SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(Saudi Closed Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

INDEPENDENT AUDIOTR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

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Building a better working world

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Saudi Economic and Development Securities Company (SEDCO Capital)

Opinion

We have audited the consolidated financial statements of Saudi Economic and Development Securities Company ("SEDCO Capital" or "the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended 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 ("SOCPA") (collectively referred to as "IFRSs that are endorsed in the Kingdom of Saudi Arabia").

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 consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 the Company's By-Laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance i.e, the Audit Committee is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Saudi Economic and Development Securities Company (SEDCO Capital) (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Saudi Economic and Development Securities Company (SEDCO Capital) (continued)

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

Ahmed Ibrahim Reda
Certified Public Accountant
License No. (356)

Jeddah: 24 Ramadan 1446 H
24 March 2025

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سجل تجاري ٤٠٣٠٢٧٦٦٤٤
CR. 4030276644
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	2024 ⃁	2023 ⃁
ASSETS			
NON-CURRENT ASSET			
Financial investments	4	**150,016,339**	148,634,631
Property and equipment	5	**3,128,408**	3,047,086
Intangible assets	6	**3,327,196**	4,249,480
TOTAL NON-CURRENT ASSET		**156,471,943**	155,931,197
CURRENT ASSETS			
Financial investments	4	**-**	3,072,200
Accounts receivables and accrued income	7	**228,829,785**	174,612,803
Prepayments and other current assets	8	**118,372,367**	38,776,645
Cash and cash equivalents	9	**31,015,795**	103,052,284
TOTAL CURRENT ASSETS		**378,217,947**	319,513,932
TOTAL ASSETS		**534,689,890**	475,445,129
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	**200,000,000**	200,000,000
Statutory reserve	11	**27,242,890**	27,242,890
Foreign currency translation reserve		**-**	(16,338)
Retained earnings		**168,763,531**	126,464,413
Equity attributable to the owners of the Company		**396,006,421**	353,690,965
Non-controlling interests	12	**8,851,228**	10,488,247
TOTAL EQUITY		**404,857,649**	364,179,212
LIABILITIES			
NON-CURRENT LIABILITY			
Employees’ defined benefit liabilities	13	**13,071,607**	19,651,485
CURRENT LIABILITIES			
Account payable, accruals and other current liabilities	14	**104,319,892**	78,891,821
Provision for Zakat and income tax	18	**12,440,742**	12,722,611
TOTAL CURRENT LIABILITIES		**116,760,634**	91,614,432
TOTAL LIABILITIES		**129,832,241**	111,265,917
TOTAL EQUITY AND LIABILITIES		**534,689,890**	475,445,129

The attached notes from 1 to 27 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	*2024* ⃁	*2023* ⃁
Fee from services, net	15	**257,777,124**	200,369,796
Net loss from financial investments	16	**(18,560,230)**	(1,777,320)
TOTAL OPERATING PROFIT		**239,216,894**	198,592,476
Salaries and employees related expenses		**(115,277,773)**	(121,166,364)
General and administrative expenses	17	**(56,102,838)**	(37,337,271)
Marketing expenses		**(1,755,537)**	(2,068,236)
TOTAL OPERATING EXPENSES		**(173,136,148)**	(160,571,871)
NET OPERATING PROFIT		**66,080,746**	38,020,605
Other income		**431,244**	10,460
Foreign exchange loss, net		**(91,064)**	(5,554)
PROFIT BEFORE ZAKAT AND INCOME TAX		**66,420,926**	38,025,511
Zakat and income tax	18	**(8,000,000)**	(5,184,593)
NET PROFIT FOR THE YEAR		**58,420,926**	32,840,918
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss:			
Actuarial loss on re-measurement of employees' defined benefits	13	**(68,827)**	(502,711)
Items that are or may be reclassified to profit or loss:			
Net movement in exchange translation reserve		**16,338**	49,342
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**58,368,437**	32,387,549
Net profit for the year attributable to:			
Equity holders of the Parent Company		**60,057,945**	34,757,061
Non-controlling interest		**(1,637,019)**	(1,916,143)
		58,420,926	32,840,918
Total comprehensive income for the year attributable to:			
Equity holders of the Parent Company		**60,005,456**	34,303,726
Non-controlling interest		**(1,637,019)**	(1,916,177)
		58,368,437	32,387,549
Basic and diluted earnings per share (expressed in ⃁ per share)	19	**3.00**	1.74

The attached notes from 1 to 27 form an integral part of these financial statements.

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO Capital)
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to the owners of the Company						
	Share capital ⃁	***Statuary reserve*** ⃁	***Foreign currency translation reserve*** ⃁	***Retained earnings*** ⃁	***Total equity attributable to equity holders of the Parent Company*** ⃁	***Non-controlling interest*** ⃁	***Total equity*** ⃁
Balance at 1 January 2023	200,000,000	27,242,890	(65,680)	109,020,029	336,197,239	12,404,424	348,601,663
Net profit for the year	-	-	-	34,757,061	34,757,061	(1,916,143)	32,840,918
Other comprehensive income	-	-	49,342	(502,677)	(453,335)	(34)	(453,369)
Total comprehensive income	-	-	49,342	34,254,384	34,303,726	(1,916,177)	32,387,549
Dividend (note 10)	-	-	-	(16,810,000)	(16,810,000)	-	(16,810,000)
Balance at 31 December 2023	200,000,000	27,242,890	(16,338)	126,464,413	353,690,965	10,488,247	364,179,212
Net profit for the year	-	-	-	**60,057,945**	**60,057,945**	**(1,637,019)**	**58,420,926**
Other comprehensive income	-	-	**16,338**	**(68,827)**	**(52,489)**	-	**(52,489)**
Total comprehensive income	-	-	**16,338**	**59,989,118**	**60,005,456**	**(1,637,019)**	**58,368,437**
Dividend (note 10)	-	-	-	**(17,690,000)**	**(17,690,000)**	-	**(17,690,000)**
Balance at 31 December 2024	**200,000,000**	**27,242,890**	-	**168,763,531**	**396,006,421**	**8,851,228**	**404,857,649**

The attached notes from 1 to 27 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Notes	***2024***	*2023*
		⃁	⃁
OPERATING ACTIVITIES			
Net profit before zakat and income tax		**66,420,926**	38,025,511
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation of property and equipment	5	**777,163**	709,490
Amortization of intangible assets	6	**923,724**	894,008
Unrealized loss on financial investments	16	**21,108,758**	12,294,364
Realized gain on financial investments	16	**(1,072,175)**	(5,447,633)
Provision for expected credit losses		**6,500,000**	1,852,049
Provision for employees' defined benefit liabilities	13	**2,836,288**	2,631,426
Gain on disposal of property and equipment	5	**(16,831)**	-
		97,477,853	50,959,215
Net changes in operating assets and liabilities:			
Accounts receivable and accrued income		**(55,116,982)**	(100,556,291)
Prepayments and other current assets		**(85,195,722)**	(3,814,891)
Accounts payable, accruals and other current liabilities		**7,738,071**	38,880,627
Cash used in operations:		**(35,096,780)**	(14,531,340)
Employees' end of service benefits paid	13	**(9,484,993)**	(1,614,899)
Zakat and income tax paid	18	**(8,281,869)**	(5,015,677)
Net cash used in from operating activities		**(52,863,642)**	(21,161,916)
INVESTING ACTIVITIES			
Purchase of financial investments	4	**(32,986,540)**	(35,824,972)
Proceeds from disposal of financial investments	4	**14,640,449**	157,747,945
Purchase of property and equipment	5	**(891,654)**	(1,119,414)
Purchase of intangible assets	6	**(1,440)**	(424,156)
Proceeds from disposal of property and equipment		**50,000**	-
Net cash (used in) / generated from investing activities		**(19,189,185)**	120,379,403
FINANCING ACTIVITIES			
Dividend paid during the year	10	**-**	(16,810,000)
Net change in cash and cash equivalents		**(72,052,827)**	82,407,487
Cash and cash equivalents at beginning of the year	9	**103,052,284**	20,595,455
Exchange translation adjustment		**16,338**	49,342
Cash and cash equivalents at end of the year	9	**31,015,795**	103,052,284

The attached notes from 1 to 27 form an integral part of these financial statements.

1. REPORTING ENTITY

Saudi Economic and Development Securities Company (SEDCO Capital) ("the Company" or "Parent Company") is a Saudi Closed Joint Stock Company registered in Jeddah under Commercial Registration number 4030194994 on 1 Thul-Hijjah 1430H (corresponding to 18 November 2009). The Company obtained the approval of the Ministry of Commerce via Decree number 328/K, dated 1 Thul-Hijjah 1430 (November 18, 2009) to establish the Company.

The principal activities of the Company are dealing, arranging, managing and operating funds, advising, and custody services with respect to the financial securities business as per license issued by the Capital Market Authority ("CMA") number 11157-37 dated 23 Rabi'II 1430H (corresponding to 19 April 2009). The Company's principal place of business is Jeddah.

These financial statements comprise the consolidated financial statements of SEDCO Capital and its subsidiaries (together referred to as the 'Group'). The Company has the following subsidiaries as at 31 December 2024:

Name of the subsidiary	*Country of incorporation*	*Effective ownership interest (%)*	
		2024	*2023*
SEDCO Capital UK Limited (note a)	United Kingdom	**-**	100%
SEDCO Capital Luxembourg S.A.	Luxembourg	**100%**	100%
SEDCO Capital Cayman Limited	Cayman Island	**100%**	100%
SC Sentinel Limited	Cayman Island	**65.71%**	65.71%
SEDCO Management LTD	UAE	**100%**	100%
SEDCO Capital High Conviction Fund	Saudi Arabia	**100%**	100%
SEDCO Capital Total Return Fund	Saudi Arabia	**100%**	100%

a) The Company's directors in their meeting dated 31 August 2024 resolved to close the operations of SEDCO Capital UK Limited incorporated in the United Kingdom. The legal formalities in respect of liquidation of the entity are finalized as at yearend.

The new Companies Law issued through Royal Decree number M/132 on 1/12/1443H (corresponding to June 30, 2022) (hereinafter referred as "the Law") came into force on 26/6/1444H (corresponding to January 19, 2023). The Company has amended its by-laws to comply with the provisions of the new companies law in Saudi Arabia. The new by-laws were approved by the Company's shareholders in the Extraordinary General Assembly meeting dated 12 Jumada I 1445H (corresponding to 26 November 2023).

2. BASIS OF PREPERATION

2.1 Statement of compliance

These consolidated financial statements of the Group have been prepared 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 in compliance with the applicable provisions of the Regulations for Companies and the Company's By-Laws.

a) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial investments which have been measured at fair value through profit and loss (FVTPL).

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

b) Functional and presentation currency

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). These consolidated financial statements are presented in Saudi Arabian Riyal ("⃁") which is the company's functional and presentation currency.

2. BASIS OF PREPERATION (continued)

2.2 Significant accounting estimates, judgements and assumptions

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

Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

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

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Significant areas where management has used estimates or assumptions are as follows:

Useful lives and residual value of property and equipment
The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

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

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the 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 is arrived based on available data from binding sales transactions at arm's length, for similar assets or observable market prices less incremental costs to sell the asset. The value in use is based on a discounted cash flow ("DCF") model, whereby the future expected cash flows discounted using a pre-tax/zakat discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment of financial assets
The Company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

2. BASIS OF PREPERATION (continued)

2.2 Significant accounting estimates, judgements and assumptions (continued)

Estimates and assumptions (continued)

Employee defined benefit plan
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 employee 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 parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

Fair value estimation of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor

2.3 Impact of new standards, interpretations and amendments adopted by the Group
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback
The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
• What is meant by a right to defer settlement
• That a right to defer must exist at the end of the reporting period
• That classification is unaffected by the likelihood that an entity will exercise its deferral right
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's consolidated financial statements.

2. BASIS OF PREPERATION (continued)

2.3 Impact of new standards, interpretations and amendments adopted by the Group (continued)

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Group's consolidated financial statements.

2.4 Standard 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 financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Lack of exchangeability – Amendments to IAS 21
In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. This amendment is not applicable for the Group.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated statement of profit or loss. Any investment retained is recognised at fair value.

3.2 Foreign currencies

The Group's consolidated financial statements are presented in Saudi Riyal, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Foreign currencies (continued)

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

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

ii) Group companies
On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyal at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

3.3 Current versus non-current classification

Assets:

An asset is current when it is:

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

All other assets are classified as non-current.

Liabilities:
A liability is current when:

- It is expected to be settled in 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

All other liabilities are classified as non-current.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4 Property and equipment

Items of property and equipment are initially recognized at cost. Subsequent measurement is done at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in the statement of profit or loss.

Subsequent expenditure
The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in statement of profit or loss as incurred.

Derecognition
Property and equipment are derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in the consolidated statement of profit or loss.

Depreciation
Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Leasehold improvements	10 years
Furniture, equipment and vehicle	4 – 6 years

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

3.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles are not capitalized and the related expenditure is reflected in the statement of profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss. The estimated useful life of intangibles is 4 years.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Financial instruments

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

i) Financial assets

Initial recognition and measurement

The Group's financial assets consist of cash and bank balances, Murabaha placements, accounts receivable, investments at fair value through profit or loss due from related parties and financial liabilities consist of trade and other payables. Financial assets at initial recognition, are measured at their fair values. Subsequent measurement of a financial asset is dependent on its classification and is either at amortised cost or fair value through other comprehensive income (OCI) or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of accounts receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and profit (SPPP)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective profit rate (EPR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade and other receivables.

Financial assets at fair value through OCI

Debt instruments

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Financial instruments (continued)

i) Financial assets (continued)

Subsequent measurement (continued)
Financial assets at fair value through OCI (continued)
Debt instruments (continued)

For debt instruments at fair value through OCI, profit income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

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

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

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including consolidated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and profit are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss. Financial assets classified as fair value through profit or loss comprise investments in a short term discretionary portfolio and the investee entities, are acquired principally for the purpose of selling or repurchasing in the short term.

For securities that are traded in organized financial markets, the fair value is determined by reference to exchange quoted market bid prices at the close of the business on the reporting date.

For securities where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the underlying Net Asset Value (NAV) of the of the respective investee entity, which is reflective of the fair value of these securities.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Financial instruments (continued)

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financing, payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of financing and payables, net of directly attributable transaction costs. The Group's financial liabilities include accounts payable and other liabilities.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Amortised cost
After initial recognition, long term payables are subsequently measured at amortised cost using the EPR method. Gains and losses as a result of unwinding of profit cost through EPR amortization process and on de-recognition of financial liabilities are recognized in the consolidated statement of profit or loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EPR. The EPR amortisation is included as finance costs in the consolidated statement of profit or loss.

iii) Derecognition

Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

a) The rights to receive cash flows from the asset have expired; or
b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Financial instruments (continued)

iii) Derecognition (continued)

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

iv) Offsetting of financial instruments

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

3.7 Impairment of financial and non-financial assets

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses are recognized in the statement of profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.8 Dividend

The Group recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the by-laws of the Company, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

3.9 Value added tax ("VAT")

Revenues, expenses and assets are recognized net of amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the Zakat, Tax and Customs Authority ("ZATCA"), in which case, VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. The net amount of VAT recoverable from, or payable to, ZATCA is included as part of other receivables or other payables in the statement of financial position.

3.10 Zakat and income tax

The Company and its subsidiaries are subject to Zakat in accordance with the regulations of Zakat, Tax and Custom Authority ("ZATCA"). Zakat is charged to the consolidated statement of profit or loss and comprehensive income. Additional Zakat and income tax liability, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized and recognized in profit or loss.

Subsidiaries registered outside the Kingdom of Saudi Arabia (KSA) are subject to income tax as per applicable local regulations, which is charged to the consolidated profit or loss statement.

3.11 Provisions

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

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

3.12 Employee benefits

<u>*Post-employment benefits*</u>

End of service benefits, as required by Saudi Arabia Labour Law, are required to be provided based on the employees' length of service.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return of the services in the current and prior periods. The benefits are discounted to determine its present value and any unrecognized past service cost.

The discount rate used is the market yield on government bonds at the reporting date that has maturity dates approximating the terms of the Group's obligations. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method to determine the Group's present value of the obligation by a qualified actuary. Defined benefits liability comprises of the following:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense / income; and
- Remeasurement gains/(losses).

The Company recognizes and presents the first two components of the defined benefit costs in profit or loss. Gains / (losses) due to re-measurement of employee benefits liabilities are recognized in other comprehensive income immediately. Curtailment gains / (losses) are accounted for as past service cost in the profit or loss in the period of plan amendment.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Employee benefits (continued)

The companies in KSA are also required to contribute towards a state-owned benefit plan, General Organization for Social Insurance (“GOSI”), where the Group’s obligation under the plan is to make specified monthly contribution based on specified percentage of payroll cost as stipulated under the regulation. These contributions are recognized as an expense when employees have rendered the service entitling them to the contributions. Any unpaid amounts are classified as accruals.

A liability is also recognized for benefits accruing to the employees in respect of wages and salaries, annual leaves and other related benefits in the period the related services are rendered at the undiscounted amount of the benefits expected to be paid and are classified as accruals.

3.13 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group, and accordingly, are not recognised in the consolidated financial statements.

3.14 Revenue recognition

The Group recognizes revenue when or as a performance obligation is satisfied. i.e. when control of the goods or services pertaining to the respective performance obligation is transferred to the customer. The Group applies a five-step model to determine when to recognize revenue and at what amount.

• Step 1: Identify the contract with the customer
• Step 2: Identify the performance obligations in the contract
• Step 3: Determine the transaction price
• Step 4: Allocate the transaction price to the performance obligations in the contract
• Step 5: Recognize revenue when or as the entity satisfies a performance obligation

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations, where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Major sources of revenue for the Group and the corresponding accounting policy in respect of revenue recognition is set out below:

Fee from asset management
Fees charged for managing investment funds and private portfolios are recognized as revenue ratably as the services are provided, based on the applicable service contracts. Subscription fee is recognized at the time of subscription. Any performance fee is recognized in the period in which the corresponding fund or portfolio results meet (or are expected to meet) the annual preset targets.

Fee from advisory services
Fee from advisory services is recognised based on services rendered under the applicable service contracts.

Dividend income is recognised when the right to receive dividend income is established.

Income from Murabaha contracts is recognized as it accrues in the consolidated statement of profit or loss and other comprehensive income, using the effective interest method.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.15 Expenses

General and administrative expenses include direct and indirect costs related to operations other than salaries and marketing expenses.

3.16 Finance costs

Finance costs comprises of interest expenses and bank charges incurred by the Group during the year. Interest expense is recognized using the effective interest method. These are recorded as and when incurred.

3.17 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held (if any).

Diluted EPS is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held and for the effects of all dilutive potential ordinary shares.

4. FINANCIAL INVESTMENTS

	2024	*2023*
	⃁	⃁
Financial investments classified under current assets:		
Financial investment at amortized cost		
Murabaha investments – with original maturities of more than 3 months	**-**	3,072,200
Financial investments classified under non-current assets:		
Financial investment at FVTPL		
Investment funds		
- Real estate	**69,058,389**	70,194,551
- Public equity	**5,644,121**	8,165,666
Direct investment		
- Private equities	**39,202,363**	41,023,186
- Public equities	**36,111,466**	29,251,228
Total Financial investment classified under non-current assets	**150,016,339**	148,634,631
Total Financial Investments	**150,016,339**	151,706,831

The movement in the financial investments during the year is as follows:

	2024	*2023*
	⃁	⃁
Opening balance	**151,706,831**	281,705,628
Purchased during the year	**32,986,540**	35,824,972
Sold during the year	**(11,568,249)**	(157,747,945)
Matured during the year	**(3,072,200)**	(1,229,093)
Unrealized gains (losses) (note 16)	**(21,108,758)**	(12,294,364)
Realized gains (losses) (note 16)	**1,072,175**	5,447,633
Ending balance	**150,016,339**	151,706,831

5. PROPERTY AND EQUIPMENT

Movement in property and equipment during the year ended 31 December 2024 is as follows:

	Leasehold improvements ⃁	*Furniture, equipment and vehicle* ⃁	*Total* ⃁
Cost:			
Balance at 1 January 2023	5,964,399	7,148,032	13,112,431
Additions	837,481	281,933	1,119,414
Balance at 31 December 2023	6,801,880	7,429,965	14,231,845
Additions	161,888	729,766	891,654
Disposals	-	(1,056,940)	(1,056,940)
Balance at 31 December 2024	**6,963,768**	**7,102,791**	**14,066,559**
Accumulated depreciation:			
Balance at 1 January 2023	4,364,918	6,110,351	10,475,269
Charges for the year	371,497	337,993	709,490
Balance at 31 December 2023	4,736,415	6,448,344	11,184,759
Charges for the year	374,564	402,599	777,163
Disposals	-	(1,023,771)	(1,023,771)
Balance at 31 December 2024	**5,110,979**	**5,827,172**	**10,938,151**
Net book value			
At 31 December 2023	2,065,465	981,621	3,047,086
At 31 December 2024	**1,852,789**	**1,275,619**	**3,128,408**

a) Depreciation charges are included in general and administrative expenses (note 17).

6. INTANGIBLE ASSETS

Movement in intangible assets (represented by computer software) during the year is as follows:

	2024 ⃁	*2023* ⃁
Cost:		
Balance as at 1 January	**8,673,058**	8,248,902
Additions	**1,440**	424,156
Balance as at 31 December	**8,674,498**	8,673,058
Accumulated amortization:		
Balance as at 1 January	**4,423,578**	3,529,570
Charge for the year	**923,724**	894,008
Balance as at 31 December	**5,347,302**	4,423,578
Net book value:		
At 31 December	**3,327,196**	4,249,480

a) Amortisation expenses are included in general and administrative expenses (note 17).

7. ACCOUNTS RECEIVABLE AND ACCRUED INCOME

	2024 ⃁	*2023* ⃁
Management fee	**219,530,281**	168,024,953
Advisory fee	**10,468,165**	7,262,033
Others	**981,339**	575,817
	230,979,785	175,862,803
Allowance for expected credit losses	**(2,150,000)**	(1,250,000)
	228,829,785	174,612,803

The gross amount of ⃁ 231 million (2023: ⃁ 175.9 million) includes accrued income of ⃁ 200.8 million (2023: ⃁ 148.7 million) and accounts receivable of ⃁ 30.2 million (2023: ⃁ 27.2 million)

Movement in allowance for expected credit losses is as follows:

	2024 ⃁	*2023* ⃁
At 1 January	**1,250,000**	1,000,000
Charges for the year	**900,000**	250,000
At 31 December	**2,150,000**	1,250,000

8. PREPAYMENTS AND OTHER CURRENT ASSET

	2024 ⃁	*2023* ⃁
Bridge financing (note 8.a)	**85,020,000**	-
Loan to employees	**4,590,646**	5,654,922
Advances to vendors	**1,101,798**	205,000
Prepaid medical insurance	**558,921**	810,866
Other prepayments and current assets (note b)	**35,201,002**	34,605,857
Less: allowance for expected credit losses	**(8,100,000)**	(2,500,000)
	118,372,367	38,776,645

a) The carrying amount represents short term interest free financing to real estate funds managed by SEDCO Capital to facilitate the funds' operation. In addition, these amounts will be fully recovered in 2025 when the fund utilizes its bank facilities (refer note 20).

b) The carrying amount represents payments made on behalf of the funds and advances, duly recoverable from the underlying funds.

9. CASH AND CASH EQUIVALENTS

	2024 ⃁	*2023* ⃁
Cash in hand	**20,500**	35,923
Bank balances	**30,995,295**	89,764,694
Murabaha deposits -with original maturities of up to 3 months or less (note a)	**-**	13,251,667
	31,015,795	103,052,284

a) During 2024, the Group earned finance income of ⃁ 0.9 million (2023: ⃁ 1.0 million) at rate of return ranging from 5.70% to 6.00% (2023: 4.15% to 6.00%).

10. SHARE CAPITAL AND DIVIDEND

The share capital of the Company amounting to ⃁ 200 million (2023: ⃁ 200 million) is divided into 20,000,000 shares (2023: 20,000,000 shares) with nominal value of ⃁ 10 per share.

At the balance sheet date, the share capital of the Company is owned as follows:

	Percentage		Number of shares	
	2024	*2023*	***2024***	*2023*
Saudi Economic and Development Holding Company	**96%**	96%	**19,200,000**	19,200,000
Rushd International Real Estate Company	**1%**	1%	**200,000**	200,000
Ehkam International Real Estate Company	**1%**	1%	**200,000**	200,000
Ta'diah For Urban Development Company	**1%**	1%	**200,000**	200,000
Ta'aki International Real Estate Company	**1%**	1%	**200,000**	200,000
	100%	100%	**20,000,000**	20,000,000

During 2024, the shareholders approved distribution of dividend amounting to ⃁ 17.69 million (2023: ⃁ 16.81 million) which is ⃁ 0.8845 per share (2023: ⃁ 0.8405 per share).

11. STATUTORY RESERVE

Until 31 December 2022, in accordance with the Companies' Law and the Articles of association of the Company, the Company was required to set aside at least 10% of its net income in each year until the reserve equals 30% of the capital. The reserve was not available for distribution.

In accordance with new Companies' Law effective from 19 January 2023, the Company has amended its Articles of Association, whereby the requirement of maintaining a statutory reserve (as required under the previous Companies' Law and Articles of Association of the Company) has been withdrawn. Accordingly, the Company did not make any further transfers during the current year. The transfer to statutory reserve in 2023 of ⃁ 3,475,706 was reclassified to retained earnings as at 31 December 2023.

12. PARTLY OWNED SUBSIDIARY

	2024 ⃁	*2023* ⃁
Accumulated NCI		
SC Sentinel Limited	**8,851,228**	10,488,247

As at 31 December 2024, 34.29% (2023: 34.29%) of the shareholding of Sentinel Limited was held by non-controlling interests.

12. PARTLY OWNED SUBSIDIARY (continued)

12.1 Summarized balance sheet.

	2024 ⃁	*2023* ⃁
Total assets	**26,730,537**	31,425,259
Less: total liabilities	**(913,226)**	(833,306)
Net assets	**25,817,311**	30,591,953
Accumulated NCI	**8,851,228**	10,488,247

12.2 Summarized statement of comprehensive loss.

	2024 ⃁	*2023* ⃁
Loss from operations	**(4,694,721)**	(5,554,772)
Other expenses	**(79,917)**	(34,077)
Losses for the year	**(4,774,638)**	(5,588,849)
Loss allocated to NCI	**(1,637,019)**	(1,916,177)

13. EMPLOYEES' DEFINED BENEFIT LIABILITIES

Changes in present value of defined benefit obligation are as follows:

	2024 ⃁	*2023* ⃁
Balance as at 1 January	**19,651,485**	18,132,247
Included in profit or loss		
Current service cost	**2,011,480**	1,855,242
Interest cost	**824,808**	776,184
Total	**2,836,288**	2,631,426
Included in other comprehensive income		
Re-measurement loss / (gain) arising from:		
- financial assumptions	**(1,387,368)**	276,839
- demographic assumptions	**(596,243)**	-
- experience adjustment	**2,052,438**	225,872
Total	**68,827**	502,711
Benefits paid	**(9,484,993)**	(1,614,899)
Balance as at 31 December	**13,071,607**	19,651,485

The most recent actuarial valuation was performed by an independent, qualified actuary "AON Financial services firm" using the projected unit credit method. Aon Financial services firm are licensed from the "Institute of Actuaries", "Casualty Actuarial Society" and "Institute and Faculty of Actuaries".

13. EMPLOYEES' DEFINED BENEFIT LIABILITIES (continued)

Principal assumptions used in determining employee terminal benefits are as shown below:

	2024	*2023*
	⃁	⃁
Discount rate	**5.61%**	4.81%
Future salary growth	**3.00%**	3.00%
Retirement age	**60**	60

The quantitative sensitivity analysis for principal assumptions is as follows:

	2024	*2023*
	⃁	⃁
Increase in discount rate of 0.5%	**(755,553)**	(766,408)
Decrease in discount rate of 0.5%	**827,679**	825,362
Increase in rate of salary of 0.5%	**845,354**	845,014
Decrease in rate of salary of 0.5%	**(777,263)**	(786,059)

The average remaining duration of the end-of-service benefits at the end of the reporting period is 13.14 years (2023: 8.68 years). Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses above has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The following are the expected charges in the next year:

	2024	*2023*
	⃁	⃁
Expected current service cost	**1,782,364**	2,011,480
Expected net interest charge	**717,045**	824,808
	2,499,409	2,836,288

14. ACCOUNT PAYABLE, ACCRUALS AND OTHER CURRENT LIABILITIES

	2024	*2023*
	⃁	⃁
Employee related expenses	**59,143,047**	55,709,120
Dividend payable (note 10)	**17,690,000**	-
Due to related parties (note 20)	**6,912,515**	4,488,098
Accrued professional fees	**4,569,183**	4,494,461
VAT payable	**2,167,906**	564,003
Account payable	**-**	8,696
Accrued one time consultancy fee	**5,000,000**	6,680,000
Others	**8,837,241**	6,947,443
	104,319,892	78,891,821

15. FEE FROM SERVICES, NET

Following is a disaggregation of total revenue by type, major geographies and timing of recognition for the year:

	2024 ⃁	*2023* ⃁
Analysis by type of services:		
Advisory fees	**22,686,186**	15,979,789
Management fees (note a)	**235,090,938**	184,390,007
Fee from services, net	**257,777,124**	200,369,796
Analysis by primary geographical markets:		
Kingdom of Saudi Arabia	**211,915,733**	106,623,895
Other geographical markets	**45,861,391**	93,745,901
Fee from services, net	**257,777,124**	200,369,796
Analysis by timing of revenue recognition		
Points in time (note a)	**154,560,235**	111,056,114
Over time	**103,216,889**	89,313,682
Fee from services, net	**257,777,124**	200,369,796

a) This includes one-time fee amounting to ⃁ 154.6 million (2023: ⃁ 111.1 million), comprising of carried interest (performance fee), brokerage fee, financing arrangement fee, structuring fee, subscription fee and others, earned as part of fund management activities of underlying funds.

16. NET LOSS FROM FINANCIAL INVESTMENTS

	2024 ⃁	*2023* ⃁
Unrealized loss on financial investments (note 4)	**(21,108,758)**	(12,294,364)
Realized gain on financial investments (note 4)	**1,072,175**	5,447,633
Dividend income	**287,820**	2,390,703
Income from Murabaha contracts (note 9)	**880,271**	1,037,304
Others	**308,262**	1,641,404
	(18,560,230)	(1,777,320)

17. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	*2023*
	⃁	⃁
Professional and consultancy fees	**25,359,362**	14,517,401
Allowance for expected credit losses	**6,500,000**	1,852,049
Cross charge for shared services	**4,117,390**	3,550,000
Rent expense	**4,338,033**	3,155,616
Computer expenses and related maintenance	**2,903,232**	2,693,325
Traveling expenses	**1,887,315**	1,891,525
Trainings and meetings	**1,817,521**	1,024,913
Amortization of intangible assets (refer note 6)	**923,724**	894,008
Depreciation of property and equipment (refer note 5)	**777,163**	709,490
Insurance expense	**880,640**	1,149,346
Subscriptions	**683,310**	880,184
Withholding tax charges	**633,428**	835,796
Others	**5,281,720**	4,183,618
	56,102,838	37,337,271

18. ZAKAT AND INCOME TAX

18.1 Charge for the year:

	2024	*2023*
	⃁	⃁
Zakat charge	**8,000,000**	5,173,642
Income tax (benefit) / charge	**-**	10,951
Total charges	**8,000,000**	5,184,593

18.2 The zakat charge is based on the following:

	2024	*2023*
	⃁	⃁
Non-current assets	**156,471,943**	155,931,197
Non-current liability	**13,071,607**	19,651,485
Opening equity	**364,179,212**	348,601,663
Net profit before zakat and income tax	**66,420,926**	38,025,511

Some of these amounts have been adjusted in arriving at the zakat charge for the Company.

18.3 Movement in provision for zakat for the year is as follows:

	2024	*2023*
	⃁	⃁
As at 1 January	**12,722,611**	12,564,647
Charges for the year	**8,000,000**	5,173,641
Payments during the year	**(8,281,869)**	(5,015,677)
As at 31 December	**12,440,742**	12,722,611

18. ZAKAT AND INCOME TAX (continued)

Status of assessments

In respect to the year 2015, the Company escalated its objection in relation to the year 2015, through the General Secretariat of Tax Committees portal in order to assign a hearing session with the Committee for Resolution of Tax Violations and Disputes "CRTVD". The CRTVD issued its decision, which resulted in Zakat differences of ⃁ 723,292. The Company submitted their appeal against the said decision to The Appeal Committee for Tax Violations and Disputes Resolution (ACTVDR). ACTVDR issued the revised Zakat assessment, which showed an increase of the Zakat differences to ⃁ 1,354,883.66. The Company settled ⃁ 1,322,248.95 since it is the only pending amount shows in the ZATCA portal "Erad" to finalize it status for the said year. Noting that ZATCA may come back and request to settle the difference in the future.

In respect to the year 2017, ZATCA issued the Zakat assessment for the said year claiming Zakat differences of ⃁ 883,189.15. The Company settled an amount of ⃁ 414,380.90 and objected against the remaining differences. Then, ZATCA issued the revised Zakat assessment, which showed a decrease of the Zakat differences to ⃁ 412,195.17 Thus, the Company escalated its objection in relation to the year 2017, through the General Secretariat of Tax Committees portal in order to assign a hearing session with the Committee for Resolution of Tax Violations and Disputes "CRTVD". In addition, the company escalated its objection in relation to the year 2017 to Settlement Committee. Thus, they issued their decision, which showed a decrease of the Zakat differences to ⃁ 280,509.85. The Company settled the said difference and finalized it status for the said year.

In respect to the year 2018, ZATCA issued the Zakat assessment for the said year claiming Zakat differences of ⃁ 478,933.30. The Company settled the said difference and finalized it status for the said year.

In respect to the years from 2019 to 2023, the Company filed its Zakat returns for the years ended December 31, 2019 to 2023 and obtained the final Zakat certificates up to the year 2023. However, ZATCA did not finalize the study of the said years up to date.

19. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit for the year attributable to the equity holders of the Parent Company by the weighted average number of ordinary shares in issue outstanding during the year (note 10).

The diluted EPS is same as the basic EPS as the Company does not have any dilutive instruments in issue.

	2024	*2023*
	⃁	⃁
Profit for the year – attributable to the owner of the company	**60,057,945**	34,757,061
Weighted average number of shares outstanding (note 10)	**20,000,000**	20,000,000
EPS basic and diluted (in Saudi Riyals)	**3.00**	1.74

20. RELATED PARTY TRANSACTIONS

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

Name	***Relationship***
Saudi Economic and Development Holding Company	Shareholder
SEDCO Capital Grand Square Fund - MASIC	Fund under investment and management
SEDCO Capital Treasury Money Market Fund	Fund under investment and management
SEDCO Capital Ishbiliyah Fund	Fund under management
SEDCO Capital Built to Suit Real Estate Fund I	Fund under management
SEDCO Capital REIT fund	Fund under management
Rikaz SEDCO Capital Fund	Fund under management
Masar SEDCO Capital Real Estate Fund	Fund under management
SEDCO Capital- Ajdan Fairmont Fund	Fund under management
SEDCO Capital Inspire Boulevard Fund	Fund under management
Ajdan Khobar Lakes SEDCO Capital Fund	Fund under management
Alaqool SEDCO Capital Fund	Fund under management
Somu Ghura SEDCO Capital Fund	Fund under management
Saisban SEDCO Capital Fund	Fund under management
Irqa SEDCO Capital Fund	Fund under management
Adeer SEDCO Capital Makkah Towers Fund	Fund under management
SEDCO Capital Somou AlRemal Fund	Fund under management
Asmou SEDCO Capital Fund	Fund under management
SEDCO Capital Laghara Fund - KFD	Fund under management
SC Somou Park Fund (AlMasa AlKubra)	Fund under management
SC Multi Assets Fund	Fund under management
SEDCO Capital DARCO AlShatee Real Estate Development Fund	Fund under management
SEDCO Capital IPO Fund	Fund under management
SC Sumoud Real Estate Development Fund	Fund under management
Private Investments Portfolio	Shareholders Group
Elaf Hotels Company	Shareholders Group
Methak Investment Holding Company	Shareholders Group
Elaf for Travel and Tourism Company	Shareholders Group
Rushd International Real Estate Company	Shareholders Group
Intimaa Real Estate Services Company	Shareholders Group
Board of Directors	Board of Directors
Executive Management of the Company	Key Management personnel

The significant related party transactions for the year and balances arising therefrom are as follows:

a) Transactions with key management personnel and board of directors

Key management personnel comprise senior executive management and the Board of Directors. Details of the remuneration charged to the consolidated statement of profit or loss and relevant balances outstanding at the year-end are as follows:

	Amount of transaction during the year		***Closing balance receivable / (payable)***	
	2024 ⃁	*2023* ⃁	***2024*** ⃁	*2023* ⃁
Board of Directors	**2,948,070**	2,100,638	**364,450**	162,788
Executive Management of the Company	**36,743,989**	28,205,718	**9,900,000**	20,021,158

20. RELATED PARTY TRANSACTIONS (continued)

b) Advisory and management services

	Amount during the year		*Closing balance*	
	2024 ⃁	*2023* ⃁	***2024*** ⃁	*2023* ⃁
SC Somou Park Fund (AlMasa AlKubra)	**27,030,000**	-	**27,030,000**	-
Adeer SEDCO Capital Makkah Towers Fund	**26,615,383**	-	**-**	-
Asmou SEDCO Capital Fund	**23,778,333**	-	**-**	-
SEDCO Capital REIT fund	**17,102,783**	33,850,915	**17,072,782**	15,241,346
Alaqool SEDCO Capital Fund	**14,585,000**	-	**14,585,000**	-
Ajdan Khobar Lakes SEDCO Capital Fund	**13,712,500**	-	**13,712,500**	-
Somu Ghura SEDCO Capital Fund	**12,158,739**	-	**12,158,739**	-
Saisban SEDCO Capital Fund	**9,600,000**	-	**9,600,000**	-
SEDCO Capital DARCO AlShatee Real Estate Development Fund	**7,600,542**	-	**7,609,947**	-
SC Multi Assets Fund	**7,332,869**	-	**-**	-
SEDCO Capital Somou AlRemal Fund	**6,842,268**	-	**517,268**	-
SEDCO Capital- Ajdan Fairmont Fund	**6,700,530**	4,450,000	**-**	4,450,000
SEDCO Capital Laghara Fund – KFD	**6,193,597**	-	**1,267,358**	-
Irqa SEDCO Capital Fund	**5,267,791**	-	**5,267,791**	-
SEDCO Capital treasury Money Market Fund	**4,501,980**	5,348,838	**1,085,040**	1,528,589
SEDCO Capital Inspire Boulevard Fund	**3,551,538**	13,400,000	**-**	13,400,000
SC Sumoud Real Estate Development Fund	**2,360,000**	-	**2,360,000**	-
Rikaz SEDCO Capital Fund	**2,233,196**	3,955,500	**369,689**	3,955,500
Saudi Economic and Development Holding Company	**1,251,224**	19,006,307	**664,364**	16,362,173
Methak Investment Company	**1,097,972**	2,022,769	**722,619**	1,024,084
SEDCO Capital Grand Square Fund - MASIC	**976,090**	11,578,866	**1,175,404**	11,578,866
Private Investment Portfolio	**398,345**	524,215	**715,932**	564,391
SEDCO Capital IPO Fund	**353,018**	-	**165,966**	-
Masar SEDCO Capital Real Estate Fund	**20,000**	6,200,000	**6,223,000**	6,200,000
SEDCO Capital Ishbiliyah Fund	**-**	200,000	**200,000**	200,000
SEDCO Capital Built to Suit Real Estate Fund 1	**-**	5,625	**-**	-

20. RELATED PARTY TRANSACTIONS (continued)

c) Payment on behalf

	Amount during the year		*Closing balance*	
	2024	*2023*	***2024***	*2023*
	⃁	⃁	⃁	⃁
SEDCO Capital IPO Fund	**145,000**	-	**145,000**	-
Rushd International Real Estate Company	**7,500**	-	**7,500**	7,500
Other real estate funds under management	**2,821,735**	-	**356,000**	-
SEDCO Capital REIT Fund	**-**	3,001,771	**400,564**	401,564
SEDCO Capital Built to Suit Real Estate Fund I	**-**	-	**-**	323,931

d) Dividend income

	Amount during the year		*Closing balance*	
	2024	*2023*	***2024***	*2023*
	⃁	⃁	⃁	⃁
SEDCO Capital REIT Fund	**-**	192,255	**-**	-

e) Expense borne

Transactions with	*Nature of the transaction*	*Transactions during the year*		*Closing balance*	
		2024	*2023*	***2024***	*2023*
		⃁	⃁	⃁	⃁
Saudi Economic and Development Holding Company	Cross charges for shared service	**8,120,325**	3,200,000	**6,912,515**	4,269,464
Elaf Hotels Company	Accommodation services	**108,407**	138,945	**-**	20,772
Elaf for Travel and Tourism Company	Travel and tourism services	**300,379**	437,034	**-**	197,862
Intimaa Real Estate Services Company	Office rent and other services	**-**	1,187,189	**-**	-
Due to related parties (note 14)				**6,912,515**	**4,488,098**

20. RELATED PARTY TRANSACTIONS (continued)

f) Investments

	Amount during the year		***Closing balance***	
	2024 ⃁	*2023* ⃁	***2024*** ⃁	*2023* ⃁
SC Grand Square Real Estate Fund	**5,000,000**	-	**5,000,000**	-

g) Bridge financing (note 8)

	Amount during the year		***Closing balance***	
	2024 ⃁	*2023* ⃁	***2024*** ⃁	*2023* ⃁
SC Somou Park Fund (AlMasa AlKubra)	**70,000,000**	-	**70,000,000**	-
SC Rikaz Fund	**3,120,000**	-	**3,120,000**	-
SEDCO CAPITAL Grand Square	**9,500,000**	-	**9,500,000**	-
SEDCO Capital Laghara Fund-KFD	**2,400,000**	-	**2,400,000**	-
Total (note 8)	**85,020,000**	-	**85,020,000**	-

21. REGULATORY CAPITAL REQUIREMENTS AND CAPITAL ADEQUACY RATIO

The Company's objectives when managing capital are to comply with the capital requirements set by the Capital Market Authority (CMA) to safeguard the Company's ability to continue as a going concern and to maintain a strong capital base.

The Capital Market Authority (CMA) has issued Prudential Regulations (the "Rules") dated 30 December 2012 (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 Pillar I.

The CMA issued amendments to the Prudential Rules that came into effect on 1 April 2023 (corresponding to 10 Ramadhan 1444H). The requirements for Capital Adequacy as per the latest amendment differ from the prior requirements. Accordingly, the Company has calculated its minimum capital required and capital adequacy ratios for the year ended 2024 and the year ended 2023 as follows:

	2024	*2023*
	⃁	⃁
Capital base:		
Tier I capital	**401,530,034**	359,929,731
Risk weighted assets:		
Credit Risks	**1,691,145,638**	1,197,756,958
Market Risks	**60,714,573**	83,986,180
Operational Risks	**464,993,821**	428,160,592
Total risk weighted assets	**2,216,854,032**	1,709,903,730
Capital Adequacy Ratio		
Tier 1 ratio	**18.11%**	21.05%
Required Capital – 8%	**177,348,323**	136,792,299
Surplus in Capital	**224,181,711**	223,137,432

22. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a) Financial assets

Following are the categories of financial assets as per consolidated statement of financial position:

	2024	*2023*
	⃁	⃁
Measured at amortized cost		
Accounts receivables and accrued income	**230,979,785**	175,862,803
Prepayments and other current assets	**126,472,367**	41,276,645
Bank balances	**31,015,795**	89,800,617
Murabaha investments	**-**	16,323,867
	388,467,947	323,263,932
Measured at FVTPL		
Investment funds – Real Estate	**69,058,389**	70,194,551
Investment funds – Public equity	**5,644,121**	8,165,666
Direct investment – Private equities	**39,202,363**	41,023,186
Direct investment – Public equities	**36,111,466**	29,251,228
	150,016,339	148,634,631

22. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

b) Financial liabilities

Following are the categories of financial liabilities as per consolidated statement of financial position:

	2024	*2023*
	⃁	⃁
Measured at amortized cost		
Employee related expenses	**59,143,047**	55,709,120
Dividend payable (note 10)	**17,690,000**	-
Due to related parties (note 20)	**6,912,515**	4,488,098
Accrued professional fees	**4,569,183**	4,494,461
Account payable	**-**	8,696
Others	**13,837,241**	13,627,443
	102,151,986	78,327,818

22.1 Financial Instrument Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management framework
Risk management is carried out by senior management of the Group under policies approved by the Board of Directors of the Group. Senior management identifies, evaluates and manages financial risks. The most important types of risk are market risk, credit risk, and liquidity risk.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive committee is responsible for developing and monitoring the Group's risk management policies.

The Group audit committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, trade receivables and accrued income, murabaha investments, financial investments, trade payable, and other current liabilities. The particular recognition methods adopted are disclosed in the respective policy statements associated with each item.

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: interest rate risk, currency risk and other price risk.

22. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

22.1 Financial Instrument Risk Management(continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at 31 December 2024 and 2023, the Group does not have any floating rate interest-bearing assets or liabilities, as a result not exposed to significant interest rate risk.

Currency risk

The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group's exposure to the risk of changes in foreign rates relates primarily to its investment in equity instruments. The Group did not undertake significant transactions in currencies other than Saudi Arabian Riyal and US Dollars during the year. Since the Saudi Arabian Riyal is pegged to the US dollar, accordingly, the Group is not exposed to significant foreign currency risk.

Price risk

The risk that the value of a financial instrument will fluctuate as a result 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 Group is exposed price risk with respect to financial investments carried at fair value. The investments are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee.

Details of the Group's investment portfolio exposed to price risk, at the reporting date are disclosed in note 4 to these consolidated financial statements. As at 31 December 2024, the Group's overall exposure to price risk is limited to the fair value of those positions, whereby a 10% change in market values/net asset values would have affected the profit for the year by ⃁ + / - ⃁ 15 million (2023: ⃁ + / - 14.9 million).

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has no significant concentration of credit risk. To reduce exposure to credit risk, the Group has an approval process whereby credit limits are applied to its customers and counter parties. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

a) Actual or expected significant adverse changes in business,
b) Actual or expected significant changes in the operating results of the counterparty,
c) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
d) Significant increase in credit risk on other financial instruments of the same counterparty,
e) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

		Trade receivable days past due				
	Not past due	***<90***	***90-180***	***181-365***	***>365***	***Total***
	⃁	⃁	⃁	⃁	⃁	⃁
31 December 2024						
Gross carrying amount	**1,097,161**	**365,847**	**374,053**	**205,431**	**1,985,164**	**4,027,656**
Expected credit losses	**18,260**	**8,176**	**14,648**	**123,752**	**1,985,164**	**2,150,000**
	1,078,901	**357,671**	**359,405**	**81,679**	**-**	**1,877,656**
ECL coverage	**1.7%**	**2.2%**	**3.9%**	**60.2%**	**100%**	**53.4%**

22. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

22.1 Financial Instrument Risk Management (continued)

Credit risk (continued)

		Trade receivable days past due				
	Not past due	*<90*	*90-180*	*181-365*	*>365*	*Total*
	⃁	⃁	⃁	⃁	⃁	⃁
31 December 2023						
Gross carrying amount	1,488,745	499,855	153,986	1,757,180	1,141,578	5,041,344
Expected credit losses	21,222	4,774	5,359	77,067	1,141,578	1,250,000
	1,467,523	495,081	148,627	1,680,113	-	3,791,344
ECL coverage	1.4%	1.0%	3.5%	4.4%	100%	24.8%

Financial assets are written off when there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the consolidated statement of profit or loss and other comprehensive income. The Group measures the expected credit loss of trade receivables from individual customers based on historical trend, industry practices and the business environment in which the entity operates.

With respect to credit risk arising from the other financial assets of the Group, including bank balances and Murabaha deposits, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount as disclosed in the consolidated statement of financial position. The credit risk in respect of bank balances is considered by management to be insignificant, as the balances are mainly held with reputable banks in the Kingdom of Saudi Arabia and internationally. The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	2024	*2023*
	⃁	⃁
Financial investments	**150,016,339**	148,634,631
Accounts receivables and accrued income	**230,979,785**	175,862,803
Prepayments and other current assets	**126,472,367**	41,276,645
Bank balances	**31,015,795**	89,800,617
Murabaha investments	**-**	16,323,867
	538,484,286	471,898,563

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of cash promissory note, security deposit or advance, which are considered integral part of trade receivables and considered in the calculation of impairment.

Credit risk on bank balances is limited as the bank balances are held with banks with sound credit ratings. Financial position of related parties is stable. There were no past due or impaired receivables from related parties.

22. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

22.1 Financial Instrument Risk Management (continued)

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Group'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 Group's reputation. For this purpose, assets are managed with liquidity in perspective, maintaining a healthy balance of cash and cash equivalents. Moreover, the maturity profile of financial assets and liabilities is monitored on a regular basis to identify mismatches.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

31 December 2024	***Carrying value*** ⃁	***Gross undiscounted value*** ⃁	***Contractual cash flows 1 year or less*** ⃁
Employee related expenses	**59,143,047**	**59,143,047**	**59,143,047**
Dividend payable	**17,690,000**	**17,690,000**	**17,690,000**
Due to related parties	**6,912,515**	**6,912,515**	**6,912,515**
Accrued professional fees	**4,569,183**	**4,569,183**	**4,569,183**
Other liabilities	**13,837,241**	**13,837,241**	**13,837,241**
	102,151,986	**102,151,986**	**102,151,986**

31 December 2023	*Carrying value* ⃁	*Gross undiscounted value* ⃁	*Contractual cash flows 1 year or less* ⃁
Employee related expenses	55,709,120	55,709,120	55,709,120
Due to related parties	4,488,098	4,488,098	4,488,098
Accrued professional fees	4,494,461	4,494,461	4,494,461
Account payables	8,696	8,696	8,696
Other liabilities	13,627,443	13,627,443	13,627,443
	78,327,818	78,327,818	78,327,818

22. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

22.2 Fair Values

Fair value information for financial instruments at fair value

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. Differences can therefore arise between the book values under the historical cost method and fair value estimates.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

31 December 2024	***Carrying amount***	***Fair value***		
		Level 1	***Level 3***	***Total***
	⃁	⃁	⃁	⃁
Financial assets measured at fair value				
Investment funds – Real Estate	**69,058,389**	**-**	**69,058,389**	**69,058,389**
Public equities and funds – quoted	**41,755,587**	**41,755,587**	**-**	**41,755,587**
Private equities and funds – not quoted	**39,202,363**	**-**	**39,202,363**	**39,202,363**
	150,016,339	**41,755,587**	**108,260,752**	**150,016,339**

31 December 2023	*Carrying amount*	*Fair value*		
		Level 1	*Level 3*	*Total*
	⃁	⃁	⃁	⃁
Financial assets measured at fair value				
Investment funds – Real Estate	70,194,551	-	70,194,551	70,194,551
Public equities and funds	37,416,894	37,416,894	-	37,416,894
Private equities and funds	41,023,186	-	41,023,186	41,023,186
	148,634,631	37,416,894	111,217,737	148,634,631

22. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

22.2 Fair Values (continued)

a) Valuation technique and significant unobservable inputs for financial instruments at fair value

The Group uses various valuation techniques for determination of fair values for financial instruments classified under levels 3 of the fair value hierarchy. These techniques and the significant unobservable inputs used therein are analyzed below:

The Group utilizes fund manager reports (and appropriate discounts or hair-cuts where required) for the determination of fair values of private equity funds. The fund manager deploys various techniques (such as discounted cash flow models and multiples method, etc.) for the valuation of underlying financial instruments classified under level 2 and 3 of the respective fund's fair value hierarchy. Significant unobservable inputs embedded in the models used by the fund manager include risk adjusted discount rates, marketability and liquidity discounts and control premiums.

Similarly, for private equites not held via funds, the Group carries out fair valuation of its equity interest by the following techniques:

Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate. Significant unobservable inputs embedded in the models used include expected cash flows, risk-adjusted discount rate and terminal growth rates. The estimated fair value would increase (decrease) if:

- the expected cash flows were higher (lower); or
- the risk-adjusted discount rate was lower (higher).

Market comparison technique: The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the equity securities, and the revenue and EBITDA of the investee. The estimate is adjusted for the net debt of the investee. Significant unobservable inputs embedded in the models used include adjusted market multiples and marketability discounts.

The estimated fair value would increase (decrease) if the adjusted market multiple is higher (lower).

23. CONTINGENCIES, COMMITMENTS

There are no contingencies and commitments as at other than Zakat related contingencies as are disclosed in note 18.

24. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no events subsequent to the statement of financial position date which requires adjustments of or disclosure in the financial statements or notes thereto.

25. FIDUCIARY ASSETS

As at the balance sheet date, the Group’s fiduciary assets (represented by assets under management and advisory) amounted to ⃁ 36.9 billion (2023: ⃁ 25.7 billion).

26. COMPARATIVE INFORMATION

Certain prior year figures have been reclassified to conform to current period presentation, which are not material in nature to the Group’s consolidated financial statements as a whole.

27. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Group’s board of directors on 20 March 2025, (corresponding to 20 Ramadan 1446 H).