

**MALAZ CAPITAL COMPANY**  
(A Closed Joint Stock Company)

**FINANCIAL STATEMENTS**  
together with  
**INDEPENDENT AUDITOR'S REPORT**  
For the year ended 31 December 2025

**MALAZ CAPITAL COMPANY**  
(A Closed Joint Stock Company)

**FINANCIAL STATEMENTS**  
For the year ended 31 December 2025

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## KPMG Professional Services Company

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

Headquarters in Riyadh

## شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Shareholders of Malaz Capital Company

## Opinion

We have audited the financial statements of **Malaz Capital Company** (the "Company"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, comprising material 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 2025, 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) (the "Code"), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulation for Companies, Company's By-Law and for such internal controls 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.




**MALAZ CAPITAL COMPANY**  
(A Closed Joint Stock Company)

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2025

(Amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2025	31 December 2024
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	10	46,184,748	41,337,960
Right-of-use asset	6	330,357	991,053
Intangible assets	9	249,769	279,116
Property and equipment	5	503,232	216,888
<b>Total non-current assets</b>		<b>47,268,106</b>	<b>42,825,017</b>
<b>Current assets</b>			
Cash and cash equivalents	14	25,618,454	10,964,572
Trade receivables	11	218,377	187,500
Due from related parties	12	2,607,224	840,593
Prepayments and other current assets	13	2,081,791	1,452,728
Investments	10	5,804,688	18,572,827
<b>Total current assets</b>		<b>36,330,534</b>	<b>32,018,220</b>
<b>Total assets</b>		<b>83,598,640</b>	<b>74,843,237</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	52,000,000	50,000,000
Statutory reserve	15.1	4,007,199	6,007,199
Investments fair value reserve	15.2	(1,089,342)	(2,283,785)
Remeasurement loss on defined benefit obligation	16	(716,292)	(464,016)
Retained earnings		9,801,083	2,712,498
<b>Total shareholders' equity</b>		<b>64,002,648</b>	<b>55,971,896</b>
<b>Non-current liabilities</b>			
Provision for end-of-service benefits (EOSB)	16	3,809,784	2,818,549
Lease liability	6	-	316,584
<b>Total non-current liabilities</b>		<b>3,809,784</b>	<b>3,135,133</b>
<b>Current liabilities</b>			
Due to related parties	12	3,165,026	5,971,271
Accruals and other current liabilities	17	10,432,883	5,969,901
Provision for zakat	18	1,844,425	3,107,286
Lease liability	6	343,874	687,750
<b>Total current liabilities</b>		<b>15,786,208</b>	<b>15,736,208</b>
<b>Total liabilities</b>		<b>19,595,992</b>	<b>18,871,341</b>
<b>Total equity and liabilities</b>		<b>83,598,640</b>	<b>74,843,237</b>

  
**Abdulaziz Jazzar**  
Chairman

  
**Malik Al Zyadat**  
Head of Finance

  
**Hassan Al Jassbi**  
Chief Executive Officer

The accompanying notes from 1 to 28 form an integral part of these financial statements

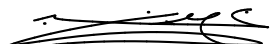
**MALAZ CAPITAL COMPANY**  
(A Closed Joint Stock Company)

**STATEMENT OF PROFIT OR LOSS**

For the year ended 31 December 2025

(Amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2025	31 December 2024
<b>Income</b>			
Income from managed funds	7	31,449,604	14,184,769
Investment banking income		-	250,000
Income from financial instrument	8	2,000,373	1,626,257
Net fair value gain from investments	10.2	5,340,549	5,541,073
<b>Total operating income</b>		<b>38,790,526</b>	<b>21,602,099</b>
<b>Operating expenses</b>			
General and administrative expenses	20	(31,361,856)	(23,882,500)
Portfolio management, custody and performance expense		(112,795)	(185,032)
Finance cost on lease liability	6	(27,290)	(26,808)
<b>Total operating expenses</b>		<b>(31,501,941)</b>	<b>(24,094,340)</b>
<b>Total operating profit / (loss)</b>		<b>7,288,585</b>	<b>(2,492,241)</b>
Other income	19	1,600,000	-
<b>Profit / (loss) before zakat</b>		<b>8,888,585</b>	<b>(2,492,241)</b>
Zakat charge	18	(1,800,000)	(1,314,691)
<b>Profit / (loss) for the year</b>		<b>7,088,585</b>	<b>(3,806,932)</b>



**Abdulaziz Jazzar**  
Chairman



**Malik Al Zyadat**  
Head of Finance



**Hassan Al Jeshi**  
Chief Executive Officer

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**MALAZ CAPITAL COMPANY**  
(A Closed Joint Stock Company)


**STATEMENT OF OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2025

(Amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December <u>2025</u>	31 December <u>2024</u>
<b>Profit / (loss) for the year</b>		<b>7,088,585</b>	<b>(3,806,932)</b>
<b>Other comprehensive income for the year:</b>			
<b><u>Items that will be reclassified to profit or loss in subsequent periods:</u></b>			
Net change in fair values for investments at FVOCI – debt instruments	15.2	<b>706,516</b>	169,002
Net amount reclassified to the profit or loss for disposal of investments at FVOCI – debt instruments	15.2	<b>487,927</b>	351,736
<b><u>Items that will not be reclassified to profit or loss in subsequent periods:</u></b>			
Remeasurement (loss) / gain on defined benefit Obligation	16.3	<b>(252,276)</b>	214,472
<b>Other comprehensive income for the year</b>		<b>942,167</b>	<b>735,210</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>8,030,752</b>	<b>(3,071,722)</b>

  
**Abdulaziz Jazzar**  
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**Malik Al Zyadat**  
Head of Finance

  
**Hassan Al Jeshi**  
Chief Executive Officer

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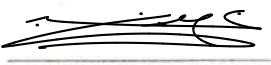
**MALAZ CAPITAL COMPANY**  
(A Closed Joint Stock Company)

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the year ended 31 December 2025

(Amounts in Saudi Riyals unless otherwise stated)

	<i>Notes</i>	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Other reserves (FVOCI)</u>	<u>Remeasurement loss on defined benefit obligation</u>	<u>Retained earnings</u>	<u>Total</u>
<b>Balance as at 1 January 2024</b>		50,000,000	6,007,199	(2,804,523)	(678,488)	6,519,430	59,043,618
<b><u>Total comprehensive income:</u></b>							
Loss for the year		-	-	-	-	(3,806,932)	(3,806,932)
Net change in fair values for investments at FVOCI – debt instruments	15.2	-	-	169,002	-	-	169,002
Net amount reclassified to the profit or loss for disposal of investments at FVOCI – debt instruments	15.2	-	-	351,736	-	-	351,736
Remeasurement gain / (loss) on defined benefit obligation	16.3	-	-	-	214,472	-	214,472
Total comprehensive (loss) / income for the year		-	-	520,738	214,472	(3,806,932)	(3,071,722)
<b>Balance as at 31 December 2024</b>		<b>50,000,000</b>	<b>6,007,199</b>	<b>(2,283,785)</b>	<b>(464,016)</b>	<b>2,712,498</b>	<b>55,971,896</b>
<b><u>Total comprehensive income:</u></b>							
Profit for the year		-	-	-	-	7,088,585	7,088,585
Net change in fair values for investments at FVOCI – debt instruments	15.2	-	-	706,516	-	-	706,516
Net amount reclassified to the profit or loss for disposal of investments at FVOCI – debt instruments	15.2	-	-	487,927	-	-	487,927
Increase in share capital from statutory reserve	15	2,000,000	(2,000,000)	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligation	16.3	-	-	-	(252,276)	-	(252,276)
Total comprehensive (loss) / income for the year		2000,000	(2,000,000)	1,194,443	(252,276)	7,088,585	8,030,752
<b>Balance as at 31 December 2025</b>		<b>52,000,000</b>	<b>4,007,199</b>	<b>(1,089,342)</b>	<b>(716,292)</b>	<b>9,801,083</b>	<b>64,002,648</b>

  
Abdulaziz Jazzar  
Chairman

  
Malik Al Zyadat  
Head of Finance

  
Hassan Al Jishi  
Chief Executive Officer

The accompanying notes from 1 to 28 form an integral part of these financial statements

**MALAZ CAPITAL COMPANY**  
(A Closed Joint Stock Company)


**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2025

(Amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2025	31 December 2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) / profit before zakat		8,888,585	(2,492,241)
<u>Adjustments for:</u>			
Depreciation of right-of-use asset	6	660,696	597,774
Depreciation of property and equipment	5	140,380	106,217
Amortization of intangible assets	9	62,347	1,740
Employees' end-of-service benefits expense	16	800,823	757,681
Fair value gain on financial investments	10.2	(5,340,549)	(5,541,073)
Finance cost on lease liability	6	27,290	26,808
Loss on write off - property and equipment	5	-	1,156
		<u>5,239,572</u>	<u>(6,541,938)</u>
<b>Changes in operating assets and liabilities</b>			
Trade receivables		(30,877)	(187,500)
Due from related parties		(1,766,631)	5,341,040
Prepayments and other current assets		(629,063)	(482,014)
Due to related parties		(2,806,245)	2,332,713
Deferred revenue		-	(3,115,646)
Accruals and other current liabilities		4,462,982	(718,137)
Finance cost paid on lease liability	6	(27,290)	(26,808)
		<u>4,442,448</u>	<u>(3,398,290)</u>
Zakat paid	18	(3,062,861)	(2,366,405)
Employees' end-of-service benefits paid	16	(61,864)	(456,026)
<b>Net cash used in operating activities</b>		<u>1,317,723</u>	<u>(6,220,721)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments		(8,757,116)	(22,407,053)
Proceeds from disposals of investments		23,213,459	16,947,898
Acquisition of property and equipment	5	(426,724)	(190,794)
Acquisition of intangible assets	9	(33,000)	(279,825)
<b>Net cash used in investing activities</b>		<u>13,996,619</u>	<u>(5,929,774)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liability	6	(660,460)	(595,442)
<b>Net cash used in investing activities</b>		<u>(660,460)</u>	<u>(595,442)</u>
Net increase in cash and cash equivalents		<u>14,653,882</u>	<u>(12,745,937)</u>
Cash and cash equivalents at the beginning of the year		<u>10,964,572</u>	<u>23,710,509</u>
<b>Cash and cash equivalents at the end of the year</b>	14	<u>25,618,454</u>	<u>10,964,572</u>
<b>Supplemental non-cash information:</b>			
Addition of right-of-use asset and lease liability	6	-	1,321,401
Remeasurement gain / (loss) on defined benefit obligation	16.3	(252,276)	214,472

  
Abdulaziz Jazzar  
Chairman

  
Malik Al Zyadat  
Head of Finance

  
Hassan Al Geshi  
Chief Executive Officer

The accompanying notes from 1 to 28 form an integral part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Amounts in Saudi Riyals unless otherwise stated)

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**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Malaz Capital Company (“the Company” or “Malaz”) is a Saudi closed joint stock company established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company was registered in Riyadh on 21 Rajab 1430H (corresponding to 14 July 2009) under Commercial Registration No. 1010271323.

The principal activities of the Company as per its Capital Market Authority (“CMA”) license No. 09136-36 dated 23 Rabi Al-Thani 1430 (corresponding to 19 April 2009) to manage and operate investment funds, dealing and perform custody services. Company also holds license from CMA to provide arranging and advisory services.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These accompanying financial statements have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (hereinafter referred to as “IFRS as endorsed in KSA”).

**2.2 Going concern**

The Company’s management has assessed its ability to continue as a going concern and it is satisfied that it has sufficient financial resources and that it will be able to continue as a going concern in the foreseeable future. Furthermore, the Company and the management are not aware of any other material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

**2.3 Investment in Special purpose entities (SPEs)**

The Company has shareholding in certain Special Purpose Entities (“SPEs”), primarily for the purpose of holding the legal title of investments which are beneficially owned by the mutual funds managed by the Company. These entities are not consolidated to the Company’s financial statements as the Company does not have power over these entities, nor it is exposed or has a right to variable returns from its involvement with these entities and does not have the ability to affect those returns through its power over these entities. These SPEs are incorporated in Kingdom of Saudi Arabia and listed below:

- Second Malaz Commercial Company (under liquidation); and
- Fourth Malaz Commercial Company (under liquidation).

**2.4 Basis of measurement**

These financial statements have been prepared on historical cost basis, using the accrual basis of accounting and the going concern concept, except for the following items (refer to individual accounting policies for details):

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Amounts in Saudi Riyals unless otherwise stated)

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**2. BASIS OF PREPARATION (continued)**

**2.4 Basis of measurement (continued)**

- Financial assets at fair value through profit or loss that are measured at fair value;
- Financial assets at fair value through other comprehensive income are measured at fair value; and
- Employee's end-of-service benefits measured at present value of future obligations using projected unit credit method.

**2.5 Functional and presentation currency**

These financial statements are presented in Saudi Riyal (SR), which is the functional and reporting currency of the Company. All amounts have been rounded to the nearest SR, unless otherwise stated.

**2.6 Financial year**

The financial year of the Company commences on 1st January and ends on 31st December of each calendar year.

**2.7 Use of estimates and judgements**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**Measurement of the Expected Credit Loss allowance ("ECL")**

The measurement of the expected credit loss allowance for financial assets measured is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., the likelihood of counter-parties defaulting and the resulting losses).

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weights of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Amounts in Saudi Riyals unless otherwise stated)

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**2. BASIS OF PREPARATION (continued)**

**2.7 Use of estimates and judgements (continued)**

**Measurement of the Expected Credit Loss allowance (“ECL”) (continued)**

The loss allowance recognized in the period is impacted by a variety of factors as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period and the consequent (“step up” or “step down”) between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments 12 recognized during the period as well as releases for financial instruments de-recognized in the period;
- Impact on the measurement of ECL due to changes in Probability of Default (“PD”), Exposure at Default (“EAD”) and Loss Given Default (“LGD”) in the period arising from regular refreshing of inputs of models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Unwinding of discount within ECL due to the passage of time as ECL is measured on a present value basis; and
- Write-offs of allowances related to assets that were written-off during the period.

**End-of-service benefits**

The liabilities relating to defined benefit plans are determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of annual reporting year. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in note 16 to these financial statements.

**Fair value measurement**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. 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 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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Amounts in Saudi Riyals unless otherwise stated)

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**2. BASIS OF PREPARATION (continued)**

**2.7 Use of estimates and judgements (continued)**

**Fair value measurement (continued)**

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, 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; and

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

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis using Level 1, Level 2 or Level 3 indicators, 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.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the related notes.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Amounts in Saudi Riyals unless otherwise stated)

**3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS**

**3.1 New IFRS standards, IFRIC interpretations and amendments thereof issued but not yet effective**

The following new standards, amendments and revisions to existing standards, which were issued by IASB but not yet effective are listed below. The Company intends to adopt these standards when they become effective:

<b><u>Standards, interpretations and amendments</u></b>	<b><u>Description</u></b>	<b><u>Effective from periods beginning on or after the following date</u></b>
Amendment to IFRS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity’s financial performance as ‘management-defined performance measures’ (‘MPMs’). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	January 2027

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Amounts in Saudi Riyals unless otherwise stated)

**3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS (continued)**

**3.2 New IFRS standards, IFRIC interpretations and amendments thereof issued but not yet effective (continued)**

<i><u>Standards, interpretations and amendments</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Amounts in Saudi Riyals unless otherwise stated)

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

The material accounting policies applied in the preparation of these financial statements are set out below:

**(a) Financial instruments**

**Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

According to IFRS 9, a financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**Classification and subsequent measurement**

**Financial assets**

On initial recognition, a financial asset is measured at: amortized cost; fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

**Financial asset at amortized cost**

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

- the asset is held within a business model whose objective is to hold assets 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 profit on the principal amount outstanding.

**Financial asset at FVOCI**

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

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**(a) Financial instruments (continued)**

**Classification and subsequent measurement (continued)**

**Financial assets (continued)**

Financial asset at FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets, if any.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Business model assessment**

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual profit income, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.
- Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.
- Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Assessments whether contractual cash flows are solely payments of principal and profit**

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

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**(a) Financial instruments (continued)**

**Assessments whether contractual cash flows are solely payments of principal and profit (continued)**

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

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money.

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

**Financial assets: Subsequent measurement and gains and losses**

i) Financial assets at fair value through profit or loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any profit or dividend income, are recognized in statement of profit or loss.

ii) Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective profit rate. The amortized cost is reduced by impairment losses. Profit income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in statement of profit or loss.

iii) Debt instruments at fair value other comprehensive income (FVOCI)

These assets are subsequently measured at fair value. Profit income under the effective profit rate method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income. On de-recognition, gains and losses accumulated in statement of other comprehensive income are reclassified to statement of profit or loss.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**(a) Financial instruments (continued)**

**Financial assets: Subsequent measurement and gains and losses (continued)**

iv) Mutual funds at FVTPL

IFRS 9 permits an entity to make an irrevocable election to present in other comprehensive income changes in the value of any investment in equity instruments that is not held for trading. The term equity instrument is defined in IAS 32 Financial Instruments: Presentation. The funds that the Company has invested in meets the definition of a puttable instrument. Under IFRS 9, since the investment in mutual fund units falls under the definition of puttable instruments, these are not to be classified as equity and hence meet the fair value through P&L criteria as classified by the Company.

**Classification of financial liabilities**

The Company classifies its financial liabilities, as measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium to issue the funds, and other cost that are integral part of the effective profit rate.

**Derecognition**

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

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

Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

**Offsetting**

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

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**(a) Financial instruments (continued)**

**Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired.

**Impairment of financial instruments and contract assets**

The Company recognizes loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortized cost;
- debt instruments measured at fair value through other comprehensive income (FVOCI); and
- trade receivables

The Company measures loss allowances at an amount equal to lifetime expected credit losses (ECL), except for the following, which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

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

Lifetime expected credit losses (ECLs) are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**(a) Financial instruments (continued)**

**Impairment of financial instruments and contract assets (continued)**

12 months expected credit losses are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

**Measurement of expected credit losses (ECLs)**

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

**Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

**Presentation of allowance for expected credit loss in the statement of financial position**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance does not reduce the carrying amount in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset is measured at amortized cost is recognized in other comprehensive income.

**Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**NOTES TO THE FINANCIAL STATEMENTS**

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**(a) Financial instruments (continued)**

**De-recognition**

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

**(b) Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation on assets is charged to the statement of comprehensive income, using the straight-line method, to allocate the costs of the related assets to their residual values over the following estimated useful lives:

Leasehold improvements	2 - 5 years
Furniture and fixtures	3 - 4 years
Motor vehicles	5 years
Computers	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. Maintenance and normal repairs, which do not materially extend the estimated useful life of an asset, are charged to the statement of comprehensive income as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

**(c) Leases**

**Right-of-use asset ("RoU") / lease liability**

On initial recognition at the inception of the contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Control is identified if most of the benefits are flowing to the Company and the Company can direct the usage of such assets.

**Right-of-use asset**

The Company applies cost model and measures the right-of-use asset at cost;

- less any accumulated depreciation and any accumulated impairment losses; and
- adjusted for any re-measurement of the lease liability for lease modifications

Generally, the right-of-use asset would equate to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the asset value.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**(c) Leases (continued)**

**Lease liabilities**

On initial recognition, the lease liability is the present value of all remaining payments to the lessor.

After the commencement date, the Company measures the lease liability by:

- increasing the carrying amount to reflect the interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any re-assessment or any lease modification.

**(d) Trade receivables**

These are stated at original invoice amount less allowance for ECL made for amounts which in the opinion of the management may not be recovered. Bad debts are written off when expected, against its related allowances.

**(e) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks in current accounts and on hand and short-term deposits with a maturity of less than three months from the placement date, which are subject to an insignificant risk of changes in value.

**(f) Employees' end-of-service benefits**

**Short-term obligations**

Short-term benefits are those amounts expected to be settled wholly within 12 months of the end of the period in which the employees render the service that gives rise to the benefits.

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and benefits-in-kind that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented under other payables.

**Post-employment obligation**

The Company provides end-of-service benefits to its employees in accordance with the requirements of Saudi labor law. The entitlement to these benefits, is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are recognized over the service period.

The employees' benefits obligation plans are not funded. Accordingly, valuations of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method and the liability is recorded based on an actuarial valuation.

**NOTES TO THE FINANCIAL STATEMENTS**

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**(f) Employees' end-of-service benefits (continued)**

**Post-employment obligation (continued)**

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using profit rates of high-quality United States government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Past-service costs are recognized immediately in the statement of profit or loss.

The profit cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in Employees' benefit expense in the statement of profit or loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

**(g) Provisions**

Provisions are recognized when; the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

**(h) Zakat**

The Company is subject to zakat in accordance with Saudi Zakat, Tax and Customs Authority (the "ZATCA") laws and regulations. Zakat is charged to the statement of profit or loss. Additional zakat liabilities, if any, related to prior years' assessments arising from ZATCA are accounted for in the year in which the final assessments are finalized.

The Company withholds taxes, if any, on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under the ZATCA laws and regulations.

**(i) Revenue recognition**

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. IFRS 15 specifies that the requirements an entity must apply to measure and recognize revenue and the related cashflows. The core principle of the standard is that an entity will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring promised services to a customer.

**Rendering of services**

The Company recognizes revenue only when (or as) it satisfies a performance obligation by transferring control of a promised service to the customer. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the service. In preparing to IFRS 15, the Company is considering the following:

The transaction price is the amount of consideration to which an entity expects to be entitled. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e., the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or payable to a customer.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**(i) Revenue recognition (continued)**

**Rendering of services (continued)**

The Company must determine the amount of the transaction price at the contract inception and revisit this determination at the end of each subsequent reporting period. The Company determines the constraint on variable consideration at the end of each reporting period. Part of the variable consideration may be included in the transaction price, even though the total expected amount may not be included due to the constraint (i.e., part of the performance-based fee may be recognized even though the full amount may not be recognized due to the constraint).

**Management fees**

Management fees represent variable consideration which is based on each fund terms and conditions. The transaction price will generally include the amount determined at the end of the period(s). There may be a few exceptions that could complicate recognition when the calculation date is not the same as the reporting date. Estimates of future period management fees would generally not be included in the transaction price because they would be constrained.

**Performance-based fees**

Performance fees based on a fund's performance, relative to a benchmark or the realized appreciation of fund's investments, are types of variable consideration. In many cases, these performance fees are highly susceptible to market volatility until they are crystallized or are no longer subject to call back, which may be after the end of the reporting period. Under a callback provision, The Company may be required to return certain distributions received from the fund if a specific performance threshold is not met. Therefore, even the receipt of cash may not indicate that performance-based fees may be recognized as revenue.

IFRS 15 prohibits the recognition of variable consideration as revenue until it is highly probable that a significant reversal of the cumulative amount of revenue recognized will not occur upon the resolution of the uncertainty.

Performance-based fees are unlikely to be recognized in full until they have crystallized or are no longer subject to call back. However, the Company may determine that part of these performance fees can be recognized before this time.

**Subscription fees**

Subscription fee is recognized upon subscription to the fund subject to operating the fund. These fees are recognized net of related expenses.

**Dividend income**

Dividend income is recognized when the announcement of dividend declaration has been published and communicated by the investee on Tadawul for listed securities and Formal communication in board meeting for Unlisted securities has been observed by the company.

**Custody and administration fee**

The Company is entitled to Custody fee for holding the assets on behalf of the fund. The entity recognizes revenue when it satisfies the performance obligation over the period of time as per the terms and conditions of the Fund. The administration fee is charged in lieu of administration of fund activities over the period of time.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**(i) Revenue recognition (continued)**

**Structuring fee**

The structuring fee referred to the revenue earned from establishing a new fund. The company is entitled to a fees on establishment of fund and recognize it under the structuring fee.

**Investment Banking Income**

This relates to income generated by providing financial advisory services and / or arranging services to financial institutions, individuals and institutional investors. The Company charges financial advisory/ arranging service fee upon delivery of services or once performance obligation is fulfilled based on the agreement between the Company and the counterparty and satisfied over or a point in time, depending upon the nature of each contract. The primary geographical market for advisory income services is Kingdom of Saudi Arabia.

**Profit from Sukuk**

Profit from sukuk has been recognized at the proportion of the holding period of the Sukuk at the rates reflecting in the brokerage statement and the market values of the Sukuk.

**(j) Assets held under fiduciary capacity**

**Assets under management**

The Company offers assets management services to its customers, which include management of certain mutual funds and investments. Such assets are not treated as assets of the Company and accordingly are not included in these financial statements.

**Clients' cash accounts**

Clients' cash accounts are not treated as assets of the Company and accordingly are not included in these financial statements.

**(k) General and administrative expenses**

Expenses are measured and recognized as a year cost at the time when they are incurred. Expenses related to more than one financial year are allocated over such years proportionately. All expenses, excluding direct costs are classified as general and administration expenses.

**MALAZ CAPITAL COMPANY**  
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**5. PROPERTY AND EQUIPMENT**

	<u>Leasehold improvements</u>	<u>Office equipment &amp; furniture</u>	<u>Computers</u>	<u>Vehicles</u>	<u>Total</u>
<b><u>Cost:</u></b>					
As at 1 January 2025	485,405	131,221	255,173	-	871,799
Write offs	-	-	-	-	-
Additions	20,000	11,701	345,823	49,200	426,724
As at 31 December 2025	<u>505,405</u>	<u>142,922</u>	<u>600,996</u>	<u>49,200</u>	<u>1,298,523</u>
<b><u>Accumulated depreciation:</u></b>					
As at 1 January 2025	451,085	81,111	122,715	-	654,911
Write offs	-	-	-	-	-
Charge for the year (note 20)	36,928	22,386	80,219	847	140,380
As at 31 December 2025	<u>488,013</u>	<u>103,497</u>	<u>202,934</u>	<u>847</u>	<u>795,291</u>
<b><u>Net Book Value:</u></b>					
As at 31 December 2025	<u>17,392</u>	<u>39,425</u>	<u>398,062</u>	<u>48,353</u>	<u>503,232</u>

	<u>Leasehold improvements</u>	<u>Office equipment &amp; furniture</u>	<u>Computers</u>	<u>Vehicles</u>	<u>Total</u>
<b><u>Cost:</u></b>					
As at 1 January 2024	458,018	114,435	130,152	-	702,605
Write offs	-	(18,950)	(2,650)	-	(21,600)
Additions	27,387	35,736	127,671	-	190,794
As at 31 December 2024	<u>485,405</u>	<u>131,221</u>	<u>255,173</u>	<u>-</u>	<u>871,799</u>
<b><u>Accumulated depreciation:</u></b>					
As at 1 January 2024	400,028	78,724	90,386	-	569,138
Write offs	-	(17,795)	(2,649)	-	(20,444)
Charge for the year (note 20)	51,057	20,182	34,978	-	106,217
As at 31 December 2024	<u>451,085</u>	<u>81,111</u>	<u>122,715</u>	<u>-</u>	<u>654,911</u>
<b><u>Net Book Value:</u></b>					
As at 31 December 2024	<u>34,320</u>	<u>50,110</u>	<u>132,458</u>	<u>-</u>	<u>216,888</u>

**MALAZ CAPITAL COMPANY**  
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**6. RIGHT-OF-USE ASSET AND LEASE LIABILITY**

The Right of use asset and lease liability pertains to the head office space which the Company has taken on lease from the Income Generating Fund for a period of two years. Amounts recognized in the statement of financial position and the statement of comprehensive income in relation to lease liability are as follows:

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
<b><u>Right-of-use asset</u></b>		
As at 1 January	991,053	267,426
Additions	-	1,321,401
Depreciation charge	<b>(660,696)</b>	(597,774)
<b>As at 31 December</b>	<b><u>330,357</u></b>	<u>991,053</u>

**Lease liability**

As at 1 January	1,004,334	278,375
Additions	-	1,321,401
Finance cost	27,290	26,808
Payments	<b>(687,750)</b>	(622,250)
<b>As at 31 December</b>	<b><u>343,874</u></b>	<u>1,004,334</u>

**Amounts recognized in Statement of financial position:**

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
Lease liability – non-current portion	-	316,584
Lease liability – current portion	<b>343,874</b>	687,750
	<b><u>343,874</u></b>	<u>1,004,334</u>

When measuring lease liability, the Company discounted the lease payments using its incremental borrowing rate at the commencement date of the lease contract.

	<b><u>2025</u></b>	<u>2024</u>
<b>Amounts recognized in statement of profit or loss</b>		
Depreciation charge on right-of-use asset	660,696	597,774
Finance cost on lease liability	27,290	26,808
	<b><u>687,986</u></b>	<u>624,582</u>

**7. INCOME FROM MANAGED FUNDS**

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
Management Fee	21,723,597	12,883,184
Administration Fee	2,046,696	1,131,585
Structuring Fee	6,673,811	-
Subscription Fee	1,005,500	170,000
	<b><u>31,449,604</u></b>	<u>14,184,769</u>

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**8. INCOME FROM FINANCIAL INSTRUMENTS**

	<b>31 December 2025</b>	31 December 2024
Profit from sukuk	1,033,825	1,194,730
Profit on bank deposit	966,548	339,652
Dividend income	-	91,875
	<u>2,000,373</u>	<u>1,626,257</u>

**9. INTANGIBLE ASSETS**

	<b><u>Software and license</u></b>	
	<b>31 December 2025</b>	31 December 2024
<b><u>Cost:</u></b>		
As at 1 January	429,568	149,743
Additions	3,000	44,325
Asset under development	30,000	235,500
As at 31 December	<u>462,568</u>	<u>429,568</u>
<b><u>Accumulated amortization:</u></b>		
As at 1 January	150,452	148,712
Amortization (note 20)	62,347	1,740
As at 31 December	<u>212,799</u>	<u>150,452</u>
<b><u>Net Book Value:</u></b>		
As at 31 December	<u>249,769</u>	<u>279,116</u>

**10. INVESTMENTS**

	<b>31 December 2025</b>	31 December 2024
<b>Financial assets at fair value through profit or loss – FVTPL</b>		
Listed equity securities/Shares	407,740	-
Quoted perpetual bonds	-	1,494,203
Mutual funds*	29,649,146	28,962,277
	<u>30,056,886</u>	<u>30,456,480</u>
<b>Financial assets at fair value through other comprehensive income – FVOCI</b>		
Quoted Sukuk	21,932,550	29,454,307
	<u>51,989,436</u>	<u>59,910,787</u>

\* This includes Malaz Capital Saudi Healthcare Opportunity Fund and Durrat Al Janadriyah Fund – a fund managed by the Company

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**10. INVESTMENTS (continued)**

**10.1** Investments are presented in the statement of financial position are as follows:

	<b>31 December 2025</b>	31 December 2024
Current	<b>5,804,688</b>	18,572,827
Non-current	<b>46,184,748</b>	41,337,960
	<b><u>51,989,436</u></b>	<u>59,910,787</u>

Sukuk classified under current assets have maturity up to one year.

Investment in quoted Sukuk consists of fixed rate securities and carry profit rates ranging from 1.41% to 5.78% per annum (31 December 2024: 1.41% to 6.25% per annum) with maturity up till 23 August 2032.

**10.2** Net fair value gain / (loss) on financial investments

	<b>31 December 2025</b>	31 December 2024
<b>Financial assets at fair value through profit or loss – FVTPL</b>		
Realized net gain / (loss) on quoted equity securities	<b>132,735</b>	(20,849)
Realized net gain on sale of quoted perpetual bond	<b>5,798</b>	-
Unrealized net fair value (loss) / gain on quoted perpetual bond	-	(2,871)
Unrealized net fair value (loss) on quoted equity securities	<b>(157,310)</b>	-
Realized net gain on mutual funds	<b>957,757</b>	905,112
Unrealized net gain on mutual funds	<b>4,867,771</b>	5,012,842
	<b><u>5,806,751</u></b>	<u>5,894,234</u>
<b>Financial assets at fair value through other comprehensive income – FVOCI</b>		
Unrealized net fair value gain on quoted sukuk	<b>706,516</b>	169,002
Realized net gain / (loss) on quoted sukuk	<b>487,927</b>	(353,161)
<b>Net fair value gain from investments</b>	<b><u>1,194,443</u></b>	<u>(184,159)</u>
Financial assets at fair value through profit or loss – FVTPL	<b>5,806,751</b>	5,894,234
Realized net (loss) on quoted sukuk – FVOCI	<b>(466,202)</b>	(353,161)
	<b><u>5,340,549</u></b>	<u>5,541,073</u>

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**11. TRADE RECEIVABLES**

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
Trade receivable	<b>218,377</b>	<b>187,500</b>
	<b><u>218,377</u></b>	<b><u>187,500</u></b>

**11.1 Aging of trade receivables**

As at reporting date, the ageing of past due trade receivables is as follows:

Year end	<u>&lt; 60 days</u>	<u>61 – 120 days</u>	<u>121 – 180 days</u>	<u>181 – 300 days</u>	<u>301 – 360 days</u>	<u>Above 360 days</u>	<u>Total</u>
2025	<u>218,377</u>	-	-	-	-	-	<u>218,377</u>
2024	<u>187,500</u>	-	-	-	-	-	<u>187,500</u>

**12. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties of the Company include the funds under management, the Company's shareholders, related companies and directors and key management personnel. Terms and conditions of these transactions are approved by the Company's management. Balances with related parties arise from commercial transactions in the ordinary course of business at commercial rates. The related parties' transactions for the years ended 31 December and balances arising there from are described as under:

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**12. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

***Due from related parties***

<b><u>Name of related party</u></b>	<b><u>Relationship</u></b>	<b><u>Nature of transactions</u></b>	<b><u>Amount of transaction</u></b>		<b><u>Closing balance</u></b>	
			<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Durrant Al Janadriyah Fund	Fund under management	Net payment made on behalf of the fund under management	<b>280</b>	-	<b>280</b>	-
Board of Director	Board of Director	Medical insurance	<b>81,477</b>	101,785	-	64,732
Malaz Capital Saudi Healthcare Opportunity Fund	Fund under management	Net payment made on behalf of the fund under management	<b>424</b>	-	<b>424</b>	-
Saudi Development and Training Fund	Fund under management	Accrued management fees	<b>1,439,387</b>	2,800,000	<b>1,550,335</b>	700,000
		Accrued administration fees	<b>949,607</b>	1,572,860	<b>1,045,035</b>	75,640
	Fund under management	Expense paid on behalf of Fund	<b>5,123</b>	384,701	<b>5,123</b>	132
Future Fund	Fund under management	Accrued administration fee	<b>6,027</b>	3,462	<b>6,027</b>	89
Future Fund Investor	Fund under management	Subscription fees	-	-	<b>3,000,000</b>	3,000,000
Less: allowance for expected credit loss			-	-	<b>(3,000,000)</b>	<b>(3,000,000)</b>
					<b><u>2,607,224</u></b>	<b><u>840,593</u></b>

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**12. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

***Due to related parties***

<u>Name of related party</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transaction</u>		<u>Closing balance</u>	
			<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Sara Second Real Estate Fund Investors	Fund under management	Accrued management fee rebate	<b>9,264,660</b>	5,971,271	<b>3,043,776</b>	5,971,271
Board of Directors	Board of Directors	Remuneration, attendance fees and travel expenses	<b>1,085,822</b>	-	<b>121,250</b>	-
					<b><u>3,165,026</u></b>	<b><u>5,971,271</u></b>

<u>Name of related party</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transaction</u>	
			<u>2025</u>	<u>2024</u>
Future Fund	Funds under management	Management fee, administration fee	<b>743,762</b>	501,396
Malaz Capital Saudi Healthcare Opportunity Fund	Funds under management	Management fee, administration fee	<b>3,534,375</b>	3,452,433
Malaz Real Estate Opportunity Fund III	Funds under management	Management fee, administration fee	<b>500,000</b>	500,000
Sara Second Real Estate Investment Fund	Funds under management	Management fee, administration fee	<b>7,365,749</b>	7,074,178
Saudi Development and Training fund	Funds under management	Management fee, administration fee	<b>2,388,991</b>	2,282,366
Durrant Al Janadariya Fund	Funds under management	Management fee, administration fee	<b>9,237,416</b>	-
Saudi SME Fund	Funds under management	Management fee, administration fee	-	204,396
<b>Total</b>			<b><u>23,770,293</u></b>	<b><u>14,014,769</u></b>

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**12. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

As at reporting date, the ageing of past due from related parties balances are as follows:

Year end	<u>&lt; 60 days</u>	<u>61 – 120 days</u>	<u>121 – 180 days</u>	<u>181 – 300 days</u>	<u>301 – 360 days</u>	<u>Above 360 days</u>	<u>Total</u>
2025	<u>2,369,508</u>	<u>4,540</u>	<u>758</u>	<u>232,338</u>	<u>80</u>	<u>-</u>	<u>2,607,224</u>
2024	<u>192,439</u>	<u>350,000</u>	<u>233,333</u>	<u>-</u>	<u>64,821</u>	<u>-</u>	<u>840,593</u>

**Compensation to key management personnel**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Short term employee benefits – Paid	<u>8,582,755</u>	<u>8,687,955</u>
Post-employment benefits	<u>519,407</u>	<u>399,472</u>
	<u>9,102,162</u>	<u>9,087,427</u>

**13. PREPAYMENTS AND OTHER CURRENT ASSETS**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Fixed deposit profit	<u>198,674</u>	<u>289,798</u>
Prepaid medical	<u>76,240</u>	<u>68,453</u>
Staff receivable	<u>809,826</u>	<u>17,291</u>
Others	<u>997,051</u>	<u>1,077,186</u>
	<u>2,081,791</u>	<u>1,452,728</u>

**14. CASH AND CASH EQUIVALENTS**

	<u>31 December 2025</u>	<u>31 December 2024</u>
Cash in hand	<u>109,876</u>	<u>108,277</u>
Cash at banks – current accounts	<u>2,508,578</u>	<u>856,295</u>
Short-term deposit (note 14.1)	<u>23,000,000</u>	<u>10,000,000</u>
	<u>25,618,454</u>	<u>10,964,572</u>

Short-term deposits are placed at local banks and portfolio managers which have credit rating of A2 and have an original maturity of less than three months from the date of placement. Profit rate of these deposits range from 4.15% to 5.85% (2024: 4.80% to 5.80%).

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**15. SHARE CAPITAL**

The Company's share capital amounted to SR 52 million as at 31 December 2025 (31 December 2024: SR 50 million) and consists of 52 million fully paid shares of SR 10 each.

On 12 June 2024, the shareholders of the Company approved at the Extraordinary General Meeting (AGM) an increase in the Company's share capital through a transfer from statutory reserves amounting to SAR 2 million. All required regulatory approvals, including approval from the Capital Market Authority (CMA), were duly obtained, and all related legal formalities were completed.

The Company has also obtained the updated Commercial Registration (CR) and amended its By-Laws/Articles of Association (AoA) to reflect the revised share capital during the financial year ended 31 December 2025.

**15.1 Statutory reserve**

In accordance with the Company's by-laws, the Company may set aside a certain percentage of its profit each year as voluntary reserves, subject to AGM approvals.

This reserve is currently not available for distribution to the shareholders of the Company. During the year, the Company has not transferred any amount from its net income to the statutory reserve.

**15.2 Investments fair value reserve**

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
<b>As at 1 January</b>	<b>(2,283,785)</b>	(2,804,523)
Net change in fair values for investments at FVOCI – debt instruments (note 10.2)	<b>706,516</b>	169,002
Net amount reclassified to the profit or loss for disposal of investments at FVOCI – debt instruments	<b>487,927</b>	351,736
<b>As at 31 December</b>	<b><u>(1,089,342)</u></b>	<u>(2,283,785)</u>

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

The Company has a post-employment defined benefit plan. The benefits are required by Saudi Labor law. The benefit is based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia. The liability for end-of-service benefits is estimated through actuarial methods using the projected unit credit method as per the requirement of IAS - 19.

**16.1 Amounts recognized in statement of financial position:**

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
Present value of defined benefit obligation	<b><u>3,809,784</u></b>	<u>2,818,549</u>

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**16.2 Net benefit expense recognized in profit or loss:**

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
Current service cost	645,803	627,941
Interest cost on benefit obligation	155,020	129,740
Net benefit expense	<u>800,823</u>	<u>757,681</u>

**16.3 Movement in defined benefit obligation:**

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
<b>As at 1 January</b>	<b>2,818,549</b>	2,731,366
Interest cost	155,020	129,740
Current service cost	645,803	627,941
Remeasurement loss / (gain) on end-of-service benefits - recognized in other comprehensive income	252,276	(214,472)
Benefits paid	<u>(61,864)</u>	<u>(456,026)</u>
<b>As at 31 December</b>	<b><u>3,809,784</u></b>	<u>2,818,549</u>

**16.4 Significant assumptions**

The following range of significant actuarial assumptions were used by the Company for the valuation of post-employment benefit liability:

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
Discount rate	<u>5.5%</u>	<u>5.5%</u>
Long term salary increases	<u>4.50%</u>	<u>2.75%</u>

**16.5 Sensitivity analysis of actuarial assumptions**

The impact of changes in sensitivities on present value of defined benefit obligation is as follows:

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
<b>Actuarial assumptions</b>		
Discount rate + 1%	(3,632,740)	(2,629,439)
Discount rate – 1%	4,025,435	3,052,862
Long term salary increase + 1%	3,987,190	3,027,416
Long term salary decrease – 1%	(3,664,352)	(2,648,297)

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**17. ACCRUALS AND OTHER CURRENT LIABILITIES**

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
Accrued employees' expenses	7,228,725	4,092,324
Professional fees	2,403,019	481,479
VAT and WHT payable	21,802	402,834
Trade payable	671,035	406,902
Others	108,302	586,362
	<b><u>10,432,883</u></b>	<b><u>5,969,901</u></b>

**18. PROVISION FOR ZAKAT**

Movement of the Company's Zakat provision as follows:

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
<b>As at 1 January</b>	<b>3,107,286</b>	4,159,000
Payments during the year	<b>(3,062,861)</b>	(2,366,405)
Charge for the year	<b>1,800,000</b>	1,314,691
<b>As at 31 December</b>	<b><u>1,844,425</u></b>	<b><u>3,107,286</u></b>

The significant components of the Company's Zakat base comprise of the following:

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
Adjusted shareholders' equity	<b>65,995,949</b>	59,778,828
Adjusted net income	-	(3,806,932)
Provisions	-	6,107,286
Other additions to Zakat Base	-	888,168
<i>Less:</i>		
Property and equipment	<b>(1,083,358)</b>	(1,157,181)
Other investments	-	-
Other deductions from Zakat base	<b>(763,748)</b>	-
Zakat base	<b><u>64,148,843</u></b>	<b><u>61,810,169</u></b>

The Company settled during year 2025 an amount of SR 1.46 million as a result of final ZAKAT assessment for year 2024.

Zakat for the year is payable at 2.5% of higher of the Zakat base and adjusted net income attributable to Saudi shareholders. The Company has filed its Zakat returns with the ZATCA up to year ended 31 December 2024 and received a zakat certificate for the year 2024.

Further, The company paid SR 1.61 million against Zakat assessment for the year ended 31 December 2016 and 2017 from the additional liability that has been created in the previous years.

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**19. OTHER INCOME**

	<b>31 December 2025</b>	31 December 2024
Others*	<u>1,600,000</u>	-
	<u>1,600,000</u>	-

\*Other income represents the recovery of pre-operating expenses related to a managed Fund, which commenced operations during the year.

**20. GENERAL, ADMINISTRATIVE AND OTHER EXPENSES**

	<b>31 December 2025</b>	31 December 2024
Employee related cost	<b>23,824,683</b>	18,778,922
Legal, professional and consultancy expenses	<b>1,690,379</b>	1,745,785
Board and committee members' remuneration	<b>1,085,822</b>	927,505
Depreciation – Right-of-use asset (note 6)	<b>660,696</b>	597,774
Depreciation – Property and equipment (note 5)	<b>140,380</b>	106,217
IT & networking related expenses	<b>455,016</b>	311,370
Government and subscription fee	<b>473,725</b>	389,642
Setup cost incurred on behalf of new funds	<b>1,928,361</b>	158,415
License fee	<b>208,000</b>	190,356
Cleaning expenses	<b>108,000</b>	108,000
Communication and utilities	<b>87,313</b>	84,150
Amortization (note 9)	<b>62,347</b>	1,740
Travelling expenses	<b>26,266</b>	31,347
Financial charges	<b>12,511</b>	8,142
Marketing and PR Activity	<b>331,624</b>	183,714
Others	<b>266,733</b>	259,421
	<u><b>31,361,856</b></u>	<u>23,882,500</u>

**21. FINANCIAL RISK MANAGEMENT**

The Company has exposure to the following risks arising from financial instruments:

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

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

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**21. FINANCIAL RISK MANAGEMENT (continued)**

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

**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 and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amounts of financial assets represent the maximum credit exposure. Impairment losses on financial assets recognized as per the accounting policies of each financial asset.

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

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
Investments	<b>21,932,550</b>	30,948,510
Cash and cash equivalents	<b>25,618,454</b>	10,856,295
Due from related parties	<b>2,607,224</b>	840,593
Trade receivables	<b>218,377</b>	187,500
Other current assets	<b>1,008,500</b>	307,089
	<b><u>51,385,105</u></b>	<u>43,139,987</u>

Cash and cash equivalents are held with the banks which are rated A2 by Moody's as at 31 December 2025 (2024: A2).

The following table sets out the information about credit quality of quoted sukuk and quoted perpetual bonds by Moody's as at 31 December 2025 and 2024.

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
Investment grade (credit rating of 'BBB' or above)	<b>21,932,550</b>	30,948,510
Non-investment grade (credit rating of below 'BBB')	-	-
<b>Total fair value</b>	<b><u>21,932,550</u></b>	<u>30,948,510</u>

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**21. FINANCIAL RISK MANAGEMENT (continued)**

**Credit risk (continued)**

**Geographical dispersion of financial assets (exposure in Sukuk)**

	<b>31 December 2025</b>	31 December 2024
Cayman Islands	<b>10,445,153</b>	16,064,805
United Arab Emirates	-	1,484,655
Kingdom of Saudi Arabia	<b>1,506,322</b>	2,224,155
Indonesia	<b>5,212,725</b>	5,808,382
Malaysia	<b>3,221,325</b>	3,105,150
Oman	<b>765,600</b>	1,497,900
Luxembourg	<b>781,425</b>	763,463
	<b>21,932,550</b>	30,948,510

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial asset. 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 they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The below schedule shows an analysis of financial assets and liabilities based on the expected date of settlement:

	<b>Total</b>	<b>0-1 year</b>	<b>1-5 year</b>	<b>No fixed maturity</b>
<b>31 December 2025</b>				
Due to related parties	<b>3,165,026</b>	<b>3,165,026</b>	-	-
Trade receivable	<b>218,377</b>	<b>218,377</b>	-	-
Due from related Parties	<b>2,607,224</b>	<b>2,607,224</b>	-	-
Accruals and other current liabilities	<b>10,432,883</b>	<b>10,432,883</b>	-	-
Lease liability	<b>343,874</b>	<b>343,874</b>	-	-
Staff receivable	<b>809,826</b>	<b>213,664</b>	<b>586,012</b>	<b>10,150</b>
	<b>17,577,210</b>	<b>16,981,048</b>	<b>586,012</b>	<b>10,150</b>
<b>31 December 2024</b>				
	<b>Total</b>	<b>0-1 year</b>	<b>1-5 year</b>	<b>No fixed maturity</b>
Due to related parties	5,971,271	5,971,271	-	-
Due from related parties	187,500	187,500	-	-
Accruals and other current liabilities	840,593	840,593	-	-
Lease liability	5,567,067	5,567,067	-	-
Staff receivable	1,004,334	687,750	316,584	-
Due to related parties	17,291	7,141	-	10,150
	<b>13,588,056</b>	<b>13,261,322</b>	<b>316,584</b>	<b>10,150</b>

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**21. FINANCIAL RISK MANAGEMENT (continued)**

**Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, profit rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**Profit rate risk**

Profit rate risk arises from the possibility that changes in profit rates will affect future cash flows or the fair values of financial instruments. The Board of Directors has established limits on the profit gaps for stipulated periods.

The majority of profit rate exposure arises on investments in debt securities. Most of the Company's investments in debt securities carry fixed profit rates and mature within five years.

The sensitivity of the profit or loss for the year is the effect of the assumed changes in profit rates on:

- The net commission income for one year, based on the floating rate financial assets held at the end of the reporting period.
- Changes in fair value of investments for the year, based on revaluing fixed rate financial assets and liabilities at the end of the reporting period.

There is no sensitivity effect on other comprehensive income as the Company has no assets classified as designated hedging instruments. Therefore, the impact on equity is the same as the impact on profit or loss.

**Currency risk**

Currency risk is the risk that the value of financial instruments may fluctuate due to changes in foreign exchange rates. The Company has significant transactions only in US Dollars apart from Saudi Arabian Riyals. As this currency has no or low volatility with Saudi Arabian Riyals therefore, there is minimal risk of losses due to exchange rate fluctuations.

**Equity price risk**

The Company's equity investments are susceptible to price risk, arising from uncertainties about fair values of investments. The Company manages equity price risk through diversification, setting limits on investments and monitoring continuously the developments in the stock markets. In addition, the key factors that affect the stock and bond market movements are monitored including analysis of the operational and financial performance of investees.

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**22. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 Company's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

The Company's financial assets consist of cash and cash equivalents, certain receivables, equity securities at FVTPL, debt securities measured at FVOCI, debt securities measured at FVTPL and due from related parties and financial liabilities consisting of due to related parties, certain payables and accrued expenses. The fair values of financial assets and liabilities are not materially different from their carrying values in statement of financial position.

The following table shows the fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b><u>31 December 2025</u></b>				
Debt securities measured at FVOCI	21,932,550	-	-	21,932,550
Equity securities measured at FVTPL	407,740	-	-	407,740
Mutual funds at FVTPL	-	-	29,649,146	29,649,146
	<u>22,340,290</u>	<u>-</u>	<u>29,649,146</u>	<u>51,989,436</u>

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**22. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>31 December 2024</u>				
Debt securities measured at FVOCI	28,741,582	712,725	-	29,454,307
Equity securities measured at FVTPL	-	-	-	-
Debt securities measured at FVTPL	-	1,494,203	-	1,494,203
Mutual funds at FVTPL	11,180,902	-	17,781,375	28,962,277
	<u>39,922,484</u>	<u>2,206,928</u>	<u>17,781,375</u>	<u>59,910,787</u>

There were no transfers between the levels of fair value hierarchies during the year.

**23. ASSETS HELD UNDER FIDUCIARY CAPACITY**

**Assets under management**

The Company manages investment portfolios and mutual funds on behalf of its customers, which amounts to SR 4,339 million as at 31 December 2025 (31 December 2024: SR 3,163 million). Consistent with its accounting policy, such balances are not included in the Company's financial statements.

**Clients' cash accounts**

Pursuant to the CMA's Capital Market Institutions Regulations requiring Client money segregation, the Company holds Clients' money in Omnibus accounts at a local bank to carry out its dealing, managing and custody activities.

The Company is holding clients' cash accounts amounting to SR 0.083 million (31 December 2024: SR 110.4 million). Consistent with the Company's accounting policy, such balances are not included in the Company's financial statements.

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**24. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and financial liabilities:

	<b>31 December <u>2025</u></b>	<b>31 December <u>2024</u></b>
<b>Financial assets</b>		
<b>Financial assets at amortized cost:</b>		
Trade receivables (note 11)	218,377	187,500
Other current assets	1,008,500	756,850
Due from related parties (note 12)	2,607,224	840,593
Cash and cash equivalents (note 14)	25,618,454	10,964,572
<b>Total financial assets at amortized cost</b>	<b><u>29,452,555</u></b>	<b><u>12,749,515</u></b>
<b>Total financial assets at fair value through OCI:</b>	<b><u>21,932,550</u></b>	<b><u>29,454,307</u></b>
<b>Financial assets at fair value through profit or loss (note 10):</b>		
Listed equity securities	407,740	-
Mutual funds	29,649,146	28,962,277
Quoted perpetual bonds	-	1,494,203
<b>Total financial assets at fair value through profit or loss</b>	<b><u>30,056,886</u></b>	<b><u>30,456,480</u></b>
	<b>31 December <u>2025</u></b>	<b>31 December <u>2024</u></b>
<b>Financial liabilities</b>		
<b>Financial liabilities at amortized cost:</b>		
Accruals and other current liabilities (note 17)	10,432,883	5,969,901
Due to related parties	3,165,026	5,971,271
Lease liability	343,874	1,004,334
<b>Total financial liabilities at amortized cost</b>	<b><u>13,941,783</u></b>	<b><u>12,945,506</u></b>

**25. REGULATORY CAPITAL REQUIREMENTS AND CAPITAL ADEQUACY RATIO**

The Capital Market Authority (the “CMA”) has issued Prudential Rules (the “Rules”) dated 30 December 2012G (corresponding to 17 Safar 1434H). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under these Rules. The Company’s objectives when managing capital are to comply with the capital requirements set by the CMA to safeguard the Company’s ability to continue as a going concern and to maintain a strong capital base. In accordance with this methodology, the Company has calculated its minimum capital requirement and capital adequacy ratios as follows:

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**25. REGULATORY CAPITAL REQUIREMENTS AND CAPITAL ADEQUACY RATIO**  
**(continued)**

	<b>31 December</b> <b><u>2025</u></b>	31 December <u>2024</u>
<b><i>Capital Base:</i></b>		
Tier 1 Capital	63,753	55,693
Tier 2 Capital	<u>–</u>	<u>–</u>
<b>Total Capital Base</b>	<b><u>63,753</u></b>	<b><u>55,693</u></b>
<b><i>Minimum Capital Requirement:</i></b>		
Market Risk	6,299	30,099
Credit Risk	149,469	102,092
Operational Risk	79,403	65,719
Concentration Risk	<u>14,032</u>	<u>32,795</u>
<b>Total Minimum Capital Required</b>	<b><u>249,203</u></b>	<b><u>230,705</u></b>
<b><i>Capital Adequacy Ratio:</i></b>		
<b>Surplus in Capital</b>	<b><u>43,817</u></b>	<b><u>37,236</u></b>
<b>Total Capital Ratio (times)</b>	<b><u>25.58%</u></b>	<b><u>24.14%</u></b>

The Capital Base of the Company comprise of:

**Tier-1 capital** consists of paid-up share capital, retained earnings, share premium (if any), reserves excluding revaluation reserves as per Article 5 of amended Rules / Article 4 of the Rules.

**Tier-2 capital** consists of subordinated loans, cumulative preference shares and revaluation reserves as per Article 6 of amended Rules / Article 4 of the Rules.

The minimum capital requirements for market, credit and operational risk are calculated as per the requirements specified in Part 3 of the Rules.

The Company's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.

**26. CONTINGENCIES AND COMMITMENTS**

The Company does not have any contingencies as at 31 December 2025. Further, there are no commitments as at 31 December 2025 (2024: Nil).

**27. EVENTS OCCURRING AFTER REPORTING DATE**

The recent regional military escalations have triggered a high-risk conflict environment across the Gulf. The situation is still very fluid, and scenarios can shift very quickly. The escalations have brought about additional uncertainties in the Company's operating environment.

As the situation is fast evolving and fluid, the effect of the escalations is subject to significant levels of uncertainty, with the full range of possible effects unknown; management is continuing to monitor the potential implications of these matters on the Company's operations, financial position, and performance and expect these events not to have a material impact.

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**28. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved by the Board of Directors of the Company on 10 March 2026 corresponding to 21 Ramadan 1447.