. The management of the Group is continuously monitoring the situation and its impact on the Group's operations, cash flows and financial position. Management believes, based on their assessment, that the Group has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future as and when they become due.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The new Regulation for Companies issued through Royal Decree M/3 on 11 November 2015 (hereinafter referred as "the Law") came into force on 25/07/1437H (corresponding to 2 May 2016). The Company has amended its By-laws for any changes to align those with provisions of the Law.

Consequently, the Company presented its amended By-laws to stockholders in their Extraordinary General Assembly meeting for their ratification on 2 January 2021 and Extraordinary General Assembly approved it.

2.2 Basis of measurement

These consolidated financial statements have been prepared on historical cost basis, except for financial assets measured at fair value through profit or loss and employees' end-of-service benefits which is measured at fair value.

2.3 Functional and presentation currency

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

2.4 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 equity-accounted investee:**
  As referred to in note 3.8 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 equity-accounted investee, the Group applies its judgement in determining the recoverable amount. Based on the evaluation, the Group has concluded that there is no impairment to be recorded.

- **Valuation of the employees' end-of-service benefits liability**
  The costs of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions, which are reviewed annually. Key assumptions include discount rates, future salary increases, employee turnover and mortality rates. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Information about amounts reported in respect of defined benefit plans, assumptions applicable to the plans and their sensitivity to changes are presented in Note 15.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 *Changes in accounting policies*

Amendments and interpretations adopted in preparation of these consolidated financial statements

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2021. The management has assessed that the amendments did not have any significant impact on the Group's financial statements.

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases
- COVID-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16 Leases

New standards and amendments issued but not yet effective and not early adopted

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Group's accounting year beginning on or after 1 January 2022 are listed below. The Group has opted not to early adopt these pronouncements and do not expect these to have significant impact on the consolidated financial statements.

- Annual Improvements to IFRS Standards 2018–2020 – Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture, IFRS 16 Leases, Illustrative Example 13 – effective 1 Jan 2022
- Reference to the Conceptual Framework – Amendments to IFRS 3 – effective 1 Jan 2022
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 - effective 1 Jan 2022
- Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets effective 1 Jan 2022
- IFRS 17 Insurance Contracts*, including amendments Initial Application of IFRS 17 and IFRS 9 – Comparative Information – effective 1 Jan 2023
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Presentation of Financial Statements – effective 1 Jan 2023
- Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – effective 1 Jan 2023
- Disclosure Initiative: Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – effective 1 Jan 2023
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes – effective 1 Jan 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – To be determined

The management of the Group anticipates that the application of these new standards and amendments in the future will not have significant impact on the amounts reported.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Basis of consolidation

These consolidated financial statements comprise the financial statements of Tadawul 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.

In assessing control, the Group considers both substantive rights that it holds and substantive rights held by others. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intra-group balances and transactions, and any unrealised profit and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

Unrealised gains arising from transactions with equity-accounted investees 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.

3.3 Financial instruments

i. Recognition and initial measurement:

Account receivables are in 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:

Under IFRS 9, upon initial recognition, a financial asset is classified as measured at:

- 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, accrued operational revenue 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.

Investment in units of mutual funds is carried at FVTPL.

Financial assets – Business model assessment

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

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the Group's management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend profit, are 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. Other net gains and losses 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. Other net gains and losses 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (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, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

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. For trade receivables with a significant financing component, a simplified approach is available, whereby an assessment of increase in credit risk need not be performed at each reporting date. Instead, the Group can choose to provide for the expected losses based on lifetime expected losses. The Group has chosen to avail the option of lifetime expected credit losses ("ECL"). For trade receivables with no significant financing component, the Group is required to follow lifetime ECL.

The Group recognizes loss allowances for Expected Credit Losses (ECLs) on:
- financial assets measured at amortised cost;
- debt instruments measured at FVOCI; 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.

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. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cashflows due to the entity in accordance with the contract and the cashflows that the Group expects to receive.)

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (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 seized to exist as a legal entity; or
- the group negotiated a partial payment where the rest of the outstanding balance will be written-off

3.4 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.

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.

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.

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. Depreciation of an asset begins when it is available for use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property and equipment (continued)

The estimated useful lives for current and comparative periods of different items of property and equipment are as follows:

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

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

3.5 Intangible assets

These represent software held for use in the normal course of the business and are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged to profit or loss over an estimated useful life of the software using the straight-line method. The estimated useful life of software is 6 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.

3.6 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").

For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment of non-financial assets (continued)

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 respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. 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 (except against goodwill) 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.

3.7 Investments in equity-accounted investees

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

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

When the Group's share of losses exceeds its interest in an equity-accounted investee, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Deposits with the Saudi Central Bank ("SAMA")

Cash received from the clearing members to cover initial and variation margins and default fund contributions are deposited with the Saudi Central Bank ("SAMA"). Moreover, the Group has also made an initial deposit as required by the Capital Markey Authority ("CMA"). These deposits are carried at amortised cost and are not available for use by the Group in its day-to-day operations.

3.9 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.

3.10 Margin deposits from clearing participants

The Group receives margin deposits from its clearing members as collateral in connection with the outstanding derivative contracts between the Group and its members. The obligation to refund the margin deposits is recognized and presented as margin deposits from clearing participants under current liabilities. Liabilities held in this category are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

3.11 Members' contributions to clearing house funds

This represents a prefunded default arrangement that is composed of assets contributed by the Group's participants that may be used by the Group in certain circumstances to cover losses or liquidity pressures resulting from participant defaults. These balances are included under current liabilities. Liabilities held in this category are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

3.12 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.

3.13 Employees' end-of-service benefits liability

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Employees' end-of-service benefits liability (continued)

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.

3.14 Revenue recognition

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

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

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

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

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

A.1 Primary market initial listing and the ongoing listing services represent a performance obligation from initial listing and additional issuances at a point–in-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 unearned revenues (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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue recognition (continued)

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. At the same time the Group acts as an agent to collect the fees owed to CMA from trading participants and transfer them to the regulator on a periodical basis.

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 and billed monthly in arrears.

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 unearned revenue (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, quarterly or annual basis.

C.2 Other information services include licenses to the regulatory news service and reference data businesses. Revenue from licenses 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.

D. Other 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 income.
Dividend income recognized when the right to receive is established.

F. Special commission income.
Special commission income recognized in profit or loss on an effective yield basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Expenses

General and administrative expenses are those arising from the Group's efforts underlying the marketing, consultancy, administrative and maintenance functions. Allocations of common expenses between operating costs and general and administrative expenses, when required, are made on a consistent basis.

3.16 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.

3.17 Zakat

Based on Royal Decree 35657 issued on 29/6/1442H, 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 effective 1 January 2020. 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.

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

3.18 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.

3.19 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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Fair value measurement (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Fair value measurement (continued)

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.

3.20 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Right-of-use assets and lease liabilities (continued)

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

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

From 1 January 2021, where the basis for determining future lease payments changes as required by interest rate benchmark reform the Group re-measures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

As a lessor:
The Group does not have any contracts in capacity of lessor.

3.21 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

4. PROPERTY AND EQUIPMENT

	Land	Buildings	Furniture and fixtures	Computers	Office equipment	Vehicles	Total
Cost:							
Balance as at 1 January 2020	2,310,985	618,248	22,012,162	105,474,040	18,781,964	1,656,350	150,853,749
Additions	--	141,755	35,085	12,455,164	325,042	--	12,957,046
Disposals	--	--	--	(153,594)	--	--	(153,594)
Balance as at 31 December 2020	**2,310,985**	**760,003**	**22,047,247**	**117,775,610**	**19,107,006**	**1,656,350**	**163,657,201**
Balance as at 1 January 2021	2,310,985	760,003	22,047,247	117,775,610	19,107,006	1,656,350	163,657,201
Additions	--	3,181,555	394,802	7,605,054	487,115	580,000	12,248,523
Transfer from intangible assets	--	--	--	34,322,078	--	--	34,322,078
Disposals	--	--	--	(14,530)	--	--	(14,530)
Balance as at 31 December 2021	**2,310,985**	**3,941,558**	**22,442,049**	**159,688,209**	**19,594,121**	**2,236,350**	**210,213,272**
Accumulated depreciation:							
Balance as at 1 January 2020	--	89,302	16,409,766	102,235,984	16,892,547	1,532,746	137,160,345
Charge for the year	--	20,608	610,572	3,958,461	555,493	123,604	5,268,738
Disposals	--	--	--	(153,594)	--	--	(153,594)
Balance as at 31 December 2020	--	**109,910**	**17,020,338**	**106,040,851**	**17,448,040**	**1,656,350**	**142,275,489**
Balance as at 1 January 2021	--	109,910	17,020,338	106,040,851	17,448,040	1,656,350	142,275,489
Charge for the year	--	20,608	786,971	10,138,329	846,291	96,229	11,888,428
Disposals	--			(7,029)	--	--	(7,029)
Balance as at 31 December 2021	--	**130,518**	**17,807,309**	**116,172,151**	**18,294,331**	**1,752,579**	**154,156,888**
Net book value:							
As at 31 December 2021	**2,310,985**	**3,811,040**	**4,634,740**	**43,516,058**	**1,299,790**	**483,771**	**56,056,384**
As at 31 December 2020	2,310,985	650,093	5,026,909	11,734,759	1,658,966	--	21,381,712

4.1 Property and equipment include work in progress which is not depreciated until the asset is available for use.

Capital work-in-progress

	For the year ended 31 December	
	2021	2020
Cost:		
Balance at beginning of the year	**2,003,775**	1,571,995
Addition to capital work in progress	**3,438,247**	648,879
Transferred out from capital work in progress	**(1,670,986)**	(217,099)
Balance at end of the year	**3,771,036**	2,003,775

5. INTANGIBLE ASSETS

	For the year ended 31 December	
	2021	2020
Cost:		
Balance at beginning of the year	**429,409,654**	396,690,327
Additions	**31,216,388**	32,719,327
Transfer to property and equipment (5.2)	**(34,322,078)**	--
Balance at end of the year	**426,303,964**	429,409,654
Accumulated amortization:		
Balance at beginning of the year	**249,857,372**	220,174,152
Charge for the year	**31,719,315**	29,683,220
Balance at end of the year	**281,576,687**	249,857,372
Net book value as at 31 December	**144,727,277**	179,552,282

5.1 Intangible assets include work in progress which is not amortized until the asset is available for use.

Capital work-in-progress

	For the year ended 31 December	
	2021	2020
Cost:		
Balance at beginning of the year	**98,779,677**	103,678,305
Addition to capital work in progress	**13,868,188**	7,056,665
Transferred from capital work in progress	**(30,106,608)**	(11,955,293)
Balance at end of the year	**82,541,257**	98,779,677

5.2 Reclassification has been made between property and equipment and intangible assets amounting to SR 34.3 million for consistency with the current period presentation. This reclassification has no impact on the reported results of operations.

6. EQUITY-ACCOUNTED INVESTEE

This represents the Group's share of investment in Tadawul Real Estate Company ("the Associate"), a company incorporated in the Kingdom of Saudi Arabia, where the Company has influence through voting rights. As at 31 December 2021, the Group owns 33.12% (31 December 2020: 33.12%) share capital of the Associate. The main activity of the Associate is to develop a commercial office tower in King Abdullah Financial District, Riyadh, where the Group expects to be headquartered.

The Group has recognized its share of loss for the year ended 31 December 2021, based on the 2021 financial statements of the Associate. The financial restructuring of the Associate was completed during the year 2020. The restructuring involved conversion of investment of the Group in the Associate in the form of sukuk amounting to SR 130 million to equity investment. Furthermore, the Company made additional equity investment amounting to SR 210 million to the Associate. These transactions were approved by the Group's Board of Directors on 19 April 2020. This restructuring has not resulted to in the Group gaining control over the Associate.

6. EQUITY-ACCOUNTED INVESTEE (CONTINUED)

The movement of investment in the Associate is as follows:

	For the year ended 31 December	
	2021	2020
Balance at beginning of the year	**378,895,293**	40,996,978
Additional investment during the year	--	340,000,000
Share of loss for the year	**(3,279,208)**	(2,101,685)
Balance at end of the year	**375,616,085**	378,895,293

The following table summarizes the financial information of the Associate as included in the financial statements as of 31 December 2021 and 31 December 2020:

	31 December 2021	31 December 2020
Summarized statement of financial position		
Total current assets	**86,103,297**	298,827,419
Total non-current assets	**2,231,973,900**	1,925,466,589
Total current liabilities	**1,072,231,925**	969,825,327
Total non-current liabilities	**48,396,004**	47,354,400
Net assets (100%)	**1,197,449,269**	1,207,114,281

	31 December 2021	31 December 2020
Summarized statement of profit or loss and other comprehensive income		
Total revenue	--	--
Net loss	**(9,900,989)**	8,873,149
Total comprehensive loss for the year	**(9,900,989)**	8,873,149

7. INVESTMENTS

Investment securities portfolios are summarized as follows:

	Notes	**31 December 2021**	31 December 2020
Non-current			
Investments at amortized cost	*7.1*	**55,272,377**	101,267,886
		55,272,377	101,267,886
Current			
Investments at amortized cost	*7.1*	**101,292,699**	--
Investments at FVTPL	*7.2*	**2,530,440,109**	3,103,518,964
		2,631,732,808	3,103,518,964

7. INVESTMENTS (CONTINUED)

7.1 Investments at amortized cost

This represents investment in Sukuk issued by counterparties operating in the Kingdom of Saudi Arabia having sound credit ratings. The Sukuk carry an average commission rate of 2.4% - 2.5% per annum during 2021 (2020: 2.5%).

The details of these investments are as follow:

	31 December 2021	31 December 2020
Investment in sukuk – Albilad	**55,286,298**	--
Investment in sukuk – GACA	**101,325,640**	101,311,751
Impairment loss on investments are amortized cost (7.1.1)	**(46,862)**	(43,865)
	156,565,076	101,267,886

7.1 Investments at amortized cost (continued)

	31 December 2021	31 December 2020
Investment at amortized cost – non current	**55,272,377**	101,267,886
Investment at amortized cost – current	**101,292,699**	--
	156,565,076	101,267,886

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

	31 December 2021	31 December 2020
Balance at the beginning of the year	**43,865**	1,119,928
Charge / (credit) for the year	**2,997**	(1,076,063)
Balance at the end of the year	**46,862**	43,865

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

Description	**Maturity date**	**Face value**	**Classification**
General Authority of Civil Aviation (GACA)	18 January 2022	100,000,000	Current asset
Bank Albilad SAR Denominated Tier 2	15 April 2031	55,000,000	Non-current asset

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

This represents investment in units of mutual funds, which are governed by the regulation issued by CMA. These assets are held by the Group for trading purpose due to which it has been classified as current assets. The cost and fair value of investments mandatorily held at FVTPL are as follows:

	31 December 2021		31 December 2020	
	Cost	**Fair value**	Cost	Fair value
Money market funds	**2,464,606,786**	**2,499,724,667**	3,017,198,517	3,074,346,514
Real estate funds	**40,000,000**	**30,715,442**	40,000,000	29,172,450
Total	**2,504,606,786**	**2,530,440,109**	3,057,198,517	3,103,518,964

8. RIGHT OF USE ASSETS

	31 December 2021	31 December 2020
Balance at beginning of the year	**19,856,726**	11,271,347
Additions	**672,108**	21,846,997
Depreciation charge for the year	**(13,408,440)**	(13,261,618)
Balance at end of the year	**7,120,394**	19,856,726

9. ACCOUNTS RECEIVABLE

	Notes	**31 December 2021**	31 December 2020
Accounts receivable:			
- Related parties	*31.1*	**11,652,168**	7,217,825
- Others		**74,691,162**	76,760,587
Less: Allowance for credit losses	*9.1*	**(25,795,719)**	(26,613,594)
		60,547,611	57,364,818

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

	For the year ended 31 December 2021	For the year ended 31 December 2020
Balance at the beginning of the year	**26,613,594**	6,877,735
(Charge) / reversal for the year	**(817,875)**	19,735,859
Balance at the end of the year	**25,795,719**	26,613,594

10. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	Note	**31 December 2021**	31 December 2020
Advance against purchase of property	*10.1*	**77,500,000**	77,500,000
Prepaid insurance expenses		**7,920,038**	7,770,332
Accrued operational revenue		**9,064,755**	10,108,448
Advance to employees		**5,404,641**	2,875,632
Prepaid maintenance expenses		**2,744,593**	1,418,613
Other receivables		**5,425,592**	2,598,810
		108,059,619	102,271,835

10.1 This represents advance paid to purchase a property for establishing the data center in King Abdullah Financial District.

11. DEPOSITS WITH SAUDI CENTRAL BANK (SAMA)

This represents cash collateral received from clearing participants in the form of initial margin, variation margin and default fund. It also includes SR 10 million deposited by the Group as per CMA guidelines. Commission is earned on such deposits, part of the commission is booked by the Group and the clearing members' share of the commission is added to their collateral accounts. These are not available for use by the Group.

12. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash at banks – current accounts	**76,197,458**	96,798,376
	76,197,458	96,798,376

13. STATUTORY RESERVE

In accordance with the Company's by-law and Saudi Arabian Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to set aside 10% of its net profit each year as statutory reserve. The shareholder in the extraordinary general assembly held on 17th August 2021 has decided to discontinue setting aside such percentage when said reserve reaches 30% of paid-in capital. Since the Company has reached the required reserve level, therefore, no additional transfers are required to be made as at year end. The Company transferred the net surplus above the 30% requirement from the statutory reserve to the retained earnings at year-end. The statutory reserve in the consolidated financial statements is the statutory reserve of the Company. This reserve is currently not available for distribution to the shareholder of the Company.

14. GENERAL RESERVE

In accordance with the approval of the Chairman of CMA via letter number 524/2007, a balance of the retained earnings was transferred to a reserve for the purpose of financing the construction of Tadawul's headquarter in King Abdullah Financial District and any other future purposes to be decided by the Company's Board of Directors. During the year 2008, the Board of Directors of the Company had resolved, according to a decision number 6/8/2008, to transfer such balance of this reserve to a general reserve. On 17th August 2021, the shareholder in the extraordinary general assembly has decided that the reserve is no longer necessary and transferred it back to retained earnings.

15. EMPLOYEES' END-OF-SERVICE BENEFITS LIABILITY

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

	For the year ended 31 December	
	2021	2020
Balance at beginning of the year	**91,024,046**	77,294,401
Current service cost	**9,691,734**	9,028,207
Interest cost	**1,738,972**	2,272,055
Amount recognised in profit or loss	**11,430,706**	11,300,262
Re-measurement loss recognized in other comprehensive income	**9,885,004**	5,301,735
Benefits paid during the year	**(15,463,571)**	(2,872,352)
Balance at the end of the year	**96,876,185**	91,024,046

15.1 Net end-of-service benefits liability is as follows:

	31 December 2021	31 December 2020
Present value of benefits liability	**96,876,185**	91,024,046
Fair value of plan assets	--	--
Net defined benefits liability	**96,876,185**	91,024,046

15. EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

15.2 Re-measurement loss recognized in other comprehensive income for the year is as follows:

	For the year ended 31 December	
	2021	2020
Effect of changes in financial assumptions	**4,894,755**	5,930,906
Effect of changes in demographic assumptions	**(813,585)**	--
Effect of experience adjustments	**5,803,834**	(629,171)
Re-measurement loss recognized in other comprehensive income	**9,885,004**	5,301,735

15.3 Principal actuarial assumptions

	31 December 2021	31 December 2020
Key actuarial assumptions		
Discount rate used	**2.40%**	1.85%
Future growth in salary	**5.00%**	5.00%
Turnover	**19.64%**	19.43%
Mortality rate	**WHO SA19 - 75%**	WHO SA19 - 75%
Demographic assumptions		
Retirement age	**60 years**	64 years

Discount rate used

This rate is used to obtain the actuarial present value of the projected benefits. As per IAS 19 *Employee Benefits*, the rate to be used to discount post-employment benefit obligations (both funded and un-funded) shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the end of reporting period) on government bonds shall be used. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and expected term of the post-employment benefit obligation. Since there is no deep market for high quality corporate bonds in the Kingdom of Saudi Arabia, therefore, the market yield of government bond is considered.

Salary increases

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

Turnover

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

15. EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

15.4 Maturity profile of the defined benefit liability

	2021	2020
Weighted average duration (years)	**7.44**	7.82

Distribution of benefit payments:	**2021**	2020
Years	**Amount**	
1	**10,945,904**	10,186,507
2	**12,381,424**	12,717,122
3	**9,357,298**	8,549,431
4	**10,147,958**	8,229,939
5	**11,164,260**	8,793,346
6-10	**54,052,359**	51,312,962

15.5 *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 2021		31 December 2020	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.5% movement)	**93,384,567**	**100,605,874**	90,624,158	98,126,361
Future salary growth (0. 5% movement)	**100,532,484**	**93,415,352**	96,337,369	92,251,617

Keeping other assumptions constant, if turnover rate is increased or decreased by 10%, the liability will be 95,377,619 or 98,395,166 respectively. Similarly, keeping other assumptions constant, if mortality rate is increased or decreased by 10%, the liability will be 96,828,192 or 96,924,025 respectively.

15.6 Risks associated with defined benefits plan

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

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

16. LEASE LIABILITY

This represents amount of lease liability as per IFRS 16 for the rented offices of the Group. Following are the classification and maturity analysis of lease liabilities:

2021	**Opening balance**	**Interest**	**Addition**	**Payment**	**Present value of minimum lease payments**
Lease liability	**13,786,991**	**956,484**	--	**(13,760,562)**	**982,913**

2020	Opening balance	Interest	Addition	Payment	Present value of minimum lease payments
Lease liability	4,263,087	253,057	21,143,570	(12,576,150)	9,128,643

17. MARGIN DEPOSITS FROM CLEARING PARTICIPANTS

	Notes	**31 December 2021**	31 December 2020
Collateral from clearing members received for their			
- own account	*17.1*	**1,002,106**	1,001,361
- clients	*17.2*	**12,999,401**	16,539,779
- initial margin for position	*17.3*	**385,200**	1,489,200
		14,386,707	19,030,340

17.1 This represents cash collateral received from clearing members on their own account.
17.2 This represents cash collateral received from clearing members on account of their customers.
17.3 This represents cash collateral from clearing members with position.

18. MEMBERS' CONTRIBUTION TO CLEARING HOUSE FUNDS

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

19. ACCOUNTS PAYABLE

	31 December 2021	31 December 2020
Trade payables:		
Others	**6,701,240**	5,898,579
Related parties *(Note 31.4)*	**84,470**	78,468
	6,785,710	5,977,047

20. BALANCE DUE TO CAPITAL MARKET AUTHORITY

CMA is entitled to receive a financial return equal to 64% of total trading commission. The Group collects this return on behalf of CMA and deposit into CMA's account based on its instructions.

21. DEFERRED REVENUE

31 December 2021

Opening balance	**Invoiced during the year**	**Recognised as revenue during the year**	**Closing balance**
3,223,464	169,346,097	(169,354,659)	3,214,902

31 December 2020

Opening balance	Invoiced during the year	Recognised as revenue during the year	Closing balance
3,134,967	159,882,943	(159,794,446)	3,223,464

22. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2021	31 December 2020
Accrued employees expenses	**100,154,729**	94,647,318
Accrued social insurance – General Organization for Social Insurance	**1,979,001**	2,108,213
Value added tax (VAT), net	**6,637,535**	10,195,945
Board of Directors remuneration payable	**8,376,167**	5,470,358
Accrued supplier expenses	**114,942,930**	89,337,624
Others	**3,994,711**	4,194,449
	236,085,074	205,953,907

22. ZAKAT PAYABLE

Effective 1 January 2021, the Group is subject to Zakat in accordance with the Zakat regulation issued by ZATCA based on Royal Decree 35657 issued on 29/6/1442H. The Group is yet to file its consolidated Zakat return for the Company and its wholly-owned subsidiaries with ZATCA. Zakat charge for the year amounted to be SR 66.22 million.

	31 December 2021	31 December 2020
Share capital	**1,200,000,000**	1,200,000,000
Statutory reserve	**376,963,633**	326,911,746
General reserve	**1,114,180,214**	1,114,180,214
Retained Earnings	**943,478,532**	618,313,284
Liabilities and provisions	**105,554,009**	98,310,239
Non-current assets	**(1,781,020,140)**	(721,787,698)
Zakat base	**1,959,156,248**	2,635,927,785
Zakat %	**2.5777**	2.5847
	50,501,171	68,130,825
Adjusted profit	**646,513,937**	617,217,951
Zakat %	**2.5**	2.5
	16,162,848	15,430,449
Zakat charge for the year	**66,223,360**	83,561,274

23. ZAKAT PAYABLE (CONTINUED)

Movement of Zakat is as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	**83,561,274**	--
Provision for zakat for the period / year		
- Current period	**66,663,698**	83,561,274
- Prior period over charge	**(440,338)**	--
	66,223,360	83,561,274
Zakat paid during the period / year	**(83,120,936)**	--
Balance at the end of the year	**66,663,698**	83,561,274

23.1 The Group filed its Consolidated Zakat return for the year 2020 and settled its Zakat liability accordingly, however the Zakat assessment is pending finalization.

OPERATING REVENUE

	For the year ended 31 December	
	2021	2020
Revenue recognized at over-time		
Post trade services	**87,484,741**	86,019,366
Listing services	**71,513,151**	63,765,965
Technology and information services	**85,984,733**	64,088,607
Membership	**2,969,364**	2,839,879
Derivatives	**326,210**	99,555
	248,278,199	216,813,372
Services transferred at point-in-time		
Post trade services	**493,566,233**	423,770,783
Trading services	**406,818,320**	379,648,482
Technology and information services	**7,279,975**	48,407,147
Listing services	**8,966,800**	9,476,090
Derivatives	**915,613**	1,276,217
Membership	**255,000**	243,000
	917,801,941	862,821,719
Revenue from contracts with customers	**1,166,080,140**	1,079,635,090

24.1 In accordance with the Council of CMA resolution no. (17/270/6) dated 18 January 2017, operating revenues arrangement between the Group and CMA effective from 1 January 2017 is as follows:

- CMA is entitled to receive a financial return equal to 64% of total trading commission. The Group shall collect this return on behalf of CMA and deposit into CMA's account based on its instructions. However: the CMA share of revenue is not recognized under note 23 and
- The Group is entitled to keep 100% of operating revenue (except trading commission, which is subject to the above-mentioned financial return sharing arrangement).

24. OPERATING REVENUE (CONTINUED)

24.2 In the current year, the Group has updated the disaggregation of revenue as disclosed in the financial statements. In order to provide comparability to the amounts disclosed in the prior year annual financial statements, a reconciliation is provided below:

As disclosed in the FY 2020 financial statements	Amount	As disclosed in the comparative of FY 2021 financial statements	Amount
Trading commission	767,002,623	Trading services	379,230,324
		Listing services	8,319,537
		Membership	3,082,879
		Post trade services	376,369,883
Securities depository services	132,255,953	Post trade services	132,255,953
Market information services	112,495,753	Data and technology services	112,495,753
Listing services	65,340,676	Trading services	418,158
		Listing services	64,922,518
Clearing fees	943,253	Derivatives	943,253
Membership	416,967	Derivatives	416,967
		Post trade services	-
Other	1,179,865	Post trade services	1,164,313
		Derivatives	15,552
	1,079,635,090		**1,079,635,090**

25. OPERATING COSTS

Operating costs include direct expenses incurred by the Group to provide services to its customers and the Saudi financial market. A breakdown of operating costs is as follows:

	Notes	**For the year ended 31 December** **2021**	2020
Salaries and related benefits		**128,243,052**	134,131,451
CMA fees	*25.1*	**101,000,000**	91,000,000
Maintenance, network and access		**50,665,292**	54,307,911
Depreciation and amortization		**41,585,525**	31,808,960
Marketing and sponsorship		**13,508,593**	459,632
Others		**2,819,542**	2,743,968
Security expense		**1,703,468**	2,071,007
Hospitality and cleaning		**1,611,630**	1,740,702
Consultancy		**1,569,543**	3,469,564
Utilities		**906,022**	974,729
SAREE system usage fees		**725,000**	1,099,000
License fees		**529,418**	910,744
Communication		**493,250**	447,258
Business trip		**31,264**	68,192
		345,391,599	325,233,118

25.1 This represents fee payable to CMA in relation to services provided to the Group in accordance with the council of CMA resolution no. (17/268/6) dated 18 January 2017 and CMA Board decision no. (3-2-2020) dated 7 January 2020.

GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December **2021**	2020
Salaries and related benefits	**138,423,538**	126,096,173
Consultancy	**16,364,687**	11,073,105
Depreciation and amortization	**14,474,175**	16,151,559
Maintenance, network & access	**13,805,457**	15,497,931
Board of Directors' remuneration	**8,388,667**	6,254,359
License fees	**3,429,378**	2,166,835
Marketing and sponsorship	**3,042,602**	2,087,106
Training	**2,416,867**	2,562,074
Hospitality and cleaning	**2,038,518**	1,861,712
Security expense	**1,673,532**	1,863,725
Others	**1,508,363**	4,172,374
Stationery and office supplies	**1,242,283**	281,323
Insurance	**1,218,160**	1,036,418
Utilities	**890,270**	870,601
Communications	**716,253**	324,716
Business trip	**36,712**	283,371
	209,669,462	192,583,382

27. IMPAIRMENT REVERSAL / (LOSS) ON FINANCIAL ASSETS

	For the year ended 31 December	
	2021	2020
Impairment (loss) / reversal on investment at amortised cost	**(2,997)**	1,076,063
Impairment reversal / (loss) on accounts receivable	**817,875**	(19,735,859)
Impairment reversal / (loss) on financial assets	814,878	(18,659,796)

28. INVESTMENT INCOME

	For the year ended 31 December	
	2021	2020
- On financial assets at amortised cost:		
Special commission income	**3,519,005**	2,856,686
Commission from deposits with SAMA	**13,601**	4,103
- On financial assets at fair value through profit or loss:		
Dividend income	**6,103,257**	11,367,239
Realised gain on sale of investments, net	**8,826,153**	15,751,508
Unrealised gain on investments, net	**22,134,258**	8,817,609
	40,596,274	38,797,145

BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing profit attributable to the ordinary shareholders of the Company by the weighted average outstanding number of shares for the year ended 31 December 2021, totaling 120 million shares (31 December 2020: 120 million shares).

	31 December 2021	31 December 2020
Net profit for the year	**587,703,531**	500,518,870
Weighted average outstanding number of shares	**120,000,000**	120,000,000
Earnings per share	**4.90**	4.17

30. CONTINGENCIES AND COMMITMENTS

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

	31 December 2021	31 December 2020
Purchase of assets	**9,643,300**	21,651,765
Committed expenditure	**26,022,315**	24,838,057
Letter of guarantee	**1,147,940**	11,300,000
	36,813,555	57,789,822

30. CONTINGENCIES AND COMMITMENTS (CONTINUED)

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

31. TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of its activities, the Group transacts business with its related parties. Related parties include PIF ("the shareholder"), Tadawul Real Estate Company ("the Associate"), the Group's Board of Directors, and key executives. The related parties also include affiliated entities which are:
a) Owned by the shareholder;
b) Having common directors on the Company's BOD; and
c) Having common directors on the shareholder's BOD.

31.1 The Group has disclosed the transactions with related parties by each Group company. The revenue services provided by each Group company are explained below.

Transactions with Tadawul Holding Services represents the trading services, listing fees and technology and information services which were provided by the parent prior to the Group restructuring. However, from 1 June 2021 these services are being provided by Saudi Exchange Company and are reported under Saudi Exchange Services. Transaction with Securities Depository Services represents the post trade services, while with Securities Clearing Services represents the clearing services of derivatives.

The transactions with related parties during 2021 in relation to the Group's core activities carried out through the companies of the Group are as follows:

	Nature of transactions by Group companies				
Nature of relationship	**Tadawul Holding Services**	**Securities Depository Services**	**Securities Clearing Services**	**Saudi Exchange Services**	**Year ended 31 December 2021**
Affiliated entities:					
- owned by the shareholder	**209,462,863**	**47,112,988**	**690**	**341,708,497**	**598,285,037**
- with common directors on the Company's BOD	**124,780,302**	**-**	**-**	**51,555,897**	**176,336,199**
- with common directors on the shareholder's BOD	**69,311,383**	**3,459,240**	**38,100**	**--**	**72,808,723**
Total	**403,554,548**	**50,572,228**	**38,790**	**393,264,393**	**847,429,959**

The account receivables balance arising from the above transactions are as follows:

	For the year ended 31 December 2021				
Nature of relationship	**Opening balance**	**Invoiced**	**Collections**	**Ending balance**	**Loss allowance**
Affiliated entities:					
- owned by the shareholder	**2,823,849**	**598,285,037**	**(590,796,710)**	**10,312,176**	**1,440**
- with common directors on the Company's BOD	**-**	**176,336,199**	**(175,290,161)**	**1,046,038**	**4**
- with common directors on the shareholder's BOD	**4,393,976**	**72,808,723**	**(76,908,745)**	**293,954**	**156,240**
Total	**7,217,825**	**847,429,959**	**(842,995,616)**	**11,652,168**	**157,684**

31. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

31.2 The transactions with related parties during 2020 in relation to the Group's core activities carried out through the companies of the Group are as follows:

	Nature of transactions by Group companies			
Nature of relationship	Tadawul Holding Services	Securities Depository Services	Securities Clearing Services	Year ended 31 December 2020
Affiliated entities:				
- owned by the shareholder	75,733,048	23,163,779	190,111	99,086,938
- with common directors on the Company's BOD	3,356,070	--	--	3,356,070
- with common directors on the shareholder's BOD	561,295,279	--	--	561,295,279
Total	640,384,397	23,163,779	190,111	663,738,287

The receivables balance arising from the above transactions are as follows:

	For the year ended 31 December 2020				
Nature of relationship	Opening balance	Invoiced	Collections	Ending balance	Loss allowance
Affiliated entities:					
- owned by the shareholder	6,286,548	99,086,938	(102,549,637)	2,823,849	26,048
with common directors on the Company's BOD	1,185,250	3,356,070	(4,541,320)	--	--
with common directors on the shareholder's BOD	2,559,467	561,295,279	(559,460,770)	4,393,976	47
The Associate	105,000	--	(105,000)	--	--
Total	10,136,265	663,738,287	(666,656,727)	7,217,825	26,095

31.3 Other balances with related parties included in investments at "FVTPL" are as follows:

	For the year ended 31 December 2021			
Nature of relationship	**Opening balance**	**Purchases/ (Disposals)**	**Unrealized gain**	**Ending balance**
Affiliated entities with common directors on the Company's BOD	**1,142,833,446**	**(803,923,117)**	**6,456,887**	**345,367,216**

	For the year ended 31 December 2020			
Nature of relationship	Opening balance	Purchases/ (Disposals)	Unrealized gain	Ending balance
Affiliated entities with common directors on the Company's BOD	1,395,019,617	(269,427,458)	17,241,287	1,142,833,446

31. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

31.4 Other balances with related parties arising out of services received and included within accounts payables and accrued expenses are as follows:

	For the year ended 31 December 2021			
Nature of relationship	**Opening balance**	**Services received**	**Payments made**	**Ending balance**
Affiliated entities:				
- owned by the shareholder	**7,743,772**	**9,039,557**	**(6,402,069)**	**10,381,260**
- with common directors on the Company's BOD	**5,903,691**	**8,184,167**	**(5,711,691)**	**8,376,167**
Total	**13,647,463**	**17,223,724**	**(12,113,760)**	**18,757,427**

	For the year ended 31 December 2020			
Nature of relationship	Opening balance	Services received	Payments made	Ending balance
Affiliated entities:				
- owned by the shareholder	7,455,862	10,581,360	(10,293,450)	7,743,772
- with common directors on the Company's BOD	1,044,440	6,769,077	(1,909,826)	5,903,691
Total	8,500,302	17,350,437	(12,203,276)	13,647,463

31.5 Key management consists of the non-executive directors and the executive management. The compensation of key management personnel is as follows:

	For the year ended 31 December	
	2021	2020
Salaries and other short-term benefits	**20,029,241**	30,019,592
Post-employment benefits	**3,547,953**	2,180,760
Board of Directors' remuneration	**8,388,667**	6,254,359
	31,965,861	38,454,711

32. SEGMENT INFORMATION

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

Capital Markets

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

Post Trade

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

32. SEGMENT INFORMATION (CONTINUED)

Data & Technology Services

The activities of this segment is to grow business of 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 and development in the field of engineering and technology, innovative capital market solutions for stakeholders. This business unit covers revenue from the Data and technology services.

Corporate

Corporate manages future corporate development and controls all treasury related functions. All investments are incubated within this category, which also comprise managing strategy for business development, legal, finance, operations, human resources and customers' relation management.

32.1 *Information about reportable segments:*

2021	**Capital Markets**	**Data & Technology Services**	**Post-Trade**	**Total**
Segment revenue	**489,841,483**	**93,264,708**	**582,973,948**	**1,166,080,140**
Segment profit before zakat	**319,752,926**	**59,762,419**	**258,229,121**	**637,744,466**
Depreciation and amortisation	**24,267,966**	**3,583,589**	**26,425,184**	**54,276,739**
Segment profit after zakat	**319,752,926**	**59,762,419**	**258,229,121**	**637,744,466**

2020	Capital Markets	Data & Technology Services	Post-Trade	Total
Segment revenue	455,369,150	112,495,753	511,770,187	1,079,635,090
Segment profit before zakat	286,095,270	85,901,318	210,386,945	582,383,533
Depreciation and amortisation	18,564,325	2,899,030	25,084,276	46,547,630
Segment profit after zakat	286,095,270	85,901,318	210,386,945	582,383,533

32.2 *Reconciliation of information on reportable segments to the amounts reported in the financial statements:*

i. Net profit for the year

2021	**Capital Market**	**Data & Technology Services**	**Post-Trade**	**Total**
Total profit before zakat for reportable segments	**319,752,926**	**59,762,419**	**258,229,121**	**637,744,466**
Profit before zakat for other segments	**-**	**-**	**-**	**-**
Unallocated amounts:				
- Other corporate income	**-**	**-**	**-**	**43,049,418**
- Other corporate expenses	**-**	**-**	**-**	**(26,866,993)**
Consolidated profit before zakat	**319,752,926**	**59,762,419**	**258,229,121**	**653,926,891**
Zakat expense	**-**	**-**	**-**	**(66,223,360)**
Consolidated profit after zakat	**319,752,926**	**59,762,419**	**258,229,121**	**587,703,531**

32. SEGMENT INFORMATION (CONTINUED)

2020	Capital Market	Data & Technology Services	Post-Trade	Total
Total profit before zakat for reportable segments	286,095,270	85,901,318	210,386,945	582,383,533
Profit before Zakat for other segments	-	-	-	-
Unallocated amounts:				
- Other corporate income	-	-	8,585,615	41,174,406
- Other corporate expenses	-	-	10,222,787	(39,477,796)
Consolidated profit before zakat	286,095,270	85,901,318	208,749,773	584,080,143
Zakat expense	-	-	-	(83,561,274)
Consolidated profit after zakat	286,095,270	85,901,318	208,749,773	500,518,870

i. Operating revenue

2021	**Capital Market**	**Data & Technology Services**	**Post-Trade**	**Total**
Revenue recognised at a point-in-time				
Trading Services	406,818,320	-	-	406,818,320
Technology Services	-	7,279,975	-	7,279,975
Post Trade Services	-	-	493,795,975	493,566,233
Listing Services	8,966,800	-	-	8,966,800
Derivatives	805,870	-	-	915,613
Membership	135,000	-	-	255,000
Revenue recognised over-time				
Technology Services	-	85,984,733	-	85,984,733
Trading Services	-	-	-	-
Listing Services	71,513,151	-	-	71,513,151
Post Trade	-	-	87,177,973	87,484,741
Derivatives	133,141	-	-	326,210
Membership	1,469,200	-	-	2,969,364
Consolidated revenue	**489,841,483**	**93,264,708**	**582,973,948**	**1,166,080,140**

32. SEGMENT INFORMATION (CONTINUED)

2020	Capital Market	Data & Technology Services	Post-Trade	Total
Revenue recognised at a point-in-time				
Trading Services	379,648,481	-	-	379,648,481
Technology Services	-	48,407,147	-	48,407,147
Post Trade	-	-	424,275,635	423,770,783
Listing Services	9,476,090	-	-	9,476,090
Derivatives	891,365	-	-	1,276,217
Membership	123,000	-	-	243,000
Revenue recognised over-time				-
Technology Services	-	64,088,607	-	64,088,607
Trading Services	-	-	-	-
Listing Services	63,765,965	-	-	63,765,965
Post Trade	-	-	87,494,552	86,019,366
Derivatives	42,588	-	-	99,555
Membership	1,421,660	-	-	2,839,879
Consolidated revenue	**455,369,150**	**112,495,753**	**511,770,187**	**1,079,635,090**

32.3 In the current year, the Group has updated its operating segments as reviewed by the Chief Operating Decision Makers of the Group. In order to provide comparability to the amounts disclosed in the prior year annual financial statements, a reconciliation is provided below:

i. Net profit for the year

Segments as disclosed in the FY 2020 financial statements	Amount	Segments as disclosed in the comparative of FY 2021 financial statements	Amount
Markets	308,924,147	Capital Markets	286,095,270
Derivatives	(22,828,877)		
Edaa	279,659,576	Post trade	208,749,773
Muqassa	(70,909,803)		
Market information	85,901,318	Data and technology services	85,901,318
	580,746,361		**580,746,361**

32. SEGMENT INFORMATION (CONTINUED)

ii. Operating revenue

Segments as disclosed in the FY 2020 financial statements	Amount	Segments as disclosed in the comparative of FY 2021 financial statements	Amount
Markets	454,435,197	Capital Markets	455,369,150
Derivatives	933,953		
Edaa	511,328,368	Post trade	511,770,187
Muqassa	441,819		
Market information	112,495,753	Data and technology services	112,495,753
	1,079,635,090		**1,079,635,090**

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

Risk Management framework

The Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. Furthermore, the Board reviews reports from relevant committees in relation to the above on a regular basis.

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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 apex 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 towards achieving the strategic goals within the Group's pre-defined risk appetite.

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

33.1 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 special commission rate risk.

Price risk
Price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. The Group's price risk exposure relates to its quoted investments in mutual funds whose values will fluctuate as a result of changes in market prices.

A 1% change in the redemption prices and quoted prices of the investments, with all other variables held constant, would impact the statement of profit or loss as set out below:

	For the year ended 31 December	
	2021	2020
Effect on profit for the period	(+/-) **25,294,964**	(+/-) 31,035,190

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 did not undertake significant transactions in currencies other than Saudi Arabian Riyals.

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Commission rate risk
Commission risk is represented by 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 commission rates risk is not significant as financial instruments held by the Group are not exposed to variable commission rate risk.

33.2 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 receivables from customers 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 2021	31 December 2020
Investments at amortized cost	**156,565,076**	101,311,751
Advance for purchase of property	**77,500,000**	77,500,000
Cash and cash equivalents	**76,197,458**	96,798,376
Accounts receivable	**60,547,611**	83,978,412
Deposits with SAMA	**28,013,567**	32,177,558
Accrued operational revenue	**9,064,755**	10,108,448
Other receivables	**5,425,592**	2,598,810
Advance to employees	**5,404,641**	2,875,632
	418,718,700	407,348,987

Cash and cash equivalents
The Group kept its surplus funds with banks having sound credit ratings. Currently the surplus funds are kept with banks having rating as follows:

Fitch		**Moody's**	
Long term	**Short term**	**Long term**	**Short term**
BBB+	F2	A1	P-1

Investments at amortized cost
This represents investment in Sukuk issued by counter parties operating in Kingdom of Saudi Arabia having sound credit ratings.

Deposits with SAMA
This represents deposits with Saudi Central Bank, the central bank of the Kingdom of Saudi Arabia, therefore, no significant credit risk is involved.

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Account receivables

Account receivables are shown net of allowance for credit losses. The Group applies 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 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 the customers. These are short-term in nature and no significant credit risk exist in the balance.

Advance to employee

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

Advance for purchase of property

The Group is in the process of acquiring the second floor of the data center in the King Abdullah Financial District in Riyadh (the "Data Centre") for the purposes of its operations the payment is made to SAMA which is the central bank of Kingdom of Saudi Arabia. Hence no significant credit risk exists in the balance.

Other receivables

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

33.3 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 2021.

	Weighted average loss rate %	Gross carrying amount	Loss allowance	Credit impaired
0-30 days (not past due)	0.01	34,934,306	4,343	No
30-60 days	1.07	1,238,314	13,222	No
61-90 days	1.87	500,119	9,361	No
91-120 days	3.73	446,877	16,662	No
121-180 days	15.08	857,750	129,380	Yes
181-360 days	51.07	40,145,024	20,500,343	Yes
More than 360 days past due	62.31	8,220,940	5,122,408	Yes
		86,343,330	25,795,719	

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 31 December 2020:

	Weighted average loss rate %	Gross carrying amount	Loss allowance	Credit impaired
0-30 days (not past due)	27.03	72,287,674	19,539,792	No
30-60 days	1.34	519,181	6,963	No
61-90 days	2.88	159,588	4,602	No
91-120 days	4.44	74,013	3,283	No
121-180 days	18.05	308,439	55,679	Yes
181-360 days	45.13	2,012,859	908,403	Yes
More than 360 days past due	70.72	8,616,658	6,094,872	Yes
		83,978,412	26,613,594	

33.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as 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.

Compliance with the Group's standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

33.5 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.

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

		31 December 2021			31 December 2020		
	Carrying amount	**Less than 12 months**	**More than 12 months**	**Total**	Less than 12 months	More than 12 months	Total
Financial assets at fair value:							
Investments	**2,687,005,185**	**2,631,732,808**	**55,272,377**	**2,687,005,185**	3,104,830,715	100,000,000	3,204,830,715
Financial assets at amortised cost:							
Cash and cash equivalents	**76,197,458**	**76,197,458**	-	**76,197,458**	96,798,376	-	96,798,376
Deposits with SAMA	**28,013,567**	**28,013,567**	-	**28,013,567**	32,177,558	-	32,177,558
Account receivables	**60,547,611**	**60,547,611**	-	**60,547,611**	57,364,818	-	57,364,818
Accrued operational revenue	**9,064,755**	**9,064,755**	-	**9,064,755**	10,108,448	-	10,108,448
Advance to employees	**5,404,641**	**5,404,641**	-	**5,404,641**	2,875,632	-	2,875,632
Advance for purchase of property	**77,500,000**	**77,500,000**	-	**77,500,000**	77,500,000	-	77,500,000
Other receivables	**5,425,592**	**5,425,592**	-	**5,425,592**	2,598,810	-	2,598,810
Total financial assets	**2,871,658,809**	**2,893,886,432**	**55,272,377**	**2,871,658,809**	3,306,754,357	100,000,000	3,406,754,357
Financial liabilities at amortised cost							
Margin deposits from clearing participants	**14,386,707**	**14,386,707**	-	**14,386,707**	19,030,340	-	19,030,340
Members' contribution to clearing house funds	**3,626,642**	**3,626,642**	-	**3,626,642**	3,147,217	-	3,147,217
Lease liability	**982,913**	**982,913**	-	**982,913**	9,128,643	4,658,348	13,786,991
Accounts payable	**121,728,641**	**121,728,641**	-	**121,728,641**	95,314,671	-	95,314,671
Balance due to Capital Market Authority	**22,280,843**	**22,280,843**	-	**22,280,843**	32,758,785	-	32,758,785
Accrued expenses and other current liabilities	**121,142,143**	**121,142,143**	-	**121,142,143**	104,312,125	-	104,312,125
Total financial liabilities	**381,024,074**	**284,147,889**	**96,876,185**	**381,024,074**	263,691,781	95,682,394	359,374,175
Net financial assets	**2,568,134,735**	**2,609,738,543**	**(41,603,808)**	**2,568,134,735**	3,120,562,576	4,317,606	3,124,880,182

34. 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.

		31 December 2021 fair value			
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Investments					
- at amortised cost					
Sukuks	**156,565,076**	--	**156,565,076**	--	**156,565,076**
- at FVTPL					
Money market funds	**2,499,724,667**	--	**2,499,724,667**	-	**2,499,724,667**
Real estate funds	**30,715,442**	--	**30,715,442**		**30,715,442**

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

		31 December 2020			
	Carrying Value	fair value Level 1	Level 2	Level 3	Total fair value
Investments					
- at amortised cost					
Sukuks	101,267,886	--	101,267,886	--	101,267,886
- at FVTPL					
Money market funds	3,074,346,514	--	3,074,346,514	--	3,074,346,514
Real estate funds	29,172,450	--	29,172,450	--	29,172,450

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 2021 (31 December 2020: Nil).

35. SUBSEQUENT EVENTS

There is no event subsequent to the year-end which requires adjustment to or disclosure in these consolidated financial statements.

36. DIVIDEND

The Board of Directors of the Company in their meeting dated 18 May 2021 recommended the declaration of dividends amounting to SR 120 million to the PIF. In their fourteenth Ordinary General Assembly held on 02 June 2021, PIF approved the dividends declaration and payment was made.

On 24 June 2021, The Board of Directors of the Company recommended declaration of an additional dividends amounting to SR 1000 million to the PIF. In their Fifteenth Extra Ordinary General Assembly held on 28 June 2021, PIF approved the dividends declaration and payment was made.

37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on 2 Shaban 1443H corresponding to 5 March 2022.