JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
For the year ended 31 December 2022
together with the
Independent auditor's report

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
For the year ended 31 December 2022

Content	**Pages**

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Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report

To the shareholders of JOA Capital Company

Opinion

We have audited the financial statements of **JOA Capital Company** ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing ("ISA") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

To the shareholders of JOA Capital Company (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG Professional Services

Hani Hamzah A. Bedairi
License no. 460

Riyadh: 7 Ramadan 1444H
Corresponding to: 29 March 2023

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2022
(Amounts in SAR)

	Note	**31 December 2022**	31 December 2021
ASSETS			
Cash and cash equivalents	*4*	**649,583**	6,692,640
Due from related parties	*5*	**1,712,082**	-
Investment held at fair value through profit or loss (“FVTPL”)	*6*	**1,773,219**	-
Advances, prepayments, and other assets	*7*	**589,971**	2,603,195
Property and equipment		**6,658**	-
Total assets		**4,731,513**	9,295,835
LIABILITIES AND SHAREHOLDERS’ EQUITY			
Liabilities			
Borrowing	*8*	**-**	7,500,000
Due to related parties	*5*	**1,355,884**	1,118,613
Accrued expenses and other liabilities	*9*	**252,828**	86,662
Total liabilities		**1,608,712**	8,705,275
Shareholders’ equity			
Share capital	*10*	**4,000,000**	1,000,000
Accumulated losses		**(877,199)**	(409,440)
Total shareholders’ equity		**3,122,801**	590,560
Total liabilities and shareholders’ equity		**4,731,513**	9,295,835

The accompanying notes from 1 to 18 form an integral part of these financial statements.

Yousef H AlYousefi (Mar 29, 2023 14:00 GMT+3)

Chief Executive Officer

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022
(Amounts in SAR)

	Note	**For the year ended 31 December 2022**	For the period from 17 November 2020 to 31 December 2021
Revenue	*11*	**1,618,767**	-
General and administrative expenses	*12*	**(2,061,230)**	(384,961)
Loss for the year / period before zakat		**(442,463)**	(384,961)
Zakat for the year / period	*13*	**(25,296)**	(24,479)
Net loss for the year / period after zakat		**(467,759)**	(409,440)
Other comprehensive income		-	-
Total comprehensive loss for the year / period		**(467,759)**	(409,440)

The accompanying notes from 1 to 18 form an integral part of these financial statements.

Yousef H AlYousefi (Mar 29, 2023 14:00 GMT+3)

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2022
(Amounts in SAR)

	Share capital	Accumulated losses	Total
Balance upon incorporation as at 17 November 2020	500,000	--	500,000
Additional share capital issuance during the period	500,000	--	500,000
Total comprehensive loss for the period	--	(409,440)	(409,440)
Balance as at 31 December 2021	**1,000,000**	**(409,440)**	**590,560**
Additional share capital issuance during the year	**3,000,000**	**--**	**3,000,000**
Total comprehensive loss for the year	**--**	**(467,759)**	**(467,759)**
Balance as at 31 December 2022	**4,000,000**	**(877,199)**	**3,122,801**

The accompanying notes from 1 to 18 form an integral part of these financial statements.

Yousef H AlYousefi (Mar 29, 2023 14:00 GMT+3)

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2022
(Amounts in SAR)

	Note	For the year ended 31 December 2022	For the period from 17 November 2020 to 31 December 2021
Cash flows from operating activities			
Loss for the period before zakat		**(442,463)**	(384,961)
Adjustments for:			
Depreciation		**1,602**	-
Changes in operating assets and liabilities:			
Advances, prepayments, and other assets		**2,013,224**	(2,603,195)
Due from related parties		**(1,712,082)**	-
Due to related parties		**237,271**	1,118,613
Accrued expenses and other liabilities		**165,349**	62,183
Cash generated from / (used in) operating activities		**262,901**	(1,807,360)
Zakat paid		**(24,479)**	-
Net cash generated from / (used in) operating activities		**238,422**	(1,807,360)
Cash flows from investing activities			
Acquisition of investment held at FVTPL		**(1,773,219)**	-
Acquisition of property and equipment		**(8,260)**	-
Net cash used in investing activities		**(1,781,479)**	-
Cash flows from financing activities			
Proceeds from increase in share capital		**3,000,000**	1,000,000
(Repayments of) / proceeds from borrowing		**(7,500,000)**	7,500,000
Net cash (used in) / generated from financing activities		**(4,500,000)**	8,500,000
(Decrease) / increase in cash and cash equivalents		**(6,043,057)**	6,692,640
Cash and cash equivalents at the beginning of the period		**6,692,640**	-
Cash and cash equivalents at the end of the year	*4*	**649,583**	6,692,640

The accompanying notes from 1 to 18 form an integral part of these financial statements.

Yousef H AlYousefi (Mar 29, 2023 14:00 GMT+3)

1 GENERAL INFORMATION

JOA Capital Company ("the Company") is a Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010668660 dated 02/04/1442H (corresponding to 17/11/2020G). The registered address of the Company's head office is as follows:

6643 Al Ihsa Street
Eastern Ring Road
Riyadh 12815
Kingdom of Saudi Arabia

The Company was formed in accordance with Capital Market Authority ("CMA") letter No. 2-21219 dated 09/08/1442H (corresponding to 22 March 2021). The principal activities of the Company are dealing as a principal and agent, managing, arranging, and advising on financial securities.

2 BASIS OF PREPARATION

a) Statement of compliance

The accompanying financial statements for the year ended 31 December 2022 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 issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

b) Basis of measurement

These financial statements have been prepared on a going concern basis under the historical cost convention. These financial statements are presented in Saudi Arabian Riyals ("SAR"), which is both the presentation and functional currency of the Company. The Company does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in the order of their liquidity.

2 BASIS OF PREPARATION (CONTINUED)

c) Critical accounting estimates and judgements

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. It also requires the Management to exercise its judgement in the process of applying the accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. There were no significant judgments or estimates applied during the preparation of these financial statements.

d) Changes in accounting policies

New standards, amendments and interpretations adopted in preparation of these financial statements

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2022. The management has assessed that the amendments have no significant impact on the Company's financial statements.

- Interest rate benchmark reform - phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16); and
- COVID 19 - related rent concessions (amendments to IFRS 16).

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

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

- IFRS 17 - Insurance contracts, applicable for the period beginning on or after January 1, 2023;
- Amendments to IAS 1, Presentation of financial statements', on classification of liabilities;
- Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors, definition of accounting estimates;
- Amendments to IAS 1, Presentation of financial statements and IFRS practice statement 2 making materiality judgements, disclosure initiative: accounting policies;
- Amendment to IAS 12, Deferred tax related to assets and liabilities arising from a single transaction; and
- Amendments to IFRS 10, Consolidated financial statements and IAS 28 investments in associates and joint ventures, sale or contribution of assets between an investor and its associate or joint venture.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets at initial recognition, are measured at their fair values. Subsequent measurement of a financial asset is dependent on its classification and is either at amortized cost or fair value through other comprehensive income (OCI) or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to expected credit losses. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes accounts receivables, receivables against margin lending and short term deposits.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (continued)

Financial assets (continued)

Subsequent measurement

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:
- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (continued)

ECL of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or as payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payables, accrued expenses and other current liabilities.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

1 Financial liabilities at fair value through profit or loss; and
2 Financial liabilities at amortised cost (loans and borrowings).

Out of the above, only the second category is applicable to the Company which is described hereunder:

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (continued)

Financial liabilities at amortised cost

All financial liabilities are initially recognized at fair value less transaction costs except for financial liabilities measured at FVIS where transactions cost, if any, are not deducted from the fair value measurement at initial recognition and are included in the statement of income.

Subsequently, all special commission bearing financial liabilities other than those held at FVIS are measured at amortized cost.

Derecognition

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

3.2 Impairment of non-financial assets

Significant non-financial assets owned by the Company are mainly property and equipment.

At each reporting date, the Company assesses, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal, and its value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

3.3 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and reported net in the statement of financial position when there is a legally enforceable right to set off the recognised amounts, and when the Company intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Expenses

Expenses are measured and recognised as a period cost at the time at which they are incurred. Expenses related to more than one financial period are allocated over such periods proportionately.

3.5 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash balances at banks.

3.6 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 of an asset or a liability is measured using the assumption that market participants would use when pricing the asset or liability assuming that the market participant acts in their best economic interest.

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

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

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

- Level 1 - Quoted (unadjusted) market price in an active market for identical assets or liabilities;
- Level 2 - Valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categories at the end of each reporting period.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Revenue recognition

IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers. The Company recognizes revenue when the amount can be reliably measured, and it is probable that future economic benefits will flow to the Company. The Company applies the following five-step approach of revenue recognition:

• Step 1: Identify the contract with the customer
• Step 2: Identify the separate performance obligations under the contract
• Step 3: Determine the transaction price
• Step 4: Allocate the transaction price to separate performance obligations
• Step 5: Recognise revenue when (or as) each performance obligation is satisfied.

Based on the above five steps the revenue recognition policy for asset management fees is based on a fixed percentage of net assets under management (“asset-based”), subject to applicable terms and conditions and service contracts with a venture capital fund. The Company attributes the revenue from management fees to the services provided during the period, because the fee relates specifically to the Company’s efforts to transfer the services for that period.

3.8 Property and equipment

Property and equipment are stated at cost and presented net of accumulated depreciation and any impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognised in the statement of comprehensive income when incurred.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the individual items of office equipment which are based on 4 to 5 years.

An item of property and equipment, and any significant part initially recognised, is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use of disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income when the asset is derecognised. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial period-end and adjusted prospectively, if appropriate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Taxes

Zakat

The Company is subject to zakat in accordance with the Regulations for Zakat, Tax and Customs Authority ("ZATCA") as applicable in the Kingdom of Saudi Arabia. The Zakat charge is computed on the Zakat base and is charged to the statement of comprehensive income.

Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

Zakat is computed on the Saudi shareholders' share of equity or net income using the basis defined under the zakat regulations.

Value added tax ("VAT")

Assets and expenses are recognised net of amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable. The net amount of VAT recoverable from, or payable to ZATCA is included as part of other assets or other liabilities.

3.10 Provisions

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

4 CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash at Bank – current accounts	**649,583**	6,692,640

Cash at Bank is held in current accounts with a local bank having sound credit rating.

5 RELATED PARTY BALANCES AND TRANSACTIONS

In the ordinary course of business, the Company transacts with its related parties. The principal related parties of the Company are its Shareholders, the Board of Directors and the companies owned by members of the Board of Directors and key management personnel. The details of transactions during the year ended 31 December 2022 and balances as at 31 December 2022 resulting from such transactions are as follows:

Related party	Nature of balance	31 December 2022	31 December 2021
S3 Ventures Fund	Management fees	**1,712,082**	-
	Due to related party - Capital call	**963,219**	-
Jeal AlMustaqbal Investment Co. (Affiliate)	Due to related party - Payment on behalf of Company	**392,665**	118,613
Yousef AlYousefi (Shareholder)	Due to related party – Payment on behalf of Company	-	1,000,000
		1,355,884	1,118,613

Significant transactions made during the year ended 31 December are as follows:

Related party	Nature of transaction	31 December 2022	31 December 2021
Jeal AlMustaqbal Investment Co. (Affiliate)	Recharge of shared service expenses	**1,305,124**	118,613
	Management fee *(refer note 11)*	**1,488,767**	-
S3 Ventures Fund	Acquisition of units by Company	**1,773,219**	-
	Establishing expenses	**1,082,610**	-

6 INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

During the year ended 31 December 2022, the Company, as one of the founding investors, subscribed for units worth SR 1,773,219 in S3 Ventures Fund ("the Fund"). The Fund has been formed with the objective to invest in start-ups and earn capital appreciation for its unitholders. At 31 December 2022, the investment is classified under level 3 of the fair value hierarchy, and the management believes that the carrying value of the investment approximates its fair value at the reporting date.

7 ADVANCES, PREPAYMENTS AND OTHER ASSETS

	31 December 2022	31 December 2021
Advance on behalf of S3 Ventures Fund ("the Fund")	-	2,493,978
Prepayments	**397,826**	79,608
Others	**192,145**	29,609
	589,971	2,603,195

8 BORROWING

On 12 April 2021, the Company obtained a profit-free borrowing of SR 7.5 million from M/S Mohammed Abdulaziz Al Habib & Sons Holding Company ("the Investor"). The borrowing was arranged to provide the investor with an early opportunity to invest in S3 Ventures Fund ("the Fund"), a venture capital fund to be managed by the Company. The borrowing has been repaid during the year through a transfer of SR 2 million to the Fund and a cash transfer of SR 5.5 million to the Investor.

9 ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2022	31 December 2021
Accrued Expense	**227,532**	62,183
Zakat provision	**25,296**	24,479
	252,828	86,662

10 SHARE CAPITAL

On 31 December 2022, the Company's share capital comprised of 400,000 shares of SAR 10 each (31 December 2021: 100,000 shares of SAR 10 each). All issued shares are fully paid.

During the year ended 31 December 2022, the Company's shareholders approved the increase in the Company's share capital through with a total value of SR 3 million. Pursuant to the increase, the Company increased its share capital from SR 1 million to SR 4 million.

31 December 2022	**Percentage**	**Number of shares**	**Shareholding (SR)**
Yousef Hamad Al Yousefi	**85%**	**340,000**	**3,400,000**
Ahmad Saad Damyati	**15%**	**60,000**	**600,000**
	100%	**400,000**	**4,000,000**

31 December 2021	Percentage	Number of shares	Shareholding (SR)
Yousef Hamad Al Yousefi	85%	85,000	850,000
Ahmad Saad Damyati	15%	15,000	150,000
	100%	100,000	1,000,000

11 REVENUE

	31 December 2022	31 December 2021
Management fee	**1,488,767**	-
Subscription fee	**130,000**	-
	1,618,767	-

12 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2022	31 December 2021
Shared service costs	**1,381,345**	-
Legal and professional fees	**524,315**	365,121
Insurance	**71,110**	-
Government fees	**43,131**	-
Training	**22,623**	-
Miscellaneous	**18,706**	19,890
	2,061,230	384,961

13 ZAKAT

The provision for zakat is calculated at the rate of 2.5% applied zakat base. Significant components of the Zakat base as at 31 December 2022 are as follows:

	31 December 2022	31 December 2022
Net loss for the period	**(442,463)**	(384,961)
Adjustments to net loss	**6,453**	949
Net loss for the period (a)	**(436,010)**	(384,012)
Shareholders' equity	**1,000,000**	500,000
Additional shareholders' equity	**821,918**	295,844
Accumulated losses	**(409,440)**	-
Fixed Assets	**(8,260)**	-
Due to related parties	**-**	384,012
Sub-total	**1,404,218**	1,179,856
Sub-total adjusted to number of days outstanding in the period (b)	**968,208**	595,148
Zakat base (b-a)	**1,011,842**	979,160
Zakat expense at 2.5%	**25,296**	24,479
Provision for zakat	**25,296**	24,479

14 FINANCIAL INSTRUMENTS - FAIR VALUES

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, as detailed in Note 3.6 above.

The following table presents the Company's financial assets and financial liabilities measured and recognized at fair value including their levels in the fair value hierarchy at 31 December 2022 on a recurring basis. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

14 FINANCIAL INSTRUMENTS - FAIR VALUES (CONTINUED)

31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVTPL	-	-	1,773,219	1,773,219
	-	-	1,773,219	1,773,219

Investments at FVTPL includes investment in a private equity fund, the fair value of which is determined based on the Fund's latest reported net assets value as at the reporting date.
As at 31 December 2022, the Company's management assessed that the fair values of cash and cash equivalents, other receivables and due to related parties approximate their carrying amounts largely due to the short-term maturities of these instruments.

There have been no transfers between Level 1, Level 2 and Level 3 during the reporting periods.

15 FINANCIAL RISK MANAGEMENT

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. These risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to credit risk, market risk and liquidity risk arising from its financial instruments.

15.1 Credit risk

Credit risk is the risk that one party to a financial instrument may fail to discharge its contractual obligation and cause the other party to incur a financial loss.

The maximum limit for exposure to credit risk at the reporting date is limited to cash and cash equivalents of SR 649,583 (2021: SR 6,692,640), and accrued management fees of SR 1,488,767.

15.2 Market risk

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is not subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Arabian Riyals and US Dollars during the year. As Saudi Arabian Riyal is pegged to US Dollar, therefore the Company is not exposed to currency risk.

Price risk
Price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices (other than as a result of foreign currency and commission rate movements), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

15 FINANCIAL RISK MANAGEMENT (CONTINUED)

15.2 Market risk (continued)

The Company is exposed to price risk with respect to its investments in Venture Capital fund units classified as FVTPL.

At 31 December 2022, a 10% change in the net asset value of the Venture Capital fund units, with all other variables held constant, the income and equity for the year would be higher / lower by SAR 0.2 million.

15.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. To guard against this risk, management performs regular reviews of available funds and present and future commitments. All financial assets and liabilities of the Company at the statement of financial position are having contractual maturity of within 1 year.

31 December 2022 (SR)	**Total**	**0 - 1 year**	**1 - 5 years**	**No fixed maturity**
Financial liabilities				
Accrued expenses and other liabilities	**252,828**	**252,828**	--	--
31 December 2021 (SR)				
Financial liabilities				
Accrued expenses and other liabilities	**86,662**	86,662	--	--

16 COMMITMENTS AND CONTINGENCIES

As at the reporting date, commitments in respect of capital calls in relation to the investment committed by the Company to S3 Ventures Fund are SR 4,226,781 (31 December 2021 – SR Nil).

17 SUBSEQUENT EVENTS

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the Law. There are no further events subsequent to the reporting period which require adjustment or disclosure to the financial statements.

18 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 29 March 2023 by the Board of Directors of the Company.