

**CREDIT AGRICOLE CIB ARABIA FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
FROM INCEPTION 14 SEPTEMBER 2021
TO 31 DECEMBER 2022**

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REPORT OF INDEPENDENT AUDITORS

To the **shareholders** of

Credit Agricole CIB Arabia Financial Company
(A Saudi Closed Joint Stock Company)

Opinion

We have audited the financial statements of Credit Agricole CIB Arabia Financial Company (A Saudi Closed Joint Stock Company), which comprise the statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing that are issued 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 professional code of conduct and ethics issued 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are issued in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law 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.

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 International Standards on Auditing that are issued in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

REPORT OF INDEPENDENT AUDITORS**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

As part of an audit in accordance with the International Standards on Auditing that are issued in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism 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, 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.

Al-Kharashi & Co.



Abdullah S. Al-Msned
C.A. License No. (456)



Riyadh:
March 28, 2023
Ramadan 6, 1444

Credit Agricole CIB Arabia Financial Company
(A Saudi Closed Joint Stock Company)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	2022 SR
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	4	2,936,887
Right of use assets	6	1,057,888
Intangible assets	5	35,901
TOTAL NON-CURRENT ASSETS		4,030,676
CURRENT ASSETS		
Due from a related party (billed)	8	8,078,921
Due from a related party (unbilled)	8	11,878,821
Prepayments and other current receivables	9	918,356
Cash and bank balances	10	27,843,072
TOTAL CURRENT ASSETS		48,719,170
TOTAL ASSETS		52,749,846
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	11	50,000,000
Retained earnings		(1,468,053)
TOTAL SHAREHOLDERS' EQUITY		48,531,947
LIABILITIES		
NON-CURRENT LIABILITIES		
Employees' end of service benefits	12	239,448
TOTAL NON-CURRENT LIABILITIES		239,448
CURRENT LIABILITIES		
Lease liability – current portion	6	593,607
Due to a related party	8.2	36,023
Accruals and other payables	13	3,348,821
TOTAL CURRENT LIABILITIES		3,978,451
TOTAL LIABILITIES		4,217,899
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		52,749,846

The attached notes 1 to 19 form an integral part of these financial statements.

Credit Agricole CIB Arabia Financial Company
(A Saudi Closed Joint Stock Company)

STATEMENT OF COMPREHENSIVE LOSS
From inception 14 September 2021 to 31 December 2022

	Notes	2022 SR
Revenue from transfer pricing	14	19,957,742
General and administrative expenses	15	(21,425,795)
(LOSS) / PROFIT BEFORE TAX		(1,468,053)
Current income tax charge	7.1	-
(LOSS) / PROFIT FOR THE YEAR		(1,468,053)
Other comprehensive income		-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,468,053)

The attached notes 1 to 19 form an integral part of these financial statements.

Credit Agricole CIB Arabia Financial Company
(A Saudi Closed Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

From inception 14 September 2021 to 31 December 2022

	<i>Share Capital SR</i>	<i>Statutory reserve SR</i>	<i>Retained earnings SR</i>	<i>Other reserves SR</i>	<i>Total SR</i>
Balance at 14 September 2021	-	-	-	-	-
Paid up Share Capital	50,000,000	-	-	-	50,000,000
Comprehensive income:					
Loss for the year	-	-	(1,468,053)	-	(1,468,053)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	(1,468,053)	-	(1,468,053)
Transfer to statutory reserve	-	-	-	-	-
Balance at 31 December 2022	50,000,000	-	(1,468,053)	-	48,531,947

The attached notes 1 to 19 form an integral part of these financial statements.

Credit Agricole CIB Arabia Financial Company
(A Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS
From inception 14 September 2021 to 31 December 2022

	Notes	2022 SR
OPERATING ACTIVITIES		
(Loss) / Profit before income tax		(1,468,053)
<i>Adjustments for:</i>		
Provision for employees' end of service benefits	12	239,448
Depreciation and amortisation	4,5	284,894
Depreciation of right of use assets	6	708,006
Accretion of interest on lease	6	22,780
		<u>(212,925)</u>
<i>Changes in operating assets and liabilities:</i>		
Due from a related party (billed)		(8,078,921)
Due from a related party (unbilled)		(11,878,821)
Prepayments and other current receivables		(918,356)
Due to a related party		36,023
Accruals and other payables		<u>3,348,821</u>
Cash used in operations		<u>(17,704,179)</u>
Net cash used in operating activities		<u>(17,704,179)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	4,5	<u>(3,257,682)</u>
Net cash used in investing activities		<u>(3,257,682)</u>
FINANCING ACTIVITY		
Share Capital		50,000,000
Payment of lease liability	6	<u>(1,195,067)</u>
Net cash from financing activity		<u>48,804,933</u>
NET INCREASE IN CASH AND BANK BALANCES		<u>27,843,072</u>
Cash and bank balances at the beginning of the year	10	-
CASH AND BANK BALANCES AT THE END OF THE YEAR	10	<u><u>27,843,072</u></u>
<u>Supplementary information</u>		
Addition to right of use assets	6	1,765,894
Addition to lease liability	6	1,765,894

The attached notes 1 to 19 form an integral part of these financial statements.

1 ACTIVITIES

Credit Agricole CIB Arabia Financial Company (the “Company”) is a Saudi Closed Joint Stock Company, registered in Riyadh, Kingdom of Saudi Arabia. The Company obtained a service investment license numbered 102114206102235 dated 28/ Jumada Al-Thani 1442H (corresponding to 11 February 2021) from the Saudi Arabian General Investment Authority. The Company is incorporated and domiciled under commercial registration number 1010741732 dated 07 Safar 1443H (corresponding to 14 September 2021). The Company has also obtained a license number 21215-31 dated 13 Jumada Al Oula 1442H (corresponding to 28 December 2020) from the Capital Market Authority (“CMA”).

The Company is owned 100% by Credit Agricole Corporate and Investment Bank (“Credit Agricole CIB France”), registered in France. On 18th May 2022, the Company received approval from the CMA to commence its licensed activities. The Company is licensed to provide dealing, advisory and arranging services.

The registered address of the Company is, Kingdom Tower, King Fahad Road, Level 25, Office number 2505, P.O. Box 12546, Riyadh 11483, Saudi Arabia.

These are the first set of financial statements of the Company. The Company has not started commercial operations during the current financial year.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards 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”), collectively hereafter referred to as “IFRS as endorsed in the Kingdom of Saudi Arabia”.

The financial statements have been prepared on a historical cost basis of accounting. The financial statements are presented in Saudi Riyals (“SR”), Company’s functional currency is USD. All financial information has been rounded off to the nearest unit, unless otherwise indicated.

2.2 Summary of significant accounting policies

The following are the significant accounting policies applied by the Company in preparing its financial statements:

2.2.1 Current versus non-current classification

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

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

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 assets and liabilities as non-current. Deferred tax assets/liabilities are classified as non-current assets/liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

2.2.2 Fair value measurement

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

- In the principal market for the asset or liability, or
 - In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.2.3 Financial instruments

Financial instruments are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial instruments at initial recognition.

Impairment of Financial Instruments

The Company assesses the expected credit losses associated with its assets carried at amortised cost and debt instruments carried at fair value through OCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. Accordingly, the provision for impairment of financial instruments is measured by the amount of the expected credit losses over the life of the financial instrument. If credit risk has not increased significantly since the initial recognition, 12-months expected credit losses is used to provide for the impairment provision. The Company applies IFRS 9 general approach to measure expected credit losses under which a loss allowance for expected credit losses is recognized for a financial instrument if there has been a significant increase in credit risk since initial recognition of the financial asset.

Financial assets

All recognized financial assets are initially recognized at cost and subsequently measured in their entirety at either amortized cost or fair value, depending on the classification.

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

2.2.3 Financial instruments (continued)

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is 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.

Derecognition of financial assets

The financial assets are derecognized from the statement of financial position when the rights to receive cash flows from the financial assets have expired or have transferred or transferred substantially all risks and rewards of ownership. The difference in the carrying amount is recognized in profit or loss.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities

The financial liabilities are derecognized when the underlying obligations are extinguished, discharged, lapsed, cancelled, expired or legally released.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to offset and intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2.2.4 Cash and bank balances

Cash and bank balances in the statement of financial position comprise cash on hand and at banks.

2.2.5 Prepayments and other current receivables

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at nominal amounts. These are derecognized and charged to profit or loss and OCI either with the passage of time or through use or consumption.

Prepayments are included in current assets, except when the related goods or services are expected to be received and rendered more than twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

2.2.6 Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

2.2.6 Property and equipment (continued)

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.2.7 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

i) Lease liabilities

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

ii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Low-value assets are items that do not meet the Company's capitalisation threshold and are considered to be insignificant for the statement of financial position of the Company as a whole. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.2.8 Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value in use requires entities to make estimates of future cash flows to be derived from the particular asset, and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset. Impairment losses, if any, are recognized in statement of profit or loss and OCI within other expenses.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

2.2.8 Impairment of non-financial assets (continued)

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When impairment loss subsequently reverses, the carrying amount of the assets or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. Reversals of previously recorded impairment provisions are credited against the provision account in the statement of comprehensive income.

2.2.9 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a financial charge.

2.2.10 Related party transactions and relationships

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.2.11 Employees' end of service benefits

Employees' end of service benefits, calculated in accordance with Saudi Labor regulations, are accrued and charged to statement of profit or loss. The liability is calculated at the current value of the vested benefits to which employee is entitled, should his services be terminated at the statement of financial position date.

2.2.12 Statutory reserve

In accordance with Saudi Arabian Regulations for Companies, the Company must transfer 10% of its profit for the period until it has built up a reserve equal to 30% of the share capital. The reserve is not available for distribution.

2.2.13 Revenue recognition

The Company has a transfer pricing agreement for the provision of general administrative and representative services in Saudi Arabia on behalf of Credit Agricole CIB France.

a) Revenue from transfer pricing

The Company has a transfer pricing agreement for the provision of general administrative and representative services in Saudi Arabia on behalf of Credit Agricole CIB France. The Company is providing certain services relating to assisting Credit Agricole CIB France to obtain all information needed on the customers concerned from the business lines and sectors, determining the scope of potential sales efforts, providing the necessary analytical support to some business lines, providing information pertaining to the customer to appropriate units, complying the group file enabling management to assess the customer's industrial strategy and formulate the action plan and defining the customers groups for purpose of commercial follow-up and pertinent analysis of global risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The above services are considered as one performance obligation considering the interdependence among the services and the fact that the customer (Credit Agricole CIB France) is considering such services as a whole and not considering each of the above services as a separate performance obligation that has to be fulfilled on its own. The service fee is charged to Credit Agricole CIB France at cost plus 5% of all expenses (excluding global investment banking costs and other expenses) incurred by the Company.

2.2.14 Contract balances

Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Cost to obtain a contract

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

2.2.15 Expenses

Expenses are recognised when incurred based on the accrual basis of accounting.

2.2.16 Income tax

Income tax is provided for in accordance with Saudi Arabian fiscal regulations. The provision is charged to the statement of comprehensive income.

Deferred tax liabilities and assets are recognised for all temporary differences at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. The deferred tax is charged to the statement of comprehensive income. Deferred tax relating to items recognised outside profit or loss are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.2.17 Foreign currencies

Transactions in foreign currencies are recorded in United States Dollar at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2.17 Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

2.2.18 Standards issued but not yet effective

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

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments to the classification of liabilities as current or non-current is not expected to have a significant impact on the Company's financial statements in the period of initial application.

2.2.19 Standards issued but not yet effective (continued) Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTION

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

3.1 Useful lives of property and equipment

The management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and the future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

3.2 Assumptions for end of service benefits

The calculation of the end of service benefits provision greatly depends on the employees' estimated length of service and their estimated salary at end of service. Such estimates were based on the assumptions developed by management. Those assumptions were based on the Company's historical data, and management plans and forecasts with respect to salary levels.

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2022

4 PROPERTY AND EQUIPMENT

The cost of property and equipment is depreciated on a straight-line basis over the following estimated useful lives:

Leasehold improvements	5 years	Furniture and fixtures	5 years
IT (Information Technology) equipment	3 to 7 years	Vehicles	4 years

	Leasehold improvements SR	IT equipment SR	Furniture and fixtures SR	Vehicles SR	Total SR
Cost:					
At 14 September 2021	-	-	-	-	-
Additions during the year	1,862,870	419,511	493,609	440,000	3,215,990
At 31 December 2022	1,862,870	419,511	493,609	440,000	3,215,990
Accumulated depreciation:					
At 14 September 2021	-	-	-	-	-
Charge for the year	62,096	92,916	32,424	91,667	279,103
At 31 December 2022	62,096	92,916	32,424	91,667	279,103
Net book amount:					
At 31 December 2022	1,800,774	326,595	461,185	348,333	2,936,887

5 INTANGIBLE ASSETS

	2022 SR
Cost:	
At 14 September 2021	-
Additions	41,692
At 31 December	41,692
Accumulated depreciation:	
At 14 September 2021	-
Charge for the year	5,791
At 31 December 2022	5,791
Net book amount At 31 December 2022	35,901

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2022

6 RIGHT OF USE ASSETS

This account pertains to the Company's office building lease that is amortized over the lease term.

	2022
	SR
<i>Cost:</i>	
At 14 September 2021	-
Additions	<u>1,765,894</u>
At 31 December	<u>1,765,894</u>
<i>Accumulated depreciation:</i>	
At 14 September 2021	-
Charge for the year	<u>708,006</u>
At 31 December 2022	<u>708,006</u>
<i>Net book amount At 31 December 2022</i>	<u><u>1,057,888</u></u>

Set out below are the carrying amounts of lease liability and the movements during the year:

	2022
	SR
At 14 September 2021	-
Addition during the year	1,765,894
Accretion of interest	22,780
Payments during the year	<u>(1,195,067)</u>
At 31 December	<u>593,607</u>
	2022
	SR
Lease liability – current portion	593,607
Lease liability – non-current portion	<u>-</u>
At 31 December	<u><u>593,607</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2022

7 CURRENT AND DEFERRED INCOME TAX

7.1 Charge for the year

The significant components of the taxable income of the Company for the long fiscal year ended 31 December 2022, as per the filed tax declarations, which are subject to adjustments under the income tax regulations are as follows:

	2022
	SR
(Loss) / Profit before income tax	<u>(1,468,053)</u>
Depreciation differences	(10,347)
Repairs and maintenance expenses in excess of legal limitations	-
Provisions charged to current year's accounts	239,448
Other	<u>193,705</u>
Adjusted Loss before tax	<u>(1,045,247)</u>
Income tax expenses charged to profit or loss	-

Current income tax has been provided for based on 20% of the adjusted taxable income. The differences between the financial and adjusted taxable income are mainly due to certain disallowed provisions.

7.2 Status of assessment

The Company will file its first tax declarations for long fiscal year ended 31 December 2022 with the Zakat, Tax and Customs Authority ("ZATCA").

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2022

8 RELATED PARTY TRANSACTIONS AND BALANCES

The Company is a member of an affiliated group of companies which are directly or indirectly controlled by the ultimate parent undertaking, Credit Agricole CIB – France, a company registered in France, which is also the Company's immediate parent entity.

8.1 Related party transactions

The following are the details of major related party transactions during the year:

Amount of transactions

<i>Related parties</i>	<i>Nature of transactions</i>	<i>2022 SR</i>
<u><i>Shareholder</i></u>		
Credit Agricole CIB – France	Service fees charged by the Company (a)	8,078,921
Credit Agricole CIB – France	Service fees not charged by the Company (a)	11,878,821
Credit Agricole CIB – France	Expenses charged by Credit Agricole CIB France (a)	517,271
<u><i>Affiliate</i></u>		
Credit Agricole CIB – DIFC	Expenses charged by Credit Agricole CIB DIFC (b)	225,000
Credit Agricole CIB – Singapore	Expenses charged by Credit Agricole CIB Singapore (c)	36,278
Credit Agricole CIB – Hong Kong	Expenses charged by Credit Agricole CIB Hong Kong (d)	35,708
<i>Board of Directors</i>	Board of Directors fees (Note 15)	866,665
<i>Key management personnel</i>	Short-term employee benefits (e)	8,322,301

There were no special terms and conditions with the related parties as compared to un-related parties. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

- The Company has a transfer pricing agreement for the provision of general administrative and representativeservices in Saudi Arabia on behalf of Credit Agricole CIB France. The service fee is charged to Credit Agricole CIB France at cost plus 5% of all expenses (excluding global investment banking costs and other expenses) incurred by the Company. The Company also has a service level agreement with Credit Agricole CIB France for provision of information technology and global referential management services to the Company.
- The Company has a service level agreement with Credit Agricole CIB DIFC for provision of human resource, Legal, Administration, Bookkeeping and information technology services to the Company.
- The Company has a service level agreement with Credit Agricole CIB Singapore for information technology services and global referential management services.
- The Company has a service level agreement with Credit Agricole CIB, Hong Kong for provision of Internal Audit Services
- Short term employee benefits of the Company's key management personnel include salaries, allowances, bonuses and contributions to the General Organization for Social Insurance.

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2022

8 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

8.2 Related parties balances

The following are the details of the related party balance at year end:

Amounts due from a related party

	2022 SR
Credit Agricole CIB – France (billed)	8,078,921
Credit Agricole CIB – France (unbilled)	11,878,821
	<u>19,957,742</u>

Amounts due to related parties

	2022 SR
Credit Agricole CIB – Hong Kong	35,708
Credit Agricole CIB – DIFC	315
	<u>36,023</u>

9 PREPAYMENTS AND OTHER CURRENT RECEIVABLES

	2022 SR
Prepaid expenses	547,611
Advances to employees	310,985
Security deposit	59,760
	<u>918,356</u>

10 CASH AND BANK BALANCES

	2022 SR
Bank balances	27,833,072
Cash in hand	10,000
	<u>27,843,072</u>

11 SHARE CAPITAL

The authorized, issued and paid-up share capital consists of 5,000,000 shares of SR 10 each as at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2022

12 EMPLOYEES' END OF SERVICE BENEFITS

	2022 SR
Balance at 14 September 2021	-
Booked during the year	239,448
Paid during the year	
Balance at 31 December 2022	<u>239,448</u>

13 ACCRUALS AND OTHER PAYABLES

	2022 SR
Accrual expenses	2,698,821
Director remuneration payable	650,000
	<u>3,348,821</u>

14 REVENUE FROM TRANSFER PRICING

The Company has a transfer pricing agreement for the provision of general administrative and representative services in Saudi Arabia on behalf of Credit Agricole CIB France. The service fee is charged to Credit Agricole CIB France at cost plus 5% of all expenses (excluding global investment banking costs and other expenses) incurred by the Company.

There are no outstanding assets and liabilities balances related to contracts with customers presented in the statement of financial position, except for an outstanding balance due from a related party (see Note 8).

Trade receivables and balance due from a related party are non-interest bearing and are generally on terms of 30 to 90 days.

15 GENERAL AND ADMINISTRATIVE EXPENSES

	2022 SR
Salaries and employee related expenses	11,764,961
Professional and consulting fees	3,657,043
Board of Directors fees (Note 8.1)	866,665
Depreciation (Notes 4, 5 and 6)	992,900
Withholding tax and VAT payable	925,538
Insurance	40,344
Postage and communication	232,441
IT related expenses	604,647
Office occupancy expenses	715,006
Travelling	688,913
Marketing and public relations	137,250
Other	800,087
	<u>21,425,795</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2022

16 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial assets consist of cash and bank balances, due from a related party, and other current receivables. Financial liabilities consist of accruals and other payables. The fair values of financial assets and financial liabilities approximate their carrying values at the reporting date.

17 FINANCIAL RISK MANAGEMENT

The principal financial risks faced by the Company relate to market risk (including foreign currency risk and cashflow and fair value interest rate risk), credit risk and liquidity risk.

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no significant changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous period.

The Board has overall responsibility for setting the Company's risk management objectives and policies and the Company's finance function assists the Board in discharging its responsibility by designing and operating processes that ensure the effective implementation of the objectives and policies.

The overall objective of the Board is to set policies that seek to reduce risk to the minimum.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue and expense are denominated in a foreign currency). The Company did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars. As Saudi Riyals are pegged to US Dollars, balances in US Dollars are not considered to represent significant currency risk. As at the balance sheet date, the Company's exposure to US Dollars was not significant.

Cash flow and fair value interest rate risk

Cash flow and interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company is not exposed to cashflow interest rate risk on its cash at bank balances as it has no variable interest rate bearing assets or liabilities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Cash is placed with banks having sound credit ratings. The Company seeks to limit its credit risk with respect to counterparties by setting credit limits for individual counterparties and by monitoring outstanding receivables.

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

	2022
	SR
Due from a related party billed	8,078,921
Due from a related party unbilled	11,878,821
Bank balances	27,843,072
Other receivables	59,760
	<u>47,860,574</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
31 December 2022

17 FINANCIAL RISK MANAGEMENT (continued)

The Company applies IFRS 9 general approach to measure expected credit losses under which a loss allowance for expected credit losses is recognized for a financial instrument if there has been a significant increase in credit risk since initial recognition of the financial asset.

As at 31 December 2022 the Company has no outstanding accounts receivable balances from third parties. Balance due from a related party (immediate parent) is being settled as per the agreed terms with no prior historical credit loss experience. Accordingly, the management has assessed that the impairment loss under ECL is not significant against the carrying value of bank balance and related party balances.

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 realize financial assets quickly at an amount close to its fair value. The Company manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis. The Company limits its liquidity risk by ensuring that sufficient funds are available from its shareholders. As at 31 December 2022, the Company's accruals and other payables are contractually due within 12 months from the reporting dates.

18 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to maximise the returns to the shareholders. It is the Company's policy to maintain a strong capital base to maintain investors and creditors and to sustain future development of the business.

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the shareholders of the Company.

The minimum paid up capital required as per Article 6 (g) of the Authorized Persons regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia in respect of licensed activities of the Company is SR 50 million.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and its financial needs.

19 APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors has approved these financial statements on **6 Ramadan 1444H** (corresponding to **28th March 2023**).