

GFH CAPITAL
(A Saudi Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025
together with the
INDEPENDENT AUDITOR'S REPORT

GFH CAPITAL
(A Saudi Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

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KPMG Professional Services Company

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Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

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

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholder of GFH Capital

Opinion

We have audited the consolidated financial statements of **GFH Capital** (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory 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 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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) (the "Code"), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA, the applicable requirements of Regulations for Companies, the Group's By-laws and for such internal control as management determines is necessary to enable the preparation of the 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 Board of Directors, are responsible for overseeing the Group's financial reporting process.



Independent Auditor's Report

To the Shareholders of GFH 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 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 judgement and maintain professional scepticism 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, then 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 Group's consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **GFH Capital** (the "Company") and its subsidiary (collectively referred to as the "Group").

KPMG Professional Services Company

Abdulaziz Mohammed Alawad
License No: 712



Al Riyadh on: 12 Shawwal 1447H
Corresponding to: 31 March 2026

GFH CAPITAL

(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

(All amounts are expressed in Saudi Arabian Riyals unless otherwise stated)

	<u>Notes</u>	31 December 2025	31 December 2024
ASSETS			
Non-current assets			
Property and equipment, net	5	621,512	887,158
Right-of-use assets, net	6	1,119,540	696,138
Investments, net	7	11,812,500	13,670,890
Total non-current assets		13,553,552	15,254,186
Current assets			
Investments, net	7	31,105,732	11,916,916
Due from a related party	15	100,448,030	124,118,123
Prepayments and other receivables	8	7,202,977	4,365,695
Receivable against sale of investment	9	213,187,500	--
Cash and cash equivalents	10	106,610,312	130,927,199
Total current assets		458,554,551	271,327,933
Total Assets		472,108,103	286,582,119
SHAREHOLDER'S EQUITY AND LIABILITIES			
Equity			
Share capital	11	20,000,000	20,000,000
Voluntary reserve		6,000,000	6,000,000
Retained earnings		281,915,932	206,540,691
Total Equity		307,915,932	232,540,691
Non-current liability			
Employees' end of service benefits		1,087,501	962,501
Total non-current liabilities		1,087,501	962,501
Current liabilities			
Accrued expenses and other payables	12	6,045,926	34,978,168
Payable against purchase of investment	13	149,625,000	--
Payable to other unitholders		--	11,750,164
Lease liability	6	1,119,540	--
Zakat payable	14	6,314,204	6,350,595
Total current liabilities		163,104,670	53,078,927
Total liabilities		164,192,171	54,041,428
Total Shareholder's Equity And Liabilities		472,108,103	286,582,119

The accompanying notes from 1 to 26 form an integral part of these financial statements.

GFH CAPITAL

(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are expressed in Saudi Arabian Riyals unless otherwise stated)

		For the year ended 31 December	
	<i>Notes</i>	2025	2024
Revenue			
Arranging fees, net	16	11,250,000	75,290,049
Profit income	16	5,390,809	6,457,162
Asset Management fees	16	3,175,187	1,314,167
Advisory fees	16	--	112,192,500
Total revenue		19,815,996	195,253,878
Unrealized gain on investments at FVIS		1,678,694	152,042
Other operating income		--	12,823
Total operating income		21,494,690	195,418,743
Expenses			
Salaries and employee related expenses	18	(12,074,148)	(55,654,435)
Depreciation expense	5,6	(989,298)	(981,753)
Travel expenses		(1,699,877)	(6,984,420)
Shared service cost	15	(3,898,660)	(11,867,407)
Other general and administrative expenses	19	(21,197,115)	(4,410,372)
Total operating expense		(39,859,098)	(79,898,387)
Operating (loss) / profit		(18,364,408)	115,520,356
Realized gain on disposal of investment in subsidiary	17	78,026,625	--
Other income	20	17,489,649	--
Finance cost		--	(36,343)
Net profit for the year before zakat		77,151,866	115,484,013
Zakat charge	14	(6,100,000)	(6,250,000)
Net profit for the year		71,051,866	109,234,013
Other comprehensive income		4,323,375	--
Total comprehensive income for the year		75,375,241	109,234,013

The accompanying notes from 1 to 26 form an integral part of these financial statements.

GFH CAPITAL

(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are expressed in Saudi Arabian Riyals unless otherwise stated)

	Share capital	Voluntary reserve	Retained earnings	Total
Balance at 1 January 2025	20,000,000	6,000,000	206,540,691	232,540,691
Total comprehensive income for the year	--	--	75,375,241	75,375,241
Balance at 31 December 2025	20,000,000	6,000,000	281,915,932	307,915,932

	Share capital	Statutory reserve	Retained earnings	Total
Balance at 1 January 2024	20,000,000	6,000,000	97,306,678	123,306,678
Total comprehensive income for the year	--	--	109,234,013	109,234,013
Balance at 31 December 2024	20,000,000	6,000,000	206,540,691	232,540,691

The accompanying notes from 1 to 26 form an integral part of these financial statements.

GFH CAPITAL

(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are expressed in Saudi Arabian Riyals unless otherwise stated)

	<i>Notes</i>	For the year ended	
		31 December	
		<u>2025</u>	<u>2024</u>
Operating activities			
Net profit for the year before zakat		77,151,866	115,484,013
<i>Adjustments for:</i>			
Depreciation	5, 6	989,298	981,753
Employees' end of service benefits expense		125,000	300,000
Finance cost on lease liabilities		--	36,343
Gain on investments at FVTPL		(1,678,694)	(152,042)
<i>Changes in operating assets and liabilities:</i>			
Decrease / (Increase) in due from a related party		23,670,093	(74,633,574)
Increase in prepayment and other receivables		(216,024,782)	(3,009,739)
Increase in accounts payable and accrued expenses		120,692,758	14,646,072
Cash generated from operating activities		<u>4,925,539</u>	<u>53,652,826</u>
Zakat paid	14	(6,136,391)	(3,233,451)
Employees' benefits paid		--	(81,442)
Net cash generated from operating activities		<u>(1,210,852)</u>	<u>50,337,933</u>
Investing activities			
Purchase of property and equipment		(27,514)	(44,415)
Acquisition of investment at Amortized Cost		--	(25,587,806)
Acquisition of investment		(36,916,163)	--
Disposal of investment at Amortized Cost		25,587,806	70,110,399
Net cash (used in) / generated from investing activities		<u>(11,355,871)</u>	<u>44,478,178</u>
Financing activities			
(Payment to) / Financing by other unitholders		(11,750,164)	11,750,164
Lease liability payments	6	--	(1,494,600)
Net cash (used in) / generated from financing activities		<u>(11,750,164)</u>	<u>10,255,564</u>
Net (decrease) / increase in cash and cash equivalents		<u>(24,316,887)</u>	<u>105,071,675</u>
Cash and cash equivalents at the beginning of the year		130,927,199	25,855,524
Cash and cash equivalents at the end of the year	10	<u>106,610,312</u>	<u>130,927,199</u>

The accompanying notes from 1 to 26 form an integral part of these financial statements.

GFH CAPITAL

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are expressed in Saudi Arabian Riyals unless otherwise stated)

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

GFH Capital (the "Company") is a Saudi Closed Joint Stock Company ("CJSC") registered in Riyadh, Kingdom of Saudi Arabia which holds Commercial Registration No. 1010593423 dated 03/01/1441H (corresponding to 3 September 2019). The Company operates under Saudi Arabia General Investment Authority License No. 102111401290552 dated 5/12/1440H (corresponding to 6 August 2019), and is regulated by the Capital Market Authority ("CMA") under the license No. 19200-30. The Company is a wholly owned subsidiary by GFH Financial Group B.S.C. (the "Shareholder" or the "Ultimate Parent"), a joint stock company domiciled and registered in the Kingdom of Bahrain.

The principal activities of the Company are investment management, operating funds, arrange and provide advisory services in the securities business.

The following is the registered address of the Company, which is also its principal place of business:

Office 2202, Floor 22
Kingdom Tower, Riyadh
Kingdom of Saudi Arabia.

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group"). The Company's subsidiaries are as follows:

Name of subsidiary	Principal activity	Ownership Percentage	
		31 December 2025	31 December 2024
*GFH Capital Acquisitions W.L.L.	Investing activities	100%	--
**GFH Money Market Private Fund	Investment in money market and sukuk	4%	71%

*During the year the Company has established GFH Capital Acquisitions WLL for the purpose of investing or acquisition of private companies. GFH Capital Acquisitions WLL established HPSA Solutions (i.e. a Special Purpose Vehicle with the purpose of acquiring Harris Pye Engineering Group Limited. On 31 December 2025, HPSA Solutions completed the acquisition of Harris Pye Engineering Group Limited and on same day GFH Capital Acquisitions WLL disposes 95% of the shareholding in HPSA Solutions to individual investors and the Group owns 5% shareholding in HPSA Solutions, which is classified as fair value through other comprehensive statement (FVOCI) as at 31 December 2025. (Refer note 7.2)

**During the last quarter of 31 December 2024, GFH Capital (the "Company") has subscribed to 71% of units of the GFH Money Market Private Fund (the "Fund"). However, on 1 July 2025, the Company's holding in the Fund is diluted from 100% to 4% due to additional subscription of units by other unitholder (i.e. GFH Bahrain). Therefore, the financial statements of the Fund for the year ended 31 December 2025 are consolidated up to the date of dilution.

2. BASIS OF PREPARATION

a) *Statement of compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

b) *Basis of measurement and presentation*

These consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, except for investments measured at FVIS and FVOCI, which are measured at fair value.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

In Saudi Arabian Riyals

2. BASIS OF PREPARATION (CONTINUED)

c) *Going Concern*

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

d) *Basis of consolidation*

These consolidated financial statements comprise the financial statements of the Company and its subsidiary as identified in (note 1). The financial statements of subsidiary are prepared for the same reporting period as that of the Company, using consistent accounting policies.

Subsidiary is an investee controlled by the Group. The Group controls an investee when it is exposed to, 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. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date that control ceases.

The control indicators set out below are subject to management's judgements that can have a significant effect in the case of the Group's interests in investments funds.

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; and
- The ability to use its power over the investee to affect amount of its returns.

When the Group has less than majority of the voting or similar rights of an investee entity, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights granted by equity instruments such as shares.

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. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary. 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:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the consolidated statement of income; and
- Reclassifies the parent's share of components previously recognized in OCI to the consolidated statement of income or retained earnings, as appropriate as would be required if the Group had directly disposed of the related assets or liabilities.

All intra-group balances, transactions, income, and expenses are eliminated in full in preparing these consolidated financial statements.

The consolidated financial statements have been prepared using uniform accounting policies and valuation methods for like transactions and other events in similar circumstances. The accounting policies of subsidiary have been changed when necessary to align them with the policies adopted by the Group.

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FOR THE YEAR ENDED 31 DECEMBER 2025

In Saudi Arabian Riyals

2. BASIS OF PREPARATION (CONTINUED)

e) Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals (“SAR”) which is the functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. All financial information is presented in SAR, unless otherwise stated.

f) Use of judgements, estimates and assumption.

The preparation of these consolidated financial statements in conformity with IFRS as endorsed by the SOCPA requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Such judgements, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances.

There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following material accounting policies to all periods presented in these consolidated financial statements.

a.) Financial instruments

Initial Recognition

A financial asset or financial liability (unless it’s a trade receivable / other receivable without significant financing component) is initially measured at fair value plus, for an item not carried at fair value through profit or loss (“FVTPL”), transactions cost that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

Classification and subsequent measurement of financial assets

Financial assets at amortized cost

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

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

Financial asset at FVTPL

All other financial assets that are not classified as amortized cost or FVOCI are classified as measured at FVTPL.

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

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

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In Saudi Arabian Riyals

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

a.) *Financial instruments (continued)*

Classification and subsequent measurement of financial assets (continued)

Business model assessment

The management assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and profit

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

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

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of profit rates.

Reclassifications

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

In Saudi Arabian Riyals

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

a.) *Financial instruments (continued)*

Classification of financial liabilities

The Group classifies its financial liabilities at amortized cost unless it has designated liabilities at FVTPL.

Derecognition

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

On derecognition of the financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognized) and the consideration received (including any new asset obtained less any new liability assumed) is recognized in statement of comprehensive income. Any profit in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Transactions in which the Group transfers assets recognized on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or portion of them, the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

Transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

b.) *Principles of Consolidation*

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

These consolidated financial statements comprise the financial statements of the Company and its subsidiary referred to in note 1. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies.

Subsidiary's equity obligations

The subsidiary's equity obligations represent the interest of other unit holders in subsidiary funds, and are classified as current liabilities. Changes in the subsidiary's equity obligations are recorded in consolidated statement of income and presented after "net income for the year after zakat and income tax".

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

b.) *Principles of Consolidation (continued)*

Changes in ownership interests (continued)

When the Group ceases to consolidate an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the consolidated statement of income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or a financial asset. In addition, any amounts previously recognised in consolidated statement of other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in consolidated statement of other comprehensive income are reclassified to consolidated statement of income. In case of loss of control over subsidiary, the Group also derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of income.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

c.) *Zakat*

Zakat is provided in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia and on accruals basis. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

d.) *Revenue*

The Group recognizes revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contract with customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognize revenue	The Group recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

d.) *Revenue (continued)*

Based on the above five steps, the revenue recognition policy for each revenue stream is as follows:

Revenue from arranging services

Revenue from arranging activities is recognized based on services rendered under the applicable service contracts using the five-step approach to revenue recognition.

Revenue from asset management services

Revenue from asset management services for mutual funds and discretionary portfolio management are recognized based on a fixed percentage of net assets value under management, subject to applicable terms and conditions and service contracts with customers/investors and funds.

e.) *Voluntary reserve (Previously called Statutory reserve)*

In accordance with the previous Regulations for Companies in Saudi Arabia, the Company was required to set aside a statutory reserve, after absorption of accumulated losses, if any, by the appropriation of at least 10% of the annual net income until the reserve equals 30% of the Company's share capital. This reserve was not available for distribution.

However, the Revised Regulations of the Company law has removed Statutory Reserve requirement. It is now at the discretion of the Company, through its By-laws, to establish a reserve for specific purposes. In line with this, the Company has updated its By-laws during the year and renamed its statutory reserve to voluntary reserve. As a result, there has been no transfer from the net income to the voluntary reserve during the year.

4. SIGNIFICANT STANDARDS, AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

New standards, interpretations and amendments adopted by the Group

Following standard, interpretation or amendments are effective from the current year and are adopted by the Group. However, these did not have any significant impact on these consolidated financial statements of the year.

Standards / Amendments	Description	Effective from periods beginning on or after the following date
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025

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The standards applied in these consolidated financial statements are those in issue as at the reporting date and are effective for annual periods beginning on or after 1 January 2026. Following new standards and amendments that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below:

Standards / Amendments	Description	Effective from periods beginning on or after the following date	Impact on Group Financial Statements
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely	No significant impact expected
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.	01 January 2026	No significant impact expected
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows.	01 January 2026	No significant impact expected
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	01 January 2027	This is likely to have significant impact in relation to presentation of financial statements.

The Group has not early adopted any standards, interpretations or amendments before their effective date.

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5. PROPERTY AND EQUIPMENT, NET

	Leasehold Improvements	Furniture	Computer Equipment	Total
<i>Cost</i>				
Balance at 1 January 2025	1,364,965	556,355	72,791	1,994,111
Additions during the year	--	--	27,514	27,514
Balance at 31 December 2025	1,364,965	556,355	100,305	2,021,625
<i>Accumulated depreciation</i>				
Balance at 1 January 2025	767,061	316,294	23,598	1,106,953
Charge for the year	194,995	79,479	18,686	293,160
Balance at 31 December 2025	962,056	395,773	42,284	1,400,113
<i>Net book value as at 31 December 2025</i>	402,909	160,582	58,021	621,512
<i>Cost</i>				
Balance at 1 January 2024	1,364,965	556,355	28,376	1,949,696
Additions during the year	--	--	44,415	44,415
Balance at 31 December 2024	1,364,965	556,355	72,791	1,994,111
<i>Accumulated depreciation</i>				
Balance at 1 January 2024	572,066	236,815	12,458	821,339
Charge for the year	194,995	79,479	11,140	285,614
Balance at 31 December 2024	767,061	316,294	23,598	1,106,953
<i>Net book value as at 31 December 2024</i>	597,904	240,061	49,193	887,158

6. RIGHT OF USE ASSETS, NET AND LEASE LIABILITY

Right-of-use asset

	31 December 2025	31 December 2024
<i>Cost</i>		
Balance at 1 January	3,866,318	3,866,318
Addition	1,119,540	-
Balance at 31 December	4,985,858	3,866,318
<i>Accumulated depreciation</i>		
Balance at 1 January	3,170,180	2,474,041
Charge for the year	696,138	696,139
Balance at 31 December	3,866,318	3,170,180
Net book value	1,119,540	696,138

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6. RIGHT OF USE ASSETS, NET AND LEASE LIABILITY (CONTINUED)

Lease liability

	31 December 2025	31 December 2024
Balance at 1 January	--	1,458,257
Addition	6.1 1,119,540	--
Finance charge on lease liability	--	36,343
Payment of lease liability	--	(1,494,600)
Balance at 31 December	1,119,540	--

Maturity analysis of undiscounted lease liability

Lease payments due within one year	1,119,540	--
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- 6.1 GFH Capital renewed the lease agreement for the 22nd Floor of Kingdom tower on 31 December 2025. The lease will expire on 31 December 2026. The rent is due on 15 January 2026.

7. INVESTMENTS, NET

	31 December 2025	31 December 2024
Non-current assets		
- Amortised cost ("AC")	--	13,670,890
- Fair value through Other Comprehensive Income ("FVOCI")	7.2 11,812,500	--
	11,812,500	13,670,890
Current assets		
- Amortised cost ("AC")	--	11,916,916
- Fair value through Income Statement ("FVIS")	7.1 31,105,732	--
	31,105,732	11,916,916

7.1 Fair value through Income Statement ("FVIS")

GFH Capital has subscribed 2.9 million units i.e. 4% (31 December 2024: 2.9 million units i.e. 71%) of GFH Money Market Private Fund (the "Fund"). The Net Asset Value per unit of the fund is SR 10.72 per unit (31 December 2024: SR 10.14 per unit).

	31 December 2025	31 December 2024
Additions	29,427,038	--
Unrealised gain on investment	1,678,694	--
Balance as at 31 December	31,105,732	--

As at 31 December 2024, GFH Money Market Fund was being consolidated, therefore, the comparative is "Nil". However, the fund is no longer being consolidated due to dilution (Refer note 1).

7.2 Fair value through Other Comprehensive Income ("FVOCI")

During the year the Company has established GFH Capital Acquisitions WLL for the purpose of investing or acquisition of private companies. GFH Capital Acquisitions WLL established HPSA Solutions (i.e. a Special Purpose Vehicle with the purpose to acquire Harris Pye Engineering Group Limited.

On 31 December 2025, HPSA Solutions completed the acquisition of Harris Pye Engineering Group Limited at cost of SAR 153.5 million and on same day GFH Capital Acquisitions WLL disposes 95% of the shareholding in HPSA Solutions to individual investors at SAR 213.19 million and the remaining 5% is retained by the group at SAR 11.81 million.

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	31 December 2025	31 December 2024
Prepaid expenses	3,148,437	2,660,353
Other receivables	4,054,540	1,705,342
	<u>7,202,977</u>	<u>4,365,695</u>

9. RECEIVABLE AGAINST SALE OF INVESTMENT

These represent receivable from individual investors, against disposal of 95% of shares in HPSA Solution by the Group as at 31 December 2025.

10. CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Cash at bank	7,091,422	2,046,670
Short term placements	<i>10.1</i> 99,518,890	128,880,529
	<u>106,610,312</u>	<u>130,927,199</u>

- 10.1.** These represent short term placements having original maturities as less than 90 days and are due to mature before 31 March 2026 (2024: 31 March 2025). Furthermore, they carry profit rate ranging from 4.8% to 5.2% (2024: 5.0% to 5.7%).

11. SHARE CAPITAL

As at 31 December 2025, the authorized, issued and fully paid share capital of the Group consists of 2 million shares (2024: 2 million shares) of SAR 10 par value each. The Company is wholly owned by GFH Financial Group B.S.C. (the "Shareholder" or the "Ultimate Parent")

12. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2025	31 December 2024
Accrued salaries and employee related benefits	3,776,250	32,538,970
Professional fees payable	928,519	1,719,769
Referral fee payable	--	114,739
Other payables	1,341,157	604,690
	<u>6,045,926</u>	<u>34,978,168</u>

13. PAYABLE AGAINST PURCHASE OF INVESTMENT

This represents payable for the acquisition of Harris Pye Engineering Group Limited through HPSA Solution (i.e. SPV).

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14. ZAKAT

a. Zakat status

The Group has filed its zakat return for the periods ended 31 December 2020 to 31 December 2024 with the Zakat, Tax and Custom Authority (“ZATCA”). Zakat and income tax return for the year ended 31 December 2025 will be submitted subsequent to the financial statement’s issuance date. Further no zakat assessment has been done for the above-mentioned periods.

b. Zakat base

The significant components of the Zakat base as at 31 December 2025 are as follows:

	31 December 2025	31 December 2024
Net profit for the year before zakat	77,151,866	115,484,013
Charge for employees’ end of service benefits	125,000	900,000
Adjustment for consolidated net income	(67,151,625)	--
Unrealized gain on investments at FVTPL	(1,678,694)	--
Adjusted net income before zakat for the year	8,446,547	116,384,013
Add:		
Share capital	20,000,000	20,000,000
Retained earnings	206,540,691	97,306,678
Statutory reserve	6,000,000	6,000,000
Other additions	1,087,501	7,313,096
Less:		
Property and equipment, net	(621,512)	(887,158)
Right of use assets	(1,119,540)	(696,138)
Zakat base	240,333,687	245,420,491
Zakat rate	2.57%	2.57%
Zakat expense (rounded)	6,100,000	6,250,000
Provision for zakat	6,100,000	6,250,000

c. Provision for Zakat

Movement in Zakat is payable during the year as follows:

	31 December 2025	31 December 2024
Opening balance	6,350,595	3,334,046
Charge for the year	6,100,000	6,250,000
Payments during the year	(6,136,391)	(3,233,451)
Closing balance	6,314,204	6,350,595

15. RELATED PARTY TRANSACTIONS

Related parties of the Group include its Shareholder, Directors and key management personnel of the Group. These transactions are carried out on mutually agreed terms and approved by the management of the Group. Significant related party transactions and balances during the year are as follows. These transactions are conducted with GFH Financial Group B.S.C. (“Shareholder”).

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15. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions included in statement of comprehensive income:

	<i>Note</i>	31 December 2025	31 December 2024
Arranging fees on:			
Equity		--	37,532,266
Murabaha & Wakala	15.1	11,250,000	47,522,385
Referral fees		--	(7,654,166)
		11,250,000	77,400,485
Advisory fees	15.2	--	112,192,500
Shared service cost	15.3	(3,898,660)	(11,867,407)

Balances included in statement of financial position:

		31 December 2025	31 December 2024
Due from GFH Financial Group B.S.C., (the "Shareholder"), net	15.4	100,448,030	124,118,123
Investments		--	23,717,760

- 15.1** In the prior year, the Company had a Service Level Agreement ("SLA") with the Shareholder whereby the Company arranged deals between customers originating in the Kingdom of Saudi Arabia and the Shareholder in the form of investments and deposits. In return, the Shareholder paid the Company an agreed consideration computed at 2% to 4% for Private Equity arranging, 0.25% to 1% for Real Estate arranging and at least of 0.20% to 0.50% or SAR 11.25 million per annum for Murabaha and Wakala arranging based on the SLAs. However, during the year the shareholder and the Company entered into an amended SLA whereby the Shareholder restricted the annual return at least of 0.20% to 0.50% or SAR 11.25 million per annum for arrangement of Murabaha and Wakala. The Company has agreed with the Shareholder that it will no longer provide equity and real estate arrangement and no costs associated with these services will be charged by the Shareholder.
- 15.2** This represents advisory fee income earned by the Group from rendering an advisory service to the Shareholder as per a Service Level Agreement ("SLA") which includes, advising on a portfolio acquisition and its placement strategy and reviewing fund strategy. Upon completion of the transaction, the Group is entitled to advisory fee as per the amount mutually agreed with the Shareholder.
- 15.3** This represents support service cost received from the Shareholder as per a Service Level Agreement ("SLA") including human resource, IT system, business support and administration services.
- 15.4** This represents receivable from the Shareholder in respect of services provided during the year.

Compensation of Key Management Personnel ("KMP")

KMP are those having authority and responsibility for planning, directing and controlling the activities of the Group. Accordingly, the Group's KMP includes the Board of Directors (including executive and non-executive directors) and CEO, CFO, CAO, Head of Compliance and Managing Director who meet the above criteria.

Close family members ("CFM") of KMP are those family members who may be expected to influence or be influenced by that KMP in their dealings with the Group. The following are the Board of Directors' remuneration and key management personnel remuneration and benefits for the period presented under 'salaries and benefits expense' in the statement of comprehensive income:

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15. RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of Key Management Personnel (“KMP”) (continued)

	31 December 2025	31 December 2024
Short-term benefits of key management personnel	6,666,987	9,727,224
End of service benefits key management personnel	75,000	232,676
	<u>6,741,987</u>	<u>9,959,900</u>

16. REVENUE

		<u>2025</u>	<u>2024</u>
Arranging fee	15.1	11,250,000	75,290,049
Profit income	16.1	5,390,809	6,457,162
Asset management fee		3,175,187	1,314,167
Advisory fees		--	112,192,500
		<u>19,815,996</u>	<u>195,253,878</u>

Timing of revenue recognition

Point in time	16,640,809	193,939,711
Over time	3,175,187	1,314,167
	<u>19,815,996</u>	<u>195,253,878</u>

16.1 Profit income consists of income from:

Short term placements	5,390,809	4,338,168
Investments at amortized cost (“AC”)	--	2,118,994
	<u>5,390,809</u>	<u>6,457,162</u>

17. REALIZED GAIN ON DISPOSAL OF INVESTMENT AT FVIS

	31 December 2025	31 December 2024
Disposal of investment at FVIS	213,187,500	--
Cost of acquisition	(135,160,875)	--
Gain on disposal	<u>78,026,625</u>	<u>--</u>

18. SALARIES AND EMPLOYEE RELATED EXPENSES

	<u>2025</u>	<u>2024</u>
Wages and Salaries	7,446,730	18,128,475
Bonus and other staff costs	4,627,418	37,525,960
	<u>12,074,148</u>	<u>55,654,435</u>

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19. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2025</u>	<u>2024</u>
Consultancy and professional fees	1,237,046	1,748,213
Licenses and other regulatory expenses	10,992,645	167,741
Insurance expenses	334,925	391,623
Marketing	7,555,277	953,340
Auditor's remuneration	530,000	480,000
Utilities	2,810	4,249
Others	544,412	665,206
	<u>21,197,115</u>	<u>4,410,372</u>

20. OTHER INCOME

The Group accrues for employee incentives and bonuses based on management's assessment of performance against targets and anticipated payments. Such estimates are inherently subject to uncertainty and are revised when actual outcomes become known. During the year, a revision to the 2024 bonus estimate resulted in a reversal of SAR 17.5 million, recognized as other income.

21. FINANCIAL RISK MANAGEMENT

The Board of Directors of the Group are responsible for the overall risk management framework and for approving the risk management strategies and principles. The Board of Directors considers the adequacy and effectiveness of the policies and controls that are in place relating to risk management. The Board of Directors have the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits and is responsible for day-to-day oversight of the risk management framework.

The Group has exposure to the following risks from financial instruments:

- a) credit risk;
- b) liquidity risk; and
- c) market risk.

This note presents information about the Group's objectives, policies and processes for measuring and managing risk.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group, resulting in a financial loss to the Group. The Group is exposed to credit risk for its cash at bank, due from a related part and security deposit. The management seeks to limit its credit risk by monitoring credit exposures and by dealing with only reputable counterparties. Credit risk is monitored on a regular basis by the management to ensure it is in line with the investment guidelines of the Board of Directors.

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

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	106,610,312	130,927,199
Investments at amortised cost ("AC")	--	25,587,806
Other receivables	4,054,540	1,705,342
Receivables against sale of investment	213,187,500	--
Due from a related party	100,448,030	124,118,123
Total exposure to credit risk	<u>424,300,382</u>	<u>282,338,470</u>

The Group does not have a formal internal grading mechanism considering that it has recently been incorporated. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Credit risks are generally managed on the basis of external credit ratings of the counterparties. Based on management assessment, there is no significant credit risk on the above-mentioned exposures as these are held with counterparties with sound credit rating which range from A-1 to B-2 (2024: A-1 to B-2). Amount due from a related party are classified as short term in nature and are expected to be recovered within a year.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its net funding requirements. Liquidity risk can arise from market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. Management monitors the maturity profile of the Group's assets and liabilities based on the remaining year at the statement of financial position to the contractual maturity date to ensure that adequate liquidity is maintained. All liabilities other than employees' end of service benefits are contractually payable on a current basis.

Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates, and equity prices.

Profit rate risk

Profit rate risk is the risk that the profit rate changed is not commensurate with financing cost due to changes in the market commission rate. The Group has money market placements; hence, the Group is not exposed to any profit rate risk.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did not undertake significant transactions in currencies other than Bahraini Dinar and US Dollars. Furthermore, Bahraini Dinar and US Dollars are pegged to Saudi Riyal. Therefore, the Group does not have significant exposure to currency risk.

Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate because of changes in market prices. The Group's equity price risk arises on its investment held at FVIS and FVOCI. The Group seeks to manage this risk by exercising business judgment and management experience. The Group utilizes limit structures including those relating to positions, portfolios and maturities to manage its equity price risk exposures.

22. FAIR VALUE OF FINANCIAL INSTRUMENT

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

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

The principal or the most advantageous market are accessible by the Group.

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22. FAIR VALUE OF FINANCIAL INSTRUMENT (CONTINUED)

Fair value hierarchy

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; or

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and cash equivalents, investments held at amortized cost, due from a related party and financial liabilities consists of accounts payable, accrued expenses and lease liability. As at 31 December 2024 and 2023, the fair values of these financial instruments approximate their carrying values due to relatively short-term nature of these financial instruments and not significantly exposed to any financial risk. There have been no transfers between Level 1, Level 2 and Level 3 during the reporting periods.

23. ASSET UNDER MANAGEMENT

The Group manages investment portfolios on behalf of its customers, which amounts to SR 2,060 million as at 31 December 2025 (31 December 2024: SR 1,265 million). The group also manages client money on behalf As the Group acts in a fiduciary capacity, these assets are not included in the consolidated statement of financial position.

24. REGULATORY REQUIREMENTS FOR CAPITAL AND CAPITAL ADEQUACY

The CMA has issued Prudential Rules (the "Rules") dated 17 Safar 1434H (corresponding to 30 December 2012) amended by resolution of the Board of the Capital Market Authority Number 1-129-2022 Dated 04 Jumada II 1444H (Corresponding to 28 December 2022). The amended regulations issued by CMA effective from 1 April 2023 and applied prospectively.

According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under these Rules. In accordance with this methodology, the Group has calculated its minimum capital required.

Capital adequacy ratio are as follows:

	2025 SAR '000	2024 SAR '000
Capital Base:		
Tier 1 capital	307,916	232,541
Total capital base	<u>307,916</u>	<u>232,541</u>
Risk Weighted Assets / Minimum capital requirement:		
Market risk	62,445	9,280
Credit risk	848,389	180,851
Concentration Risk	269,893	1,031,547
Operational risk	257,838	223,482
Total Risk Weighted Assets / minimum capital required	<u>1,438,565</u>	<u>1,445,160</u>
Capital adequacy ratio:		
Total capital ratio (% / time)	21.40%	16.09%
Tier 1 capital ratio (% / time)	<u>21.40%</u>	<u>16.09%</u>
Surplus in capital	<u>192,831</u>	<u>116,928</u>

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24. REGULATORY REQUIREMENTS FOR CAPITAL AND CAPITAL ADEQUACY (CONTINUED)

- Tier 1 capital consists of paid-up share capital, retained earnings and reserves;
- The minimum capital requirements for market, credit and operational risks are calculated as per the requirements specified in the Rules.
- The Group's business objectives when managing capital adequacy are to comply with the capital requirements set forth by the CMA to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base.

25. SUBSEQUENT EVENTS

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

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

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

26. BOARD OF DIRECTORS APPROVAL

The consolidated financial statements have been approved by the Board of Directors on 31 March 2026.