Sukna Capital Company
(Unlisted Joint Stock Company - Sole Proprietorship)
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR’S REPORT
FOR THE PERIOD FROM 24 APRIL 2024 TO DECEMBER 31, 2024

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Building a better working world

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5.500,000 – Five million five hundred thousand Saudi Riyals)
Head Office
Al Faisaliah Office Tower – 14th floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

CR. No. 1010383821

Tel: +966 11 215 9898
+966 11 273 4740
Fax:+966 11 273 4730

Ey.ksa@sa.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF SUKNA CAPITAL COMPANY
(UNLISTED JOINT STOCK COMPANY - SOLE PROPRIETORSHIP)

Opinion

We have audited the financial statements of Sukna Capital Company (Unlisted Joint Stock Company - Sole Proprietorship) (the "Company"), which comprise the statement of financial position as at December 31, 2024 and the statement of profit or loss and other comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the period from 24 April 2024 to 31 December 2024, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the period from 24 April 2024 to 31 December 2024 in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. 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 Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies and Company's By-laws or the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance i.e. the Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

for Ernst & Young Professional Services

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CR.1010383821
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354

Riyadh: 27 Ramadan, 1446H
(27 March 2025)

SUKNA CAPITAL COMPANY
(UNLISTED JOINT STOCK COMPANY - SOLE PROPRIETORSHIP)
STATEMENT OF FINANCIAL POSITION
As at December 31, 2024
All amounts in Saudi Riyals unless otherwise state

	Notes	***2024*** ***SR***
ASSETS		
Non-current assets		
Right-of-use assets	4	**5,797,622**
Property and equipment, net	5	**98,300**
Intangible assets, net	6	**3,516**
Total non-current assets		**5,899,438**
Current assets		
Term deposit	8	**10,000,000**
Cash and cash equivalents	7	**7,874,889**
Prepaid expenses and other assets	10	**1,911,219**
Trade receivables		**62,685**
Due from related party	9	**425,966**
Total current assets		**20,274,759**
TOTAL ASSETS		**26,174,197**
LIABILITIES AND SHAREHOLDER'S EQUITY		
Non-current liabilities		
Employees' termination benefits	12	**24,634**
Lease liabilities	4	**4,660,751**
Total non-current liabilities		**4,685,385**
Current liabilities		
Accounts payable and other liabilities	13	**189,524**
Due to related parties	9	**3,167,890**
Lease liabilities- Current Portion	5	**767,966**
Zakat payable		**311,329**
Total current liabilities		**4,436,709**
TOTAL LIABILITIES		**9,122,094**
Shareholder's equity		
Share capital	11	**20,000,000**
Retained earnings		**(2,947,897)**
TOTAL SHAREHOLDER'S EQUITY		**17,052,103**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**26,174,197**

The accompanying notes 1 to 17 form part of these financial statements

SUKNA CAPITAL COMPANY
(UNLISTED JOINT STOCK COMPANY - SOLE PROPRIETORSHIP)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the period from 24 April 2024 to 31 December 2024
All amounts in Saudi Riyals unless otherwise stated

	Notes	***For the period From 24 April 2024 to 31 December 2024 SR***
OPERATING INCOME		
Interest income		**62,685**
Consultancy Fees	9	**302,329**
Total operating income		**365,014**
OPERATING EXPENSES		
Depreciation and amortization	4,5,6	**133,443**
General and administrative expenses	14	**2,868,139**
Total operating expenses		**3,001,582**
Loss before zakat		**(2,636,568)**
Zakat expense		**(311,329)**
NET LOSS FOR THE PERIOD		**(2,947,897)**
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to the statement of profit or loss:		
Realized gain on sale of investments at FVTOCI		**-**
Actuarial remeasurement of employees' termination benefits	12	**-**
Other comprehensive income for the period		**-**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(2,947,897)**

SUKNA CAPITAL COMPANY
(UNLISTED JOINT STOCK COMPANY - SOLE PROPRIETORSHIP)
STATEMENT OF CHANGES IN SHAREHOLDER’S EQUITY
For the period from 24 April 2024 to 31 December 2024
All amounts in Saudi Riyals unless otherwise stated

	Share capital	*Retained earnings*	*Total*
At April 24, 2024	**20,000,000**	**-**	**20,000,000**
Net loss for the period	**-**	**(2,947,897)**	**(2,947,897)**
Other comprehensive loss	**-**	**-**	**-**
Total comprehensive loss for the period	**-**	**(2,947,897)**	**(2,947,897)**
Balance as at December 31, 2024	**20,000,000**	**(2,947,897)**	**17,052,103**

The accompanying notes 1 to 17 form part of these financial statements

STATEMENT OF CASH FLOWS

For the period from 24 April 2024 to 31 December 2024
All amounts in Saudi Riyals unless otherwise stated

	Notes	*For the period from 24 April 2024 31 December 2024 SR*
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before zakat		**(2,636,568)**
Adjustments to reconcile net profit to net cash used in operating activities:		
Depreciation and amortization	5,6	**6,350**
Depreciation of right of use assets	4	**127,093**
Provision of employee benefits plan	12	**24,634**
Finance charge on lease	4	**41,077**
		(2,437,414)
Changes in working capital:		
Trade receivables		**(62,685)**
Prepaid expenses and other assets		**(1,911,219)**
Due to related party	9	**3,167,890**
Due from related party	9	**(425,966)**
Accrued expenses and other liabilities		**189,524**
Net cash flows used in operating activities		**(1,479,870)**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property and equipment and intangibles	5,6	**(108,166)**
Term deposits with financial institutions		**(10,000,000)**
Net cash flows used in investing activities		**(10,108,166)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from the issue of share capital	11	**20,000,000**
Repayment of lease liabilities	4	**(537,075)**
Net cash flows from financing activities		**19,462,925**
Net increase in cash and cash equivalents		**7,874,889**
Cash and cash equivalents at beginning of the period	7	**-**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**7,874,889**

Supplemental non-cash information

Actuarial remeasurement of employee termination benefits	**-**
Right of use assets additions	**5,924,715**
Lease liabilities additions	**5,924,715**

1. GENERAL

The Sukna Capital Company (Unlisted Joint Stock Company - Sole Proprietorship) (the "Company") is a regulated Managing Investments and Operating Funds firm registered in Saudi Arabia and headquartered in Riyadh. The Company operates under Commercial Registration No. 1010808216 issued in Riyadh on Dhul Qadah 21, 1442 H (corresponding to June 20, 2022). The Company also operates its activities under Authorization License number (24284-02) dated Shawwal 15, 1445 H (corresponding to April 24, 2024) issued by the Capital Market Authority (CMA).

The Company's registered postal address is as follows:

Sukna Capital Company
(Unlisted Joint Stock Company - Sole Proprietorship)

P. O. Box 3270
Prince Saud bin Jalawi Street - Al Narjis District
Riyadh 13336
Kingdom of Saudi Arabia

The principal activities of the Company are dealing in management of investment funds and private investment portfolios on behalf of customers.

These are the first set of financial statements of the Company which cover the period from 24 April 2024 ("date of commencement of operations") to 31 December 2024. Accordingly, no comparative figures are presented in these financial statements.

The Company's share capital of SR 20 million as at December 31, 2024 and is wholly-owned by the SV Holding Limited.

2. MATERIAL ACCOUNTING POLICIES

Basis of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), collectively referred to as "IFRSs as endorsed in KSA" and in compliance with the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the By-laws of the Company.

Basis of preparation

The financial statements are prepared under the historical cost convention except for employees' end of service benefits ("EOSBs") carried at present value using Projected Unit Credit Method.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement (continued)
In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

Critical accounting judgments, estimates and assumptions
The preparation of the financial statements requires management to use judgment in applying accounting policies and estimates and assumptions about the future. Estimates and judgments are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates and judgments are based on management’s best knowledge of current events and actions, actual results ultimately may differ from those estimates.

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

The key judgments, estimates and assumptions that have a significant impact on the financial statements of the Company are discussed below:

Judgments

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

(ii) Leases
Determining the lease term of contracts with renewal and termination options – Company as lessee
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company included the renewal period as part of the lease term. The renewal periods for leases of buildings, equipment and cars with longer non-cancellable periods (i.e., 1 to 5 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Company typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Critical accounting judgments, estimates and assumptions (continued)

Estimates and assumptions

(i) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on cash and cash equivalent and trade receivables. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime Expected Credit Loss ("ECL") for other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(ii) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five periods and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill, if any, recognized by the Company.

(iii) Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgments is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 15 for further information.

(iv) Impairment of goodwill

For impairment testing, goodwill acquired through business combination is allocated to the Company which is considered as a cash generating unit (CGU), as Company has one operating and reportable segment. Estimating the value in use requires the Company to make an estimate of the expected future cash flows and to choose a suitable discount rate in order to calculate the present value of those cash flows.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Critical accounting judgments, estimates and assumptions (continued)

Estimates and assumptions (continued)

(v) Assumption for employees' benefits provision
The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employees' turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The most sensitive parameters are discount rate and future salary increases. In determining the appropriate discount rate, management considers the market yield on high quality corporate bonds. Future salary increases are based on expected future inflation rates, seniority, promotion, demand and supply in the employment market. The mortality rate is based on publicly available mortality tables for the specific country. Those mortality tables tend to change only at intervals in response to demographic changes.

(vi) Useful lives and depreciation of property and equipment
The useful lives, residual values and methods of depreciation of property and equipment is reviewed, and adjusted if appropriate, at each financial year end. In the review process, the Company takes guidance from recent acquisitions, as well as market and industry trends.

Foreign currency translation

a) Reporting currency
These financial statements are presented in Saudi Riyals ("SR") which is the functional currency of the Company.

b) Transaction and balances
Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

Financial instruments
Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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

Classification of financial assets
Debt instruments that meet the following conditions are subsequently measured at amortized cost:

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

2. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Debt instruments that meet the following conditions are subsequently measured at Fair Value Through Other Comprehensive Income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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 interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at Fair Value Through Profit or Loss ("FVTPL").

Despite the above, the Company may make the following irrevocable election / designation at the initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Effective interest method (continued)

Interest income is recognized in profit or loss.

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies.

Equity instruments designated as at FVTOCI
A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL

Financial assets at FVTPL are measured at fair value at end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating
- significant deterioration in external market indicators of credit risk for a particular financial instrument
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations
- an actual or expected significant deterioration in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Company considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' in accordance with the globally understood definition.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Significant increase in credit risk (continued)

For loan commitments and financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Company considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The following guidance shall be used for considering an instrument/exposure to have defaulted or credit impaired:

- In the case of margin loan facilities – any outstanding that has not been settled within 60 days after the expiry of an agreement (in the case of overdraft/revolving facility) or 30 days after the expiry of a deal (in the case of Murabaha deals).
- In the case of financial instruments such as placements or sukuks – any non-settlement of the amount due within 30 days from the due date will be considered as default.
- Bankruptcy protection has been filed for the obligor in respect of the obligor’s credit obligation to the Company.
- The Company consents to a distressed restructuring of the credit obligation where this is to result in a diminished financial obligation caused by material forgiveness, or postponement of principal, interest or fees.
- In case of financial instruments, any of the “Events of default” being met or triggered.

Given that the rebuttable presumption as per IFRS 9 for default is considered as no later than 90 days, the above five clauses on default are considered reasonable.

Any of the above condition being met shall be considered as a default / credit impaired and hence the financial instrument shall be moved to stage 3 of the General approach and hence lifetime ECL shall be recorded.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; and
- the disappearance of an active market for that financial asset because of financial difficulties

Write-off policy
The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following bases:

- Nature of financial instruments
- Past-due status; and
- Nature, size and industry of debtors

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets
The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company’s own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

Financial liabilities
All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liabilities.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Financial liabilities subsequently measured at amortized cost
The Financial liabilities that are not
1) Contingent consideration of an acquirer in a business combination,
2) Held-for-trading, or
3) Designated as at FVTPL, are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities
The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

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

Accrued management fees and commission income
Accrued management fees and commission income are recognized at an amortised cost less any expected credit losses (ECL). ECL is calculated using the simplified impairment approach.

Property and equipment
Property and equipment are carried at cost net of accumulated depreciation and/or accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is charged to the statement of profit or loss, using the straight-line method to allocate the costs of the related assets over the following estimated useful lives:

	Number of years
Computers hardware	3

Capital work in progress is transferred to the appropriate property and equipment category upon completion and depreciated from the point at which it is ready to use.

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

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the statement of profit or loss, as and when incurred. Major renewals and improvements, if any, are recognized in the carrying amount of the property and equipment.

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

2. MATERIAL ACCOUNTING POLICIES (Continued)

Intangible assets
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

The Company applies the following useful life for amortization to its intangible assets:

Computer software	1 years

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Accounts payable and accruals
Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company.

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Zakat
In accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"), the Company is subject to zakat. Provisions for zakat is charged to the statement of profit or loss.

Employee benefits

Employee termination benefits
Employee termination benefit liabilities are determined using the projected unit credit method, with actuarial valuations being carried out at end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurements

The Company presents the first two components of defined benefit costs in profit or loss in relevant line items.

2. MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits (continued)

Short-term and other long-term employee benefits
A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

Revenue recognition
The revenue is recognised when the Company transfers the services to customers at an amount that the Company expects to be entitled to in exchange for those services. The Company applies the following five-step approach to revenue recognition:
- Step 1: Identify the contract with the customer
- Step 2: Identify the separate performance obligations under the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to separate performance obligations
- Step 5: Recognise revenue when (or as) each performance obligation is satisfied

The revenue recognition policy for each revenue stream is as follows:

Consultancy fees
Consultancy fees revenue is recognised at a point in time based on services rendered under the applicable service contracts using the five-step approach to revenue recognition above.

Special commission income
Special commission income from special commission bearing financial instruments is recognised over time in the statement of income using the effective commission rate method

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

Leases
Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

2. MATERIAL ACCOUNTING POLICIES (Continued)

Leases (continued)
The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The Company uses incremental borrowing rate as a discount factor to compute the present value of lease liability.

Right-of-use assets are measured at cost comprising the following:
• the amount of the initial measurement of lease liability
• any lease payments made at or before the commencement date less any lease incentives received
• any initial direct costs, and
• restoration costs.

Current versus non-current classification
The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is classified as current when:
- expected to be realised or Intended to be sold or consumed in the normal operating;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

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

The Company classifies all other liabilities as non-current.

3. NEW STANDARDS AND AMENDMENTS ISSUED

(i) New standards and amendments adopted by Company

The following new and amended accounting standards and interpretations became applicable for annual periods beginning on or after January 1, 2024.

Topics	***Effective date***
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	1 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Disclosures: Supplier Finance Arrangements -Amendments to IAS 7 and IFRS 7	1 January 2024

The adoption of the new and amended standards and interpretations do not have a material impact on the financial statements of the Company.

(ii) New standards and amendments issued but not yet effective

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

All amounts in Saudi Riyals unless otherwise stated

3. NEW STANDARDS AND AMENDMENTS ISSUED (Continued)

(ii) New standards and amendments issued but not yet effective (continued)

Topics	***Effective date***
Lack of exchangeability – Amendments to IAS 21	1 January 2025
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026
Power Purchase Agreements – Amendments to IFRS 9 and IFRS 7	1 January 2026

The Company did not early adopt any standards, interpretations or amendments that have been issued but are not yet effective.

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

a) Right-of-use

The Company has lease contracts for office spaces and parking space. Leases of office spaces and parking spaces have lease terms of 6 years.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

<u>December 31, 2024</u>	***Building 2024 SR***
Cost:	
At the beginning of the period	**-**
Additions	**5,924,715**
Leases matured	**-**
At the end of the period	**5,924,715**
Accumulated depreciation:	
At the beginning of the period	**-**
Charge for the period	**127,093**
Relating to leases matured	**-**
At the end of the period	**127,093**
Net book amounts:	
At December 31, 2024	**5,797,622**

b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2024 SR
At the beginning of the period	**-**
New leases	**5,924,715**
Accretion of interest	**41,077**
Payments	**(537,075)**
At the end of the period	**5,428,717**

All amounts in Saudi Riyals unless otherwise stated

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

b) Lease liabilities (continued)

The lease liabilities are classified as follows:

	2024 ***SR***
Current	**767,966**
Non-current	**4,660,751**
	5,428,717

The maturity analysis of lease liabilities is disclosed in Note 16.

The following are the amounts recognized in the statement of profit or loss:

Depreciation of right-of-use assets	**127,093**
Interest expense on lease liabilities	**41,077**
Total amount recognized in profit or loss	**168,170**

5. PROPERTY AND EQUIPMENT, NET

December 31, 2024	***Computers hardware SR***	***Total SR***
Cost:		
At the beginning of the period	**-**	**-**
Additions	**103,846**	**103,846**
Transfer during the period	**-**	**-**
At the end of the period	**103,846**	**103,846**
Accumulated depreciation:		
At the beginning of the period	**-**	**-**
Charge for the period	**5,546**	**5,546**
At the end of the period	**5,546**	**5,546**
Net book value:		
At December 31, 2024	**98,300**	**98,300**

6. INTANGIBLE ASSETS

December 31, 2024	***Computer Software SR***	***Total SR***
Cost:		
At the beginning of the period	**-**	**-**
Additions during the period	**4,320**	**4,320**
Transfer during the period	**-**	**-**
At the end of the period	**4,320**	**4,320**
Accumulated amortization:		
At the beginning of the period	**-**	**-**
Charge for the period	**804**	**804**
At the end of the period	**804**	**804**
Net book value:		
December 31, 2024	**3,516**	**3,516**

All amounts in Saudi Riyals unless otherwise stated

7. CASH AND CASH EQUIVALENTS

	2024 *SR*
Bank Balances	**7,874,889**
	7,874,889

8. TERM DEPOSIT

The term deposit, which carries an interest rate of 5.2% per annum, is due for maturity on May 18, 2025, which is more than 90 days after the reporting date.

9. RELATED PARTY TRANSACTIONS

Related parties represent, i.e. major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the statement of profit or loss are as follows:

	Parent Company SR	*Other related parties SR*	*2024 SR*
Other income	**-**	**302,329**	**302,329**

Balances with related parties included in the statement of financial position are as follows:

	Ultimate Parent Company SR	*Parent / Intermediate Parent Company SR*	*Entities Under Common Control SR*	*2024 SR*
Amount due to				
SV Holding Company Limited	**-**	**2,586,716**	**-**	**2,586,716**
Sukna International	**-**	**-**	**581,174**	**581,174**
Total		**2,586,716**	**581,174**	**3,167,890**
Amount due from				
SV Holding Company Limited	**-**	**-**	**425,966**	**425,966**
	-	-	**425,966**	**425,966**

10. PREPAID EXPENSES AND OTHER ASSETS

	2024 *SR*
Advances to Suppliers (15% VAT)	**1,355,437**
VAT receivables	**329,916**
Security Deposits	**144,969**
Prepaid Medical	**37,759**
Advances to Staff	**31,468**
Prepaid Licenses	**11,670**
	1,911,219

All amounts in Saudi Riyals unless otherwise stated

11. SHARE CAPITAL

The share capital is divided into 2,000,000 shares of SR 10 each.

12. EMPLOYEES' TERMINATION BENEFITS

Movements in the employees' termination benefits recognized in the statement of financial position during the period are as follows:

	2024 ***SR***
At the beginning of the year	**-**
Current service cost	**24,634**
At the end of the year	**24,634**

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	2024 ***SR***
Discount rate	**5.84%**
Future salary increase rate	**4.00%**
Mortality rates	**AM92**
Rate of employee turnover	**Moderate**

All movements in the employee defined termination benefits liabilities are recognized in profit or loss except for the actuarial gain which is recognized in other comprehensive income.

Sensitivity analysis

The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at end of the reporting period, while holding all other assumptions constant.

	2024 ***SR***
Increase in discount rate of 1%	**21,854**
Decrease in discount rate of 1%	**27,921**
Increase in rate of salary increase of 1%	**27,950**
Decrease in rate of salary increase of 1%	**21,783**

13. ACCOUTS PAYABLE AND OTHER LIABILITIES

	2024 ***SR***
Provision for Audit Fee	**110,000**
Retention for Fit-out Work	**39,971**
GOSI Payable	**32,258**
Others	**7,295**
	189,524

All amounts in Saudi Riyals unless otherwise stated

14. GENERAL AND ADMINISTRATIVE EXPENSES

	From 24 April 2024 till 31 December 2024 *SR*
Salaries Expense	**1,373,337**
Consultant Services	**564,329**
Rent	**151,754**
Travel Expenses	**130,127**
Audit Fee Expense	**110,000**
Legal Fees	**102,663**
Others	**435,929**
	2,868,139

15. FINANCIAL INSTRUMENTS RISK MANAGEMENT

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

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company risk management framework. These risk management policies are established to identify and analyze 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 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. The Company is exposed to various risks such as market risk (which includes interest rate risk, currency risk and equity price risk), liquidity risk and credit risk arising from the financial instruments it holds.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commission rate risk, currency risk and other equity price risk. Financial instruments affected by market risk include short term borrowings.

The Company was exposed to market risk as described below, during the year. There were no changes in these circumstances from the previous year.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company did not have any significant foreign currency denominated monetary assets or liabilities at the reporting date for which it was exposed to foreign currency fluctuations. Consequently, no foreign currency sensitivity analysis has been presented.

Equity price risk
Equity price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Company is exposed to market risk with respect to its investments in mutual funds. The Company limits price risks by diversification of its investments and monitoring continuously the developments in the funds. In addition, the key factors that affect the funds market movements are monitored including analysis of the operational and financial performance of investees.

Management's best estimate of the effect on the statement of profit of lose for a year due to a reasonably possible change in fair value funds, with all other variables held constant is indicated in the table below.

All amounts in Saudi Riyals unless otherwise stated

15. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at December 31, 2024, the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognized financial assets as stated in the statement of financial position. The Company performs credit-vetting procedures which are reviewed and updated on an ongoing basis before granting credit to its customers.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Company reviews the recoverable amount of each receivable on an individual basis at end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the Bord of Directors of the Company consider that the Company's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties is with the bank with high credit-ratings.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarizes the maturities of the Company's undiscounted financial liabilities at:

December 31, 2024	*Less than 3 months*	*3 to 12 months*	*1 - 5 years*	*Greater than 5 years*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Other liabilities	**500,853**	**-**	**-**	**-**	**500,853**
Due to related parties	**3,167,890**	**-**	**-**	**-**	**3,167,890**
Lease liability	**-**	**1,074,150**	**4,744,165**	**626,588**	**6,444,903**
	3,668,743	**1,074,150**	**4,744,165**	**626,588**	**10,113,646**

Capital management

The Company manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The capital structure of the Company consists of equity comprising share capital and retained earnings.

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. As at December 31, 2024, the Company was in compliance with the externally imposed capital restrictions. Capital comprises share capital and retained earnings and is measured at SR 17,052,103 on 31 December 2024.

16. EVENTS SUBSEQUENT TO THE REPORTING DATE

No events have occurred subsequent to the reporting date and before the issuance of these financial statements which requires adjustment to, or disclosure, in these financial statements.

17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on 26 Ramadan 1446H (corresponding to 26 March 2025).