

The Family Office International Investment Company
(A Single Shareholder Closed Joint Stock Company)
Financial Statements
For the year ended 31 December 2022
together with the
Independent Auditor's Report

The Family Office International Investment Company
(A Single Shareholder Closed Joint Stock Company)
Financial Statements
For the year ended 31 December 2022

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KPMG Professional Services

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Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

والجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٤٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholder of *The Family Office International Investment Company*

Opinion

We have audited the financial statements of The Family Office International Investment Company ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other 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 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 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.

Other Matter Paragraph

The financial statements of the Company for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on March 29, 2022.

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, 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.

KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of SAR 40,000,000. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مساهمة مقفلة مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مفتوح بالكامل، المسماة سابقاً "شركة كي بي إم جي للفرز وشركاء محاسبين ومرجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة التابعة لـ كي بي إم جي العالمية المحدودة، شركة إنجليزية محدودة بضمان. جميع الحقوق محفوظة.

Independent Auditor's Report

To the Shareholder of *The Family Office International Investment Company* (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements


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

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

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

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

KPMG Professional Services


Abdulaziz Abdullah Alnaim
License No. 394

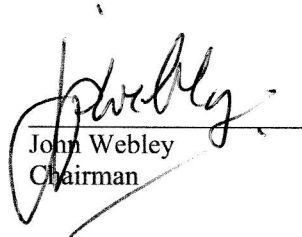


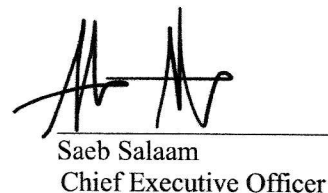
Al Riyadh on: 22 March 2023

Corresponding to: 30 Sha'ban 1444H

The Family Office International Investment Company
(A Single Shareholder Closed Joint Stock Company)
Statement of Financial Position
As at 31 December 2022
(Saudi Arabian Riyals)

	Note	31 December 2022	31 December 2021
ASSETS			
Property and equipment, net	(6)	833,200	553,536
Right of use asset	(7)	1,076,501	526,935
Non-current assets		1,909,701	1,080,471
Bank balance	(8)	6,816,324	14,348,592
Term deposit	(9)	7,473,656	--
Prepayments and other current assets	(10)	2,181,745	1,356,819
Amounts due from the shareholder	(11)	9,150,846	7,311,228
Current assets		25,622,571	23,016,639
Total assets		27,532,272	24,097,110
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital	(12)	20,000,000	20,000,000
Statutory reserve		363,744	232,150
Retained earnings		3,113,048	1,928,702
Total shareholder's equity		23,476,792	22,160,852
Non-current liabilities			
Employees' end of service benefits	(14)	235,490	282,945
Lease liability	(7)	680,371	--
		915,861	282,945
Current liabilities			
Accounts payable and accruals	(13)	2,121,461	1,192,916
Lease liability	(7)	416,880	341,237
Zakat payable	(15)	601,278	119,160
		3,139,619	1,653,313
Total liabilities		4,055,480	1,936,258
Total shareholder's equity and liabilities		27,532,272	24,097,110

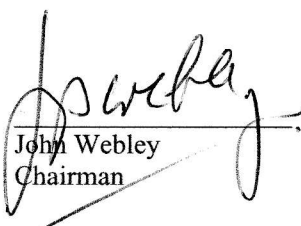

John Webley
Chairman

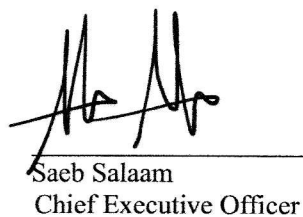

Saeb Salaam
Chief Executive Officer

The notes from (1) to (19) form an integral part of these financial statements

The Family Office International Investment Company
(A Single Shareholder Closed Joint Stock Company)
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022
(Saudi Arabian Riyals)

	Note	31 December 2022	31 December 2021
Revenue			
Service fee	(11)	21,582,192	16,153,030
Expenses			
General and administrative expenses	(16)	(19,707,303)	(14,782,157)
Operating profit		1,874,889	1,370,873
Other income		79,367	--
Finance cost		(37,037)	(8,227)
Profit for the year before zakat		1,917,219	1,362,646
Zakat charge during the year	(15)	(601,279)	(112,328)
Profit for the year		1,315,940	1,250,318
Other comprehensive income / (loss):			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Re-measurement gain / (loss) on end of service benefits		--	83,979
Total comprehensive income for the year		1,315,940	1,334,297


John Webley
Chairman


Saeb Salaam
Chief Executive Officer

The notes from (1) to (19) form an integral part of these financial statements.

The Family Office International Investment Company
(A Single Shareholder Closed Joint Stock Company)
Statement of changes in shareholder's equity
For the year ended 31 December 2022
(Saudi Arabian Riyals)

	<u>Share Capital</u>	<u>Statutory Reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at 1 January 2021	2,000,000	98,720	727,835	2,826,555
Profit for the year	--	--	1,250,318	1,250,318
Other comprehensive income for the year	--	--	83,979	83,979
Total comprehensive income for the year			1,334,297	1,334,297
Transfer to statutory reserve	--	133,430	(133,430)	--
Additional capital	18,000,000	--	--	18,000,000
Balance at 31 December 2021	20,000,000	232,150	1,928,702	22,160,852
Balance at 1 January 2022	20,000,000	232,150	1,928,702	22,160,852
Profit for the year	--	--	1,315,940	1,315,940
Other comprehensive income for the year	--	--	--	--
Total comprehensive income for the year		232,150	1,315,940	1,315,940
Transfer to statutory reserve	--	131,594	(131,594)	--
Balance at 31 December 2022	20,000,000	363,744	3,113,048	23,476,792

The notes from (1) to (19) form an integral part of these financial statements.

The Family Office International Investment Company
(A Single Shareholder Closed Joint Stock Company)
Statement of cash flows
For the year ended 31 December 2022
(Saudi Arabian Riyals)

	<u>Note</u>	31 December 2022	31 December 2021
Cash flows from operating activities			
Profit for the year before zakat		1,917,219	1,362,646
Adjustments for:			
Depreciation of property and equipment	(6)	274,820	247,456
Depreciation of right of use assets	(7)	405,194	319,547
End of service benefits charge		4,282	240,860
Finance cost		37,037	4,719
Cash flows from operating activities before changes in working capital		2,638,552	2,175,228
Changes in working capital:			
Prepayments and other current assets		(824,927)	(920,010)
Term deposit		(7,473,656)	--
Accounts payable and accruals		928,545	(109,031)
Amounts due from the shareholder		(1,839,618)	(4,063,186)
Net Cash used in operations		(6,571,104)	(2,916,999)
End of service benefits paid		(51,737)	--
Finance cost paid		(37,037)	(4,719)
Zakat paid	(15)	(119,160)	(71,553)
Net cash used in operating activities		(6,779,038)	(2,993,271)
Cash flow from investing activity			
Purchase of property and equipment		(554,484)	(642,996)
Net cash used in investing activities		(554,484)	(642,996)
Cash flow from financing activity			
Additional capital		--	18,000,000
Lease liability paid		(198,746)	(324,993)
Net cash (used in) / generated from financing activity		(198,746)	17,675,007
Net change in cash and cash equivalents		(7,532,268)	14,038,740
Cash and cash equivalents at beginning of the year		14,348,592	309,852
Cash and cash equivalents at the end of year		6,816,324	14,348,592

The notes from (1) to (19) form an integral part of these financial statements.

The Family Office International Investment Company
(A Single Shareholder Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2022
(Saudi Arabian Riyals)

1 ORGANIZATION AND ITS ACTIVITIES

The Family Office International Investment Company (the "Company") is a single shareholder closed joint stock company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010608698 dated 27 Sha'aban 1438H (corresponding to 23 May 2017). The Company has obtained a license number from the Capital Market Authority ("CMA") to operate arranging and advising securities services bearing number 17-182-30 dated 21 Ramadan 1439H (corresponding to 5 June 2018). The company's license was upgraded on the date 25 October 2021 (corresponding to 19 Rabi' Al Awwal 1443 H) to include managing investments and operating fund.

The Company is a subsidiary of The Family Office BSC (the "shareholder"), a closed joint stock company incorporated under the laws of the Kingdom of Bahrain, which owns 100% of the Company's shares as at 31 December 2022 and 31 December 2021.

The principal activities of the Company are to carry out arranging and advising in the securities business and managing investments and operating funds.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the International Accounting Standards Board ("IASB"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") ("IFRS as endorsed in KSA").

2.2 Basis of measurement

The financial statements have been prepared on a historical cost. Further, the financial statements are prepared using the accrual basis of accounting and going concern concept.

3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Saudi Arabian Riyal ("SAR"), which is the Company's functional and presentation currency. All amounts have been rounded to the nearest Saudi Arabian Riyal, unless otherwise indicated.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

A. Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared.

The Family Office International Investment Company
(A Single Shareholder Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2022
(Saudi Arabian Riyals)

4 USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

A. Critical accounting estimates and assumptions (continued)

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates.

Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, these financial statements continue to be prepared on the going concern basis.

B. Judgements

The following critical judgements have the most significant effect on the amounts recognized in the financial statements:

Estimated useful lives of property and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation on a straight-line basis over their estimated useful lives. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives and residual value of the assets at each annual reporting period and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

The Family Office International Investment Company
(A Single Shareholder Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2022
(Saudi Arabian Riyals)

5 SIGNIFICANT ACCOUNTING POLICIES

New standards or amendments issued but are not yet effective

<u>Standards / Amendments</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimate	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16	Lease liability in a Sale and Leaseback	1 January 2024

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

The following useful lives are used for the calculation of depreciation:

Office furniture and fixtures	5 years
Leasehold improvements	5 years
Computer hardware	3 years
Office equipment	3 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in profit or loss as the expense incurred.

The Family Office International Investment Company
(A Single Shareholder Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2022
(Saudi Arabian Riyals)

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The determination of whether a contract contains a lease is based on the substance of the arrangement at the inception date. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to OCI. In this case, the impairment is also recognized in OCI up to the amount of any previous revaluation.

Bank balance and term deposit

Bank balance in the statement of financial position comprises cash at bank which is subject to an insignificant risk of changes in value.

Term deposit consists of deposit with a local bank with a maturity of more than three months from the date of the acquisition

The Family Office International Investment Company
(A Single Shareholder Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2022
(Saudi Arabian Riyals)

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

All financial assets are recognized initially at fair value net of directly attributable transaction costs.

All the Company's current assets except prepayments are financial assets classified at amortised cost.

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. In order for a financial asset to be classified and measured at amortized 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.

Subsequent measurement

The Company measures financial assets at amortized cost if both of the following are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

A financial asset (or, where applicable, a part of a financial asset or part of a group similar assets) is primarily derecognized (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 '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, by 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 recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes 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.

The Family Office International Investment Company
(A Single Shareholder Closed Joint Stock Company)
Notes to the financial statements
For the year ended 31 December 2022
(Saudi Arabian Riyals)

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

Subsequent measurement (continued)

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.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized 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 payable and accrued expenses.

Subsequent to initial recognition, all financial liabilities of the Company are carried at amortized cost.

Fair values 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal market or the most advantageous market must be accessible by the Company. 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.

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

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.

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(A Single Shareholder Closed Joint Stock Company)
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For the year ended 31 December 2022
(Saudi Arabian Riyals)

5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

Fair values of financial instruments (continued)

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reporting in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Impairment and collectability of financial assets

The Company assesses if an allowance for Expected Credit Losses ("ECL") for all financial assets not held at fair value through profit or loss needs to be recorded in 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Revenue recognition

Service fee income

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company, and it can be reliably measured, regardless of when the payment is received. Revenue is recognized on an accrual basis in accordance with the terms of agreement with the shareholder for the services provided.

Advisory and arranging income

Advisory and arranging income are accrued on a time proportionate basis, as the services are rendered.

Accrued expenses

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. They are recognized initially at fair value and subsequently carried at their amortized cost.

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5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses

All expenses are classified as general and administration expenses.

Zakat

Zakat is provided in accordance with the Regulations of the General Authority for Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia and on an accrual basis. Zakat is charged to the statement of profit or loss and other comprehensive income. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization. The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under ZATCA regulations.

Statutory reserve

In accordance with Saudi Arabian Regulation for Companies and Company's Article of Association, 10% of the net income for the period should be transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of the capital. The reserve is not available for distribution.

Foreign currencies transactions

Transactions in foreign currencies are translated into the functional currencies of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. 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.

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. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in statement of profit or loss.

Employee's End of Service benefits

The Company operates a defined benefit plan for its employees in accordance with labour regulations applicable in the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefits plan is determined using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in the retained earnings and are not reclassified to profit or loss in subsequent periods.

The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

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5 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Value added tax ("VAT")

Expenses and assets are recognised net of the amount of VAT, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Current and non-current classification

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

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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6 PROPERTY AND EQUIPMENT, NET

Property and equipment comprise as follow:

	Leasehold improvements	Computer hardware	Office furniture and fixtures	Office equipment*	Total
2022					
<u>Cost</u>					
At the beginning of the year	274,928	537,898	227,849	95,667	1,136,342
Additions during the year	353,200	19,100	182,184	--	554,484
At the end of the year	628,128	556,998	410,033	95,667	1,690,826
<u>Accumulated depreciation</u>					
At the beginning of the year	34,868	294,290	157,981	95,667	582,806
Charge for the year	90,073	129,083	55,664	--	274,820
At the end of the year	124,941	423,373	213,645	95,667	857,626
Net book value					
As at 31 December 2022	503,187	133,625	196,388	--	833,200
2021					
<u>Cost</u>					
At the beginning of the year	--	226,767	170,912	95,667	493,346
Additions during the year	274,928	311,131	56,937	--	642,996
At the end of the year	274,928	537,898	227,849	95,667	1,136,342
<u>Accumulated depreciation</u>					
At the beginning of the year	--	141,778	99,648	93,924	335,350
Charge for the year	34,868	152,512	58,333	1,743	247,456
At the end of the year	34,868	294,290	157,981	95,667	582,806
Net book value					
As at 31 December 2021	240,060	243,608	69,868	--	553,536

*All the assets in this category are fully depreciated

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7 RIGHT-OF-USE ASSET AND LEASE LIABILITY

Right-of-use asset

	31 December 2022	31 December 2021
Balance at 1 January	526,935	180,252
Re-assessment during the year *	954,760	666,230
Depreciation charge during the year	<u>(405,194)</u>	<u>(319,547)</u>
Balance at end of year	<u>1,076,501</u>	<u>526,935</u>

Lease liability

	31 December 2022	31 December 2021
Balance at 1 January	341,237	--
Re-assessment during the year *	954,760	666,230
Finance cost during the year	37,037	4,719
Payments	<u>(235,783)</u>	<u>(329,712)</u>
Balance at end of year	<u>1,097,251</u>	<u>341,237</u>
Non-current portion of lease liability	680,371	--
Current portion of lease liability	<u>416,880</u>	<u>341,237</u>
Total lease liability	<u>1,097,251</u>	<u>341,237</u>

* During the year, the Company has re-assessed the lease term as per the contract till July 2025, as compared to July 2024 in the last year.

8 BANK BALANCE

This comprises of balances held with a local bank, in a current account, having a good credit rating.

9 TERM DEPOSIT

This comprises of a term deposit held with a local bank during the year with a good credit rating, having original maturity of more than three months from the date of acquisition. During the year, annual profit rate for term deposit is 4.4%. The amount includes the profit accrued amounting to SAR 73,656 (31 December 2021: Nil).

10 PREPAYMENT AND OTHER CURRENT ASSETS

	31 December 2022	31 December 2021
VAT receivable	1,716,276	1,053,271
Prepaid insurance	315,210	197,130
Employee advances	33,980	65,719
Others	<u>116,279</u>	<u>40,699</u>
	<u>2,181,745</u>	<u>1,356,819</u>

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11 RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the related party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence.

The following are the details of related party transactions and balances with the shareholder during the year, other than those disclosed elsewhere:

Name	Relationship	31 December 2022	31 December 2021
The Family Office BSC	Parent Company		
Service fees (a)		21,582,192	16,153,030
Operational support services cost payable to the Shareholder (note 16)		(656,934)	(656,338)
Other expenses paid on behalf of the Company		(1,581,631)	(1,886,508)
Other expenses by the Company on behalf of the Shareholder		2,373,024	2,037,729
Funding for payment of employees' salaries		--	942,956

- (a) The Company has entered into a service agreement with the shareholder from 1 May 2018. The service fee is charged to the shareholder at cost plus 10% of all expenses (excluding zakat and withholding taxes) incurred by the Company.

	31 December 2022	31 December 2021
Amount due from shareholder	9,150,846	7,311,228

Outstanding balance at the year-end are unsecured, interest free and settlement occurs in cash. The Company did not record any impairment relating to amounts due from the shareholder as it believes that such balances are collectible. The amount due to or from the shareholder is in the normal course of the Company's business which pertains to the services provided to the shareholder.

The following table shows the details of remuneration to Board of Directors:

	31 December 2022	31 December 2021
Board of Directors	1,000,000	416,667

The following table shows the details of the salaries and compensation paid to key management personnel:

	31 December 2022	31 December 2021
Salaries and compensation	3,640,453	4,108,340
Other benefits	1,137,312	1,316,683
Total	4,777,765	5,425,023

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12 SHARE CAPITAL

The share capital of the Company is divided into 2,000,000 shares of SAR 10 each solely owned by the shareholder as at 31 December 2022 and 31 December 2021.

13 ACCOUNTS PAYABLE AND ACCRUALS

	31 December 2022	31 December 2021
Accrued board remuneration	1,000,000	416,667
Accounts payable	96,875	126,271
Accrued professional fees	214,000	100,853
Accrued payroll related	277,826	--
Others	532,760	549,125
	<u>2,121,461</u>	<u>1,192,916</u>

14 EMPLOYEE'S END OF SERVICE BENEFITS

	31 December 2022	31 December 2021
At the beginning of the year	282,945	126,064
Provision during the year	4,282	240,860
Actuarial gain during the year	--	(83,979)
Payment during the year	(51,737)	--
At the end of the year	<u>235,490</u>	<u>282,945</u>

15 ZAKAT PAYABLE

Status of assessments

The Company has filed the Zakat returns with Zakat, Tax and Customs Authority (the "ZATCA") for the years up to 31 December 2021. The zakat return is still under review by the ZATCA, and no assessment has been raised.

Charge for the year

Zakat charged for the year ended 31 December 2022 amounted to SAR 601,279 (31 December 2021 SAR 112,328).

The principal elements of the zakat for the year ended 31 December are as follows:

	31 December 2022	31 December 2021
Shareholder's equity, beginning	22,160,852	2,826,555
Adjusted net profit before zakat	1,874,845	1,714,991
Opening provisions and other adjustments	226,794	126,064
Non-current liabilities	915,861	1,087,303
Non-current assets	(1,909,701)	(1,080,471)
Zakat base	<u>23,268,651</u>	<u>4,674,442</u>
Zakat due	<u>601,278</u>	<u>119,160</u>

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15 ZAKAT PAYABLE (CONTINUED)

Movements in zakat payable during the year

	31 December 2022	31 December 2021
At the beginning of the year	119,160	78,385
Charge during the year	601,278	112,328
Payment during the year	(119,160)	(71,553)
At the end of the year	601,278	119,160

16 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2022	31 December 2021
Salaries and employee related expenses	13,335,103	9,540,949
Travel and business development	1,936,949	1,877,187
Professional fees	1,177,450	853,147
Operational support services	656,934	656,342
Board remuneration (note 11)	948,333	416,667
Technology and communication	223,421	343,566
Depreciation of right-of-use asset (note 10)	405,194	319,547
Depreciation of property and equipment (note 9)	274,820	247,456
Office expenses	236,718	184,952
Subscription fees	338,021	140,595
Withholding tax	124,166	105,811
Other expenses	50,194	95,938
Total	19,707,303	14,782,157

17 FINANCIAL RISK MANAGEMENT

17.1 Financial assets

Instruments measured at cost

	31 December 2022	31 December 2021
Bank balance	6,816,324	14,348,592
Term deposit	7,473,656	--
Other current assets	1,750,256	1,118,990
Amount due from shareholder	9,150,846	7,311,228
Total	25,191,082	22,778,810

Management has conducted a review as required by IFRS 9. Based on such assessment, management believes that there is no need for any significant impairment against the carrying values of bank balance, term deposit, prepayment and other current assets and amount due from shareholder.

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17 FINANCIAL RISK MANAGEMENT (CONTINUED)

17.2 Fair values

Financial instruments such as bank balance, term deposit, prepayments and other current assets, amount due from shareholder, accounts payable and accruals are short-term financial assets and financial liabilities whose carrying amounts are approximate to their fair value, because of the short-term nature and high credit quality of counterparties. Cash and cash equivalents are classified under level 1, while the remaining financial assets and liabilities are classified under level 3. There were no transfers between into/out of Level 2 of the fair value hierarchy during the year.

17.3 Financial Instruments Risk Management Objectives and Policies

The Company's financial liabilities comprise accounts payable and accruals. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include bank balance, term deposit, prepayment and other current assets and amount due from shareholder. The Company is exposed to market risk and credit risk. The Company's management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to two types of risk: interest rate risk, and currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any exposure to movements in interest rates on its assets and liabilities at the current reporting date. Consequently, no interest rate sensitivity analysis has been presented.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is 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, Bahraini Dinar and United States Dollar during the year. As the Saudi Arabian Riyal is currently on a fixed parity with US Dollar, the management believes that the Company does not have any significant currency risk exposure in US Dollar transactions.

For the other currencies, the Company manages its currency risk by regularly monitoring exchange rates of currencies that it usually deals in.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its bank balance, term deposit, prepayment and other current assets and amount due from shareholder

The table below shows the Company's maximum exposure to credit risk for components of the statement of financial position.

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17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

	31 December 2022	31 December 2021
Bank balance	6,816,324	14,348,592
Term deposit	7,473,656	--
Other current assets	1,750,256	1,356,819
Amount due from shareholder	9,150,846	7,311,228
Total	<u>25,191,082</u>	<u>22,778,810</u>

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. All the liabilities of the Company fall into three months bucket. Therefore, no maturity profile is presented.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder's value. The Company manages its capital structure and adjusts it in light of changes in business conditions. Capital comprises of share capital, statutory reserve and retained earnings which amounts to SAR 23,476,792 as at 31 December 2022 (2021: SAR 22,160,852). No changes were made in the objectives, policies or processes during the current year and prior year.

18 SUBSEQUENT EVENTS

There were no subsequent events after the statement of financial position date, other than disclosed below, which require adjustments to / or disclosure in the financial statements.

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 New Companies Law and will amend its Articles of Association for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended Articles of Association to the Shareholder in their Annual General Assembly meeting for their ratification.

19 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by management on 16 Sha'ban 1444H (corresponding to 8 March 2023).