

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



KPMG Professional Services Company

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

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

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

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Derayah Financial Company (A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Derayah Financial Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss and other comprehensive income, changes in 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 the 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), that is endorsed in the Kingdom of Saudi Arabia, as applicable to audits of the financial statements of public interest entities. We have also 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent Auditor's Report

To the Shareholders of Derayah Financial Company (A Saudi Joint Stock Company) (continued)

Control assessment of the Funds under Group's management	
Refer to note 2.4, and 4.4 to the consolidated financial statements for basis of consolidation and significant accounting estimates and judgements in connection with such control assessment.	
The key audit matter	How the matter was addressed in our audit
The Group acts as Fund Manager to a number of investment Funds, and the assessment of whether it controls such Funds requires significant judgement. The Group evaluates whether it has power over the relevant activities of the Funds, exposure to variable returns arising from its involvement, and the ability to use that power to affect those returns. This assessment focuses on the Group's aggregate economic interests in the Funds, comprising variable remuneration and expected returns as well as the rights of investors, including their ability to remove the Fund Manager. We considered this as a key audit matter because the assessment of control over Funds under management requires significant judgment by management, and the impact of consolidation of such Funds is material to the Group's consolidated financial statements.	Our audit procedures included the following: • We evaluated management's assessment of control over Funds under management, focusing on the Group's exposure to variable returns and its ability to affect those returns through power over the Funds, including determination of relevant activities and consideration of terms & conditions of the Funds' and investors' rights, in line with the Group's accounting policies. • We assessed the purpose and design of the Funds under management to identify the relevant activities and determine whether the Group has the current ability to direct these activities, considering IFRS 10 requirements. • We analysed whether the Group controls the Funds under management by considering fee structures, management fees, and unitholding to assess the Funds' exposure to variable returns; and analysed the strength of unitholders' kick-out rights (if any). • We assessed the adequacy and appropriateness of disclosures in the consolidated financial statements in accordance with applicable accounting standards.



Independent Auditor's Report

To the Shareholders of Derayah Financial Company (A Saudi Joint Stock Company) (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 the IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and 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, the Board of Directors, are responsible for overseeing the Group's financial reporting process.

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.

Independent Auditor's Report

To the Shareholders of Derayah Financial Company (A Saudi Joint Stock Company) (continued)

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

- 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 financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of 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 Derayah Financial Company ("the Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services Company



Saleh Mohammed S Mostafa
License No: 524



Riyadh: 12 Shawwal 1447 H
Corresponding to 31 March 2026

DERAYAH FINANCIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

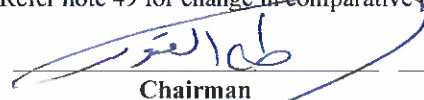
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

(Amounts in Saudi Riyals)

	<u>Notes</u>	<u>2025</u>	<u>2024 *</u>	<u>2023 *</u>
ASSETS				
NON-CURRENT ASSETS				
Property and equipment, net	6	105,013,894	99,880,882	38,176,641
Right-of-use assets, net	7	15,684,956	4,751,275	4,944,683
Intangible assets, net	8	46,709,559	16,840,837	15,343,604
Investment property, net	9	72,108,987	73,396,453	--
Investment in an associate	10	157,919,342	191,228,200	263,852,000
Investments at amortised cost, net	11	39,688,305	46,196,876	25,229,705
Investments at fair value through profit or loss	12	554,415,803	322,207,781	165,585,652
Investments at fair value through other comprehensive income	13	13,580,003	15,345,664	21,421,612
TOTAL NON-CURRENT ASSETS		1,005,120,849	769,847,968	534,553,897
CURRENT ASSETS				
Due from funds under management, net	17	26,657,951	35,555,565	46,736,123
Margin client receivables, net	14	1,088,663,007	1,492,510,930	1,312,655,166
Prepayments		9,652,957	4,669,399	8,175,031
Other current financial assets, net	15	248,088,809	263,519,143	324,551,231
Investments at fair value through profit or loss	12	426,757,414	46,339,893	25,921,623
Investments at amortised cost, net	11	--	5,007,926	5,004,980
Cash and cash equivalents, net	16	67,109,590	95,675,954	43,564,808
TOTAL CURRENT ASSETS		1,866,929,728	1,943,278,810	1,766,608,962
TOTAL ASSETS		2,872,050,577	2,713,126,778	2,301,162,859
LIABILITIES AND EQUITY				
NON-CURRENT LIABILITIES				
Employees' defined benefit obligations	18	29,071,045	25,177,923	24,968,100
Employee Equity Award Plan ('EEAP')	19	64,224,600	60,216,465	57,953,547
Unearned revenue – non-current portion	20	14,250,456	29,382,344	29,382,344
Lease liability – non-current portion	7	10,639,200	2,269,974	3,220,934
TOTAL NON-CURRENT LIABILITIES		118,185,301	117,046,706	115,524,925
CURRENT LIABILITIES				
Unearned revenue – current portion	20	15,131,888	--	--
Accrued expenses and other payables	21	120,032,947	127,527,255	90,555,402
Zakat payable	22	23,541,480	24,567,036	24,143,322
Unsecured bank loan	23	186,103,857	--	--
Payable to unitholders of the Fund	24	1,309,285,638	1,486,185,479	1,259,131,102
TOTAL CURRENT LIABILITIES		1,654,095,810	1,638,279,770	1,373,829,826
TOTAL LIABILITIES		1,772,281,111	1,755,326,476	1,489,354,751
EQUITY				
Share capital	25	499,470,390	499,470,390	162,290,130
Statutory reserve	26	48,687,039	48,687,039	48,687,039
Fair value reserves		(12,165,190)	(10,908,529)	(4,832,581)
Other reserves	27	(251,211)	(8,338,912)	(8,167,870)
Shareholders' contribution	28	14,130,000	14,130,000	--
Treasury share reserve	29	(12,005,090)	(14,130,000)	--
Employee Share Ownership Plan ("ESOP") reserve	30	25,402,955	--	--
Retained earnings		536,500,573	428,890,314	613,831,390
TOTAL EQUITY		1,099,769,466	957,800,302	811,808,108
TOTAL LIABILITIES AND EQUITY		2,872,050,577	2,713,126,778	2,301,162,859

* Refer note 49 for change in comparative period.





The attached notes 1 to 50 form an integral part of these consolidated financial statements.

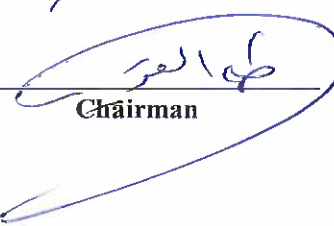
DERAYAH FINANCIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended 31 December
(Amounts in Saudi Riyals)

	<i>Notes</i>	<u>2025</u>	<u>2024 *</u>
OPERATING INCOME			
Revenue from contract with customers	32	641,254,489	598,313,790
Special commission income including on client money accounts	33	329,386,115	349,455,011
Net movement on financial instruments at fair value through profit or loss	34	(47,252,879)	(71,897,310)
Rental income on investment property		6,000,000	--
Dividend income		5,121,394	2,222,614
TOTAL OPERATING INCOME		<u>934,509,119</u>	<u>878,094,105</u>
OPERATING EXPENSES			
Salaries and employee related expenses	35	(207,554,336)	(151,575,272)
Other general and administrative expenses	36	(150,196,001)	(160,779,887)
Commission expenses		(22,028,890)	(35,147,697)
Marketing expenses		(19,454,063)	(7,451,610)
Finance costs		(6,448,501)	(6,764,645)
Reversal for expected credit losses	37	14,928	1,327,318
TOTAL OPERATING EXPENSES		<u>(405,666,863)</u>	<u>(360,391,793)</u>
OPERATING PROFIT		<u>528,842,256</u>	<u>517,702,312</u>
Other income, net	38	13,810,384	9,992,691
Share of loss in an associate	10	(132,048,696)	(72,014,400)
PROFIT BEFORE ZAKAT		<u>410,603,944</u>	<u>455,680,603</u>
Zakat charge for the year	22	(10,448,193)	(11,778,185)
PROFIT FOR THE YEAR		<u>400,155,751</u>	<u>443,902,418</u>
<i>Other comprehensive (loss) / income not to be reclassified to income subsequently</i>			
Financial assets at fair value through OCI – net change in fair value		(1,765,661)	(6,075,948)
Remeasurement loss on employees' defined benefit obligations	18	(142,074)	(1,100,968)
Remeasurement gain on employee equity award plan	19	8,379,307	1,539,326
Share of other comprehensive loss in an associate	10	359,468	(609,400)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		<u>6,831,040</u>	<u>(6,246,990)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>406,986,791</u>	<u>437,655,428</u>
EARNINGS PER SHARE			
Basic and diluted, earning per share	39	<u>1.64</u>	<u>1.83</u>

* Refer note 49 for change in comparative period.





Chairman Chief Executive Officer Chief Financial Officer

The attached notes 1 to 50 form an integral part of these consolidated financial statements.

DERAYAH FINANCIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December

(Amounts in Saudi Riyals)

	<u>Share Capital</u>	<u>Statutory reserve</u>	<u>Fair value reserve</u>	<u>Other reserves</u>	<u>Shareholders' contribution</u>	<u>Treasury share reserve</u>	<u>ESOP reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at 01 January 2024	162,290,130	48,687,039	(4,832,581)	(8,167,870)	--	--	--	613,831,390	811,808,108
Profit for the year	--	--	--	--	--	--	--	443,902,418	443,902,418
Other comprehensive loss for the year	--	--	(6,075,948)	(171,042)	--	--	--	--	(6,246,990)
Total comprehensive income for the year	--	--	(6,075,948)	(171,042)	--	--	--	443,902,418	437,655,428
Issuance of share capital (note 25)	337,180,260	--	--	--	--	--	--	(337,180,260)	--
Treasury shares acquired (note 29)	--	--	--	--	14,130,000	(14,130,000)	--	--	--
Dividends distribution (note 31)	--	--	--	--	--	--	--	(291,663,234)	(291,663,234)
Balance at 31 December 2024	499,470,390	48,687,039	(10,908,529)	(8,338,912)	14,130,000	(14,130,000)	--	428,890,314	957,800,302
Profit for the year	--	--	--	--	--	--	--	400,155,751	400,155,751
Other comprehensive loss for the year	--	--	(1,256,661)	8,087,701	--	--	--	--	6,831,040
Total comprehensive income for the year	--	--	(1,256,661)	8,087,701	--	--	--	400,155,751	406,986,791
Allocation of treasury shares (note 30)	--	--	--	--	--	--	55,316,255	--	55,316,255
Issuance of treasury shares (note 30)	--	--	--	--	--	2,124,910	(29,913,300)	27,788,390	--
Dividend distribution (note 31)	--	--	--	--	--	--	--	(320,333,882)	(320,333,882)
Balance at 31 December 2025	499,470,390	48,687,039	(12,165,190)	(251,211)	14,130,000	(12,005,090)	25,402,955	536,500,573	1,099,769,466





Chairman Chief Executive Officer Chief Financial Officer

The attached notes 1 to 50 form an integral part of these consolidated financial statements.

DERAYAH FINANCIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

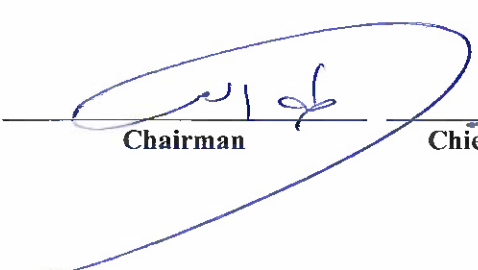
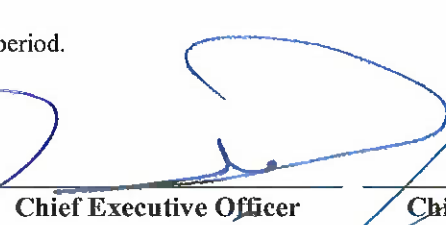
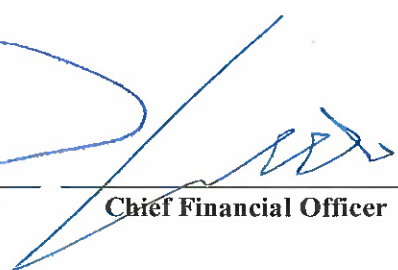
CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended 31 December

(Amounts in Saudi Riyals)

	<u>Notes</u>	<u>2025</u>	<u>2024 *</u>
OPERATING ACTIVITIES			
Profit before zakat		410,603,944	455,680,603
<i>Non-cash adjustment to reconcile profit before zakat to net cash flows:</i>			
Share of loss in an associate	10	132,048,696	72,014,400
Provisions for employees' defined benefit obligations	18	4,311,456	3,602,124
Provisions for employee equity award plan	19	1,149,561	--
Gain on settlement of share-based rewards	19	(110,400)	--
Employee share ownership plan expense		55,316,255	--
Special commission income including on client money accounts	33	(329,386,115)	(349,455,011)
Net movement on financial instruments at fair value through profit or loss, net	34	47,252,879	71,897,310
Depreciation	36	12,658,084	13,045,966
Amortisation	36	6,989,667	7,025,985
Reversal for expected credit losses	37	(14,928)	(1,327,318)
Amortisation of discount on investment at amortised cost		(490,235)	(301,360)
Finance cost		6,448,501	6,764,645
Dividend income		(5,121,394)	(2,222,614)
Operating cash flows before working capital changes		341,655,971	276,724,730
Margin client receivables, net		403,849,959	(178,533,724)
Other current financial assets, net		29,317,136	54,115,880
Prepayments		(4,983,558)	3,505,632
Due from funds under management, net		8,899,580	11,182,217
Accrued expenses and other payables		(9,031,458)	36,545,819
		769,707,630	203,540,554
Special commission income received including on client money accounts		315,503,393	356,378,546
Purchase of financial assets at fair value through profit or loss		(1,884,451,182)	(333,409,410)
Proceeds from sale of financial assets at fair value through profit or loss		1,322,142,776	193,062,750
Dividend received		5,121,394	2,222,614
Employees' defined benefit obligations paid	18	(1,774,931)	(5,679,254)
Settlement of employee equity award plan	19	(3,670,800)	--
Zakat paid	22	(11,473,749)	(11,354,471)
Finance cost paid		(683,085)	(1,446,809)
Net cash generated from operating activities		510,421,446	403,314,520

* Refer note 49 for change in comparative period.

Chairman Chief Executive Officer Chief Financial Officer

The attached notes 1 to 50 form an integral part of these consolidated financial statements.

DERAYAH FINANCIAL COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the years ended 31 December

(Amounts in Saudi Riyals)

		<u>2025</u>	<u>2024 *</u>
INVESTING ACTIVITIES			
Purchase of financial assets at amortised cost		--	(25,666,054)
Proceeds on maturity of investments at amortised cost		12,008,603	5,000,000
Additions of property and equipment	6	(13,792,246)	(71,487,612)
Additions of intangible assets	8	(36,858,389)	(8,523,218)
Additions of investment property	9	--	(74,544,590)
Investment in an associate	10	(98,380,370)	--
Net cash used in investing activities		<u>(137,022,402)</u>	<u>(175,221,474)</u>
FINANCING ACTIVITIES			
Dividends paid	31	(320,333,882)	(291,663,234)
Payable to unitholders of the Fund		(274,469,857)	118,463,328
Lease liability paid	7.1	(4,141,243)	(2,775,583)
Proceeds from unsecured loan		185,000,000	--
Employee equity award plan		11,974,600	--
Net cash used in financing activities		<u>(401,970,382)</u>	<u>(175,975,489)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR			
Cash and cash equivalents at the beginning of the year	16	(28,571,338)	52,117,557
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16	<u>95,685,143</u>	<u>43,567,586</u>
	16	<u>67,113,805</u>	<u>95,685,143</u>
NON-CASH SUPPLEMENTAL INFORMATION			
Additions to right-of-use assets and lease liability	7	13,645,065	1,921,050
Net change in fair value of investments at fair value through other comprehensive income		(1,765,661)	(6,075,948)
Share of other comprehensive loss in an associate	10	359,468	(609,400)
Purchase of treasury shares		--	14,130,000
Issuance of treasury shares	30	2,124,910	--

* Refer note 49 for change in comparative period.

		
Chairman	Chief Executive Officer	Chief Financial Officer

The attached notes 1 to 50 form an integral part of these consolidated financial statements.

1. ACTIVITIES

Derayah Financial Company (“the Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia. The Company operates under Commercial Registration No. 1010266977 and Unified National No. 7001591499 dated 04 Jumada I 1430H (corresponding to 29 April 2009).

The principal activities of the Company are to provide custody, advising, arranging, dealing, managing investments and operating funds. The Company commenced its business on 8 Rajab 1430H (corresponding to 1 July 2009) under license number 08109-27 from the Capital Market Authority (“CMA”), dated 12 Jumada II 1429H (corresponding to 16 June 2008). The Company’s registered office is located at the following address:

Third Floor, Prestige Center
Al Takhassousi Street, Al Olaya
P.O. Box 286546, Riyadh 12331
Kingdom of Saudi Arabia

The Company has branches in Dammam and Jeddah operating under commercial registration number 2050101980 dated 23 Shawwal 1435H (corresponding to 19 August 2014) and commercial registration number 4030286122 dated 13 Safar 1437H (corresponding to 25 November 2015), respectively.

The consolidated financial statements comprise the financial information of the Company and its subsidiaries, Derayah Gulf Real Estate Fund and Derayah Trading Finance Fund (together referred to as the ‘Group’) (note 2.4).

On 7 July 2024, the shareholders resolved to pursue an initial public offering (“IPO”). On 23 January 2025, the Company announced the offering of 49,947,039 existing ordinary shares (representing 20% of the issued share capital) by the pre-IPO shareholders on a pro-rata basis at an offer price of SR 30 per share. The shares were listed and commenced trading on the Saudi Stock Exchange (Tadawul) on 10 March 2025. Following the IPO, the Company’s legal form changed from a Closed Joint Stock Company (“CJSC”) to a Saudi Joint Stock Company (“SJSC”). The transaction resulted in the pre-IPO shareholders’ ownership decreasing from 100% to 80%, with the total issued share capital remaining unchanged.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”); and in compliance with the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the by-laws of the Company.

2.2 Basis of measurement and presentation

These consolidated financial statements are prepared on a going concern basis under the historical cost convention, except for the following material items in the consolidated statement of financial position:

- Investments at fair value through profit or loss (“FVTPL”) and fair value through other comprehensive income (“FVOCI”) are measured at fair value;
- Employees’ defined benefit obligations and Employee equity award plan are recognised at the present value of future obligations using the projected unit credit method.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyal (“SR”); which represents the functional currency of the Company, Derayah Gulf Real Estate Fund and Derayah Trading Finance Fund. All the financial information rounded off to nearest Saudi Riyal except where otherwise indicated.

2. BASIS OF PREPARATION (Continued)

2.4 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of subsidiaries are prepared for the same reporting year as that of the Company, using consistent accounting policies.

Subsidiaries are investees 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 subsidiaries 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 securitization vehicles and 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.

The Company acts as a fund manager for certain investment funds. In determining whether it controls the Funds, management has applied significant judgment in assessing whether the Company is acting as a principal or an agent. The following factors were considered:

- Scope of decision-making authority over the relevant activities of the Funds;
- Rights held by other investors, including whether such rights are substantive, particularly kick-out rights and participating rights;
- Exposure to variable returns, including management fees, performance fees, and any direct investment in the Funds; and
- Linkage between power and returns, including whether the Company is able to use its decision-making authority to affect its returns.

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

The Company manages the Derayah Trading Finance Fund, a privately placed open-ended investment fund, which, as at the reporting date, has no direct investment by the Company. The Fund invests primarily in asset-backed financing transactions, including margin financing secured against clients' assets. In assessing whether it has control over the Fund, the Company evaluated its overall relationship with the Fund, including the extent of its exposure to variable returns (through performance-linked returns and expected management fees) and its ability to affect those returns through its role as Fund Manager. Consideration was also given to the substantive rights held by third-party investors, including their ability to remove the fund manager, accordingly, the Company has consolidated the Fund in its financial statements.

The Company has investment amounting to SR 74 million (representing 100% unitholding) in Derayah Gulf Real Estate Fund, a privately placed real estate investment fund managed by Company. The Fund's aim to achieve returns on capital for unitholders through the acquisition of an income generating property in the Kingdom of Saudi Arabia.

Moreover, the Company has a subsidiary (99.5% shareholding), Derayah Technology Services, in Egypt with a share capital of USD 1 million. Derayah Technology Services has no material impact on the financial statements and has therefore not been consolidated in these consolidated financial statements. The nature and purpose of the subsidiary is to provide information technology services to Derayah Financial Company.

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, unless otherwise stated.

3. MATERIAL ACCOUNTING POLICIES

3.1 Financial instruments

Classification of financial assets depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows. The Group classifies its financial assets as:

- financial assets measured at amortised cost, or
- financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognised either through profit or loss or through other comprehensive income.

Investments at amortised cost, time deposits, margin client receivables, amounts due from funds under management, and other current financial assets are managed to collect contractual cash flows, which solely comprise principal and interest payments. Accordingly, these financial assets are measured at amortised cost.

Initial measurement

Financial assets are initially measured at its fair value, plus transaction costs in the case of a financial asset not at fair value through statement of profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are recognised in the consolidated statement of profit or loss and other comprehensive income. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the requirements as solely payment of principal and interest. In relation to the trades executed by the Company as a Direct Clearing Member due to the specifics and nature of the overall mechanism governing such trade, the Group has chosen to apply settlement date accounting to all of the underlying sub-transactions

On initial recognition, for an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-to-investment basis.

Subsequent measurement

Debt instruments

The Group recognises three classifications to subsequently measure its debt instruments:

- ***Amortised cost***
Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the consolidated statement of profit or loss and comprehensive income when the asset is derecognised or impaired. Special commission income from these financial assets is included in special commission income including on client money accounts using the effective interest rate method.
- ***Fair Value through Other Comprehensive Income ("FVOCI")***
Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special commission income and foreign exchange gains and losses, which are recognised in the consolidated statement of profit or loss and comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the consolidated statement of profit or loss and comprehensive income and recognised in other gains / (losses).
- ***Fair Value through Profit or Loss ("FVTPL")***
Financial assets that do not meet the criteria for subsequent recognition at amortised cost or FVOCI, are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through the consolidated statement of profit or loss and comprehensive income and which is not part of a hedging relationship is recognised and presented net in the consolidated statement of profit or loss and comprehensive income in the year in which it arises.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

De-recognition

A financial asset or a part of a financial asset is de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group 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:
- The Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment

The Group assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, carried at amortised cost and FVOCI, the ECL is based on a 12-month ECL and lifetime ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance increases in credit risk since origination, the allowance will be based on the lifetime ECL. For investment in sukuks, margin client receivables, due from funds under management, cash and cash equivalents, and other current financial assets, the Group applies the general approach.

Financial liabilities

The Group classifies its financial liabilities, as held at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the effective interest rate ("EIR"). Subsequent to initial recognition, financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss or an entity has opted to measure a liability at fair value through profit or loss as per the requirements of IFRS 9. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Offsetting of financial instruments

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

3.2 Current versus non-current classification

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Current versus non-current classification (continued)

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

3.3 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. Repairs and maintenance costs are charged to the consolidated statement of profit or loss and comprehensive income during the year in which they are incurred.

The major categories of property and equipment are depreciated on a straight line basis as follows:

Asset categories	Useful lives
Leasehold improvements	Period of lease or 5 years; whichever is shorter
Furniture, fixture and fittings	5 years
Computer and office equipment	4 years
Right of use asset	Period of lease or 5 years; whichever is shorter

The Group allocates the amount initially recognised in respect of an item of property and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognised when replaced. Residual values, method of amortisation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Impairment losses and gains and losses on disposals of property and equipment are included in consolidated statement of profit or loss and comprehensive income.

Work in progress is stated at cost incurred until the asset is ready for its intended use, thereafter, this cost is capitalised on the related assets. This includes the cost of contractors, materials, services and capital advances. Work in progress is not depreciated.

Right of use assets

The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurement of the lease liability. Generally, right of use assets would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the right of use assets' value.

Right of use assets (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Intangible assets

Intangible assets consist of both internally developed and externally acquired software. Expenditures on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment, if any.

Intangible assets that are acquired by the Group and have finite lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in consolidated statement of profit or loss and comprehensive income on a straight-line basis over the estimated useful life of the software from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is four years. Amortisation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Subsequent expenditures on software assets are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed in the consolidated statement of profit or loss and comprehensive income as incurred.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

3.5 Zakat

The Company is domiciled in the Kingdom of Saudi Arabia. The Company is subject to Zakat in accordance with the Regulations of the Zakat, Tax and Custom Authority ("ZATCA") as applicable in the Kingdom of Saudi Arabia. The Zakat charge is computed on the Zakat base. An estimate of Zakat arising therefrom is provided by a charge to the consolidated statement of profit or loss and comprehensive income.

3.6 Contingent liabilities

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

3.7 Revenue from contracts with customers

The Group recognises 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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Revenue from contracts with customers (continued)

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: Recognise revenue The Group recognises revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Identify the contracts with customers

The Group carefully evaluates the terms and conditions of the contracts with its customers because revenue is recognised only when performance obligations in contracts with customers are satisfied. A change in the scope or price (or both) of a contract is considered as a contract modification and the Group determines whether this creates a new contract or whether it will be accounted for as part of the existing contract.

Identify the performance obligations under the contract

Once the Group has identified the contract with a customer, it evaluates the contractual terms and its customary business practices to identify all the promised services within the contract and determine which of those promised services (or bundles of promised services) will be treated as separate performance obligations.

The Group assess the services promised in a contract with a customer and identifies as a performance obligation either a:

- a) service that is distinct; or
- b) series of distinct services that are substantially the same and that have the same pattern of transfer to the customer (i.e. each distinct service is satisfied over the time and the same method is used to measure progress).

A service (or bundle of services) is distinct if the customer can benefit from the service on its own or together with other readily available resources (i.e., the service is capable of being distinct) and the service is separately identifiable from other promises in the contract (i.e., the service is distinct within the context of the contract).

The Group provides management services to its customers which are generally provided continuously over the contract period. Accordingly, the services in these contracts generally represent a single performance obligation. Fees charged for managing mutual funds are recognised as revenue in accordance with the management fee rate of each fund as the services are provided.

Determine the transaction price

The Group determines transaction price as the amount which it expects to be entitled. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e., the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or payable to a customer (if any). Variable considerations are limited to the amount for which it is highly probable that a significant reversal will not occur when the uncertainties related to the variability are resolved.

The recognition of performance-based fees with the Company requires significant judgment as these are based on fund's performance, relative to a benchmark or the realised appreciation of fund's investments. Management determines transaction prices for its following revenue streams as mentioned below:

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Revenue from contracts with customers (continued)

Determine the transaction price (continued)

- Rendering of brokerage services, where the Group acts as a broker for its customers. Transaction price is the commission received by the Group on such transactions, net of rebates and discounts, if any.
- In respect of management fee received by the Group, transaction price is determined to be based on fixed percentage of funds' daily, semi-annual or annual NAV (based on the terms and conditions) and assets under management. Accordingly, there is no variability in the consideration to which the Group is entitled.
- Performance fee is based on funds' performance in relation to set benchmarks, which are subject to market volatility. Accordingly, the consideration to which the Group is entitled becomes variable. Transaction price for performance fee is determined once benchmark is achieved and testing time for achievement of stated benchmark is end of relevant period.
- Transaction price in respect of subscription fee received by the Group is generally fixed as per the subscription form signed by the customers.
- Other advisory fee, which are generally fixed in nature based on the terms and conditions of the funds or agreement with the counterparties to which the Group provides advisory services.
- Rental income is earned from investment property and is recognised on a straight-line basis over the term of the lease.

Allocate the transaction price

Once the performance obligations have been identified and the transaction price has been determined, transaction price is allocated to the performance obligations, generally in proportion to their stand-alone selling prices (i.e., on a relative stand-alone selling price basis). When determining stand-alone selling prices, the Group is required to use observable information, if available. If stand-alone selling prices are not directly observable, the Group makes estimates based on information that is reasonably available.

Satisfaction of performance obligations

Revenue is recognised only when the Group satisfies a performance obligation by transferring control of a promised service to the customer. Control may be transferred over time or at a point in time. Where a performance obligation is satisfied overtime, the Group identifies the progress under the contract based on either of an input or output method which best measures the performance completed to date. The method selected is applied consistently to similar performance obligations and in similar circumstances. The Group fulfils its performance obligations in its contracts with customers at a point in time, and hence it recognises revenue as and when it fulfils its obligations under contracts with customers. Based on the above five steps the revenue recognition policy for each revenue stream is as follow:

Brokerage fees

Local brokerage income is recognised at a point in time when transactions are executed on behalf of customers at the agreed contractual price, net of applicable discounts and rebates. The Group's performance obligation is satisfied upon execution of the trade, leading to immediate revenue recognition, as no further obligations remain.

For international brokerage, where trades are executed through a third-party broker, the Group acts as an agent in facilitating trade execution, with the broker having ultimate authority over the trade and no ability to reroute trades. The Group recognises revenue on a net basis at a point in time at the agreed contractual price, net of third-party broker charges and applicable discounts. The performance obligation is satisfied upon trade execution, as the Group has no further commitments related to the transaction.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Revenue from contracts with customers (continued)

Satisfaction of performance obligations (continued)

Management fees

Management fees are recognised based on a fixed percentage of net assets under management subject to applicable terms and conditions and service contracts with customers and funds. The Group attributes the revenue from management fees to the services provided during the year, because the fee relates specifically to the Group's efforts to transfer the services for that year. As asset management fees are not subject to clawbacks, the management does not expect any significant reversal of revenue previously recognised. This fee compensates and contributes to single performance obligation, the Company's obligation will generally be satisfied upon the provision of non-restrictive legal custodial structure and therefore recognised over time as the overall services are performed.

Performance fee

Performance fees are recognised net of rebates and are based on a percentage of a fund's net asset value appreciation above a defined hurdle. At the end of each measurement period (monthly or annual), the fund's growth is compared to the benchmark, when performance surpasses benchmark within specified measurement periods, performance fees are recognised only when reliably estimable or crystallised with minimal reversal risk. In the Group's case, clawback does not apply, as performance fee revenue is only recognised at the end of the relevant contractual period once benchmark achievement is confirmed.

Subscription fees

Performance obligation for subscription fee is assignment of respective fund units to investor's account and considering that this happens as soon as an approved subscription form is executed, therefore the Group rightfully recognises the revenue against subscription fee at the time of fulfilment of performance obligation.

Advisory fee income

This relates to income generated by providing financial advisory services to financial institutions, individual and institutional investors. The Group charges financial advisory service fee upon rendering of services or once performance obligation is fulfilled based on the agreement between the Group and the counterparty.

Rental income

Rental income from operating lease of the property is recognized on a straight-line basis over the term of the lease.

Miscellaneous service income

This relates to income generated from offering miscellaneous financial services to financial institutions. Income is recognised once performance obligation is fulfilled based on the agreement between counterparty and the Group.

3.8 Net gain or loss on financial assets and liabilities at FVTPL

Net gains or losses on financial assets and liabilities at FVTPL are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at FVTPL and exclude interest and dividend income. Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of the prior year's unrealised gains and losses for financial instruments, which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the weighted average cost method. They represent the difference between an instrument's initial carrying amount and disposal amount.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.9 Dividend income

Dividend income is recognised in the consolidated statement of profit or loss on the date when the Group's right to receive the payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders / fund manager approve the payment of a dividend. Dividend income is recognised in the consolidated statement of profit or loss in a separate line item.

3.10 Special commission income

Special commission income comprises income earned by the Group from margin financing arrangements (margin receivables), the placement of client monies in interest-bearing accounts, securities borrowing and lending transactions with local and international counterparties, and the yield on financial instruments recognised using the effective interest rate ("EIR") method. Income from margin receivables represents consideration for financing provided to brokerage clients and is recognised using the EIR method over the expected life of the facility, reflecting a constant periodic rate of return on the outstanding balance. Income arising from the placement of client monies represents consideration for arranging and managing such placements and is recognised over the period in which the related services are rendered, while income from securities borrowing and lending arrangements represents fees earned for facilitating and administering such transactions and is recognised over the term of the arrangement. Commissions and fees that are integral to the yield of a financial instrument are included in the calculation of the EIR in accordance with IFRS 9, 'Financial Instruments' and recognised in profit or loss over the expected life of the instrument. Special commission income is presented as a separate line item in the consolidated statement of profit or loss.

3.11 Finance cost

Finance cost is recognized using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortized cost of the financial liability. In calculating finance costs, the effective interest rate is applied to the amortized cost of the liability.

3.12 Fiduciary assets

Assets held in a fiduciary capacity are not recorded as assets of the Group, and accordingly, are not included in the consolidated financial statements.

Additionally, the Group's clients' securities, held by a third-party broker, may be loaned to other market participants as part of a stock lending program facilitated by the third-party broker. Under this arrangement, the Group agrees with the clients whereby the broker generates income from lending the securities and shares a portion of the proceeds with the Group.

The Group does not have control or ownership of these securities, as they are client assets. However, the Group is entitled to a share of the income earned from the lending activity. This income is recognised as special commission income on a point over time basis, reflecting the continuous passage of time over which the securities remain on loan.

The stock lending activity is subject to counterparty and market risks, which may impact the future income received by the Group. The Group does not assume credit or market risk associated with the underlying securities, as they remain the property of the clients.

3.13 Margin client's receivables

The Group's margin clients' receivables arise from Shariah-compliant margin financing provided within the brokerage business. Margin receivables are recognised when funds or drawing limits are advanced to the client and are initially measured at the transaction price, including any directly attributable costs, in accordance with IFRS 9. Subsequent measurement follows IFRS 9's expected credit loss model: assets that have not experienced a significant increase in credit risk since initial recognition remain in Stage 1 and attract a 12-month expected credit loss, while assets that have experienced a significant increase in credit risk are moved to Stage 2 and attract lifetime expected credit loss. Financial assets that are credit-impaired are classified as Stage 3 and measured at lifetime ECL.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Margin client's receivables (continued)

Derecognition occurs when the borrower repays the obligation. The Group's expected credit loss estimates are forward-looking and incorporate relevant information about past events, current conditions and reasonable and supportable forecasts of future economic conditions in line with IFRS 9 and the Group's credit loss quantification policies.

3.14 Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The consolidated statement of profit or loss and comprehensive income reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate or joint venture. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss and comprehensive income outside operating profit.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of profit or loss and other comprehensive income. The recoverable amount of the investment in the associate is considered to be the higher of fair value less costs to sell and its value in use.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3.15 Employee defined benefit obligations

The Group operates a defined benefit scheme for its employees in accordance with labour regulations applicable in the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefits plan is determined using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in the retained earnings and are not reclassified to profit or loss in subsequent periods. Re-measurements are not reclassified to profit or loss in subsequent periods.

Interest expense is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the following changes in the net defined benefit obligation under 'salaries and employee related expenses' in the consolidated statement of profit or loss and comprehensive income (by nature).

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income

The defined benefit asset or liability comprises the present value of the defined benefit obligation, less past service costs and less the fair value of plan assets out of which the obligations are to be settled. However, currently the plan is unfunded and has no assets.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16 Employee Equity Award Plan

The Group introduced Employee Equity Award Plan ('EEAP') for selected employees against the services provided by those employees for development of the D360 Bank. Subject to completion of vesting period employees shall be granted specific number of shares of D360 Bank as per the agreement signed amongst Derayah and the Eligible Employees, however the settlement of shares shall be made after 5 years of lock up period which is referenced from the month in which D360 Bank has obtained registration from the Ministry of Commerce.

The present value of defined benefit obligation is calculated actuarially using Projected Unit Credit ("PUC") method. The PUC method involves projection of the accrued benefits of the members till the date of benefits settlement. The projection is done by making an assumption about mortality, attrition, and eligible benefits (per plan). While the projection allows for full service being rendered (barring actuarial assumptions), the future service is not considered in the measurement of DBO, since the Employer's obligation is limited to the benefits earned in exchange for past service rendered during the current year as well as all prior years. The projected benefits are then discounted back to the consolidated statement of financial position date using the assumed discount rate.

Current service cost ("CSC") is the present value of obligation in respect of the benefit earned during the current year only. It is also determined using the PUC method, as used for the measurement of DBO. CSC is measured at the end of the relevant year, rather than the start of the year. Therefore, it reflects the actual plan experience over the relevant accounting year. The interest on the current service cost is allowed for in the interest cost measurement of current service cost requires that a part of the accrued benefit be attributed to the current period of service. The attribution is done by reference to the plan's benefit formula, which does not lead to higher benefits being allocated during the later parts of any eligible employee's service. The benefit formula spreads the benefits evenly over a member's service, till the time the maximum benefit limit is reached.

3.17 Employee Share Ownership Plan

The Company operates an employee share ownership plan under which stock units are granted to eligible employees as part of the Group's share-based compensation arrangements. These awards are equity-settled and are accounted for in accordance with IFRS 2 "Share-based Payment". The fair value of the equity instruments granted is measured at the grant date and is not remeasured in subsequent periods, in accordance with the requirements for equity-settled share-based payments under IFRS 2.

The cost of equity-settled share-based payment transactions is recognised on a straight-line basis over the vesting period, being the period during which the specified service conditions are satisfied, ending on the date the employees become unconditionally entitled to the shares (the "vesting date"). The cumulative expense at each reporting date reflects the portion of the vesting period elapsed and the Company's best estimate of the number of equity instruments expected to vest. Share-based payment expense for a reporting period represents the change in cumulative expense during that period, with a corresponding increase recognised in equity, and is adjusted for expected and actual forfeitures. Remaining unvested awards continue to be expensed over their remaining vesting periods.

3.18 Investment property

Investment property represents land and building held by the Group to earn rentals or for capital appreciation or for both. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated based on the depreciable amount, which is the cost of an asset or other amount substitute for cost, less its residual value. Depreciation is calculated based on straight line method. Freehold land is not depreciated. When parts of an item of investment property have different useful lives, they are accounted for as separate items (major components) of investment property.

The cost of replacing a part of an item of investment property is recognised 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 derecognised.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.18 Investment property (continued)

The costs of the day-to-day servicing of investment property are recognised in consolidated statement of profit or loss.

The estimated useful life of building classified as investment property is 40 years.

The depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted prospectively, if required.

3.19 Leases

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated under the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost under the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Leases (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to Nil.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of “revenue from contract with customers”.

3.20 Contract liabilities

Contract liabilities, referred as unearned revenue in these consolidated financial statements, occur when the Group receives payments or issues invoices to customers before delivering services. These amounts are reported as liabilities on the consolidated statement of financial position and are recognised as revenue once the related performance obligations are satisfied.

3.21 Securities borrowing and lending (“SBL”)

International SBL transactions, including those conducted through third-party broker’s Stock Yield Enhancement Program (“SYEP”), are facilitated and administered entirely by the third-party broker as custodian and SBL agent. Client securities are held in custody by the third-party broker, which arranges the borrowing and lending transactions with other borrowers and manages the associated collateral. As the Company does not obtain control over the securities, it does not act as principal to the transactions and does not assume any obligation to return the securities, no assets or liabilities are recognised in the Company’s consolidated statement of financial position in respect of these arrangements. Collateral, typically in the form of U.S. Treasury Bills, is posted directly to the relevant client account from which the securities are lent and is not recorded on the Company’s books.

Local SBL transactions are facilitated through a third-party agent, to whom the Company makes a pool of client-owned securities available as inventory for lending purposes. The securities remain beneficially owned by clients, and the Company does not obtain control over, nor assume the risks and rewards of ownership of, the underlying securities; accordingly, such securities are not recognised in the consolidated statement of financial position. The third-party agent posts cash collateral directly in connection with the securities lent; however, as the Company does not have control over the collateral, no cash collateral is recognised on the consolidated statement of financial position. No SBL positions are recognised by the Company, as it acts in an intermediary capacity.

4. SIGNIFICANT JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in conformity with IFRS as endorsed in the KSA and other standards and pronouncements issued by SOCPA requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. 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.

Significant areas where management has used judgements, estimates and assumptions are as follows:

4. SIGNIFICANT JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

4.1 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the input, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.1, which also sets out key sensitivities of the ECL to changes in these elements.

4.2 Assumptions for employee defined benefit obligations

Employee benefits represent obligations that will be settled in the future and require assumptions to project these obligations. IFRS requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases and return on assets, mortality rates, employment turnover and future healthcare costs. The management uses an external actuarial specialist for performing this calculation. Changes in key assumptions can have a significant impact on the projected benefit obligation and/or periodic employees' benefits incurred costs.

4.3 Assumptions for Employee Equity Award Plan ('EEAP')

Employee Equity Award Plan represents obligation in respect of benefits is the amount of future benefit based on number of shares granted to eligible employees in return for their service in the current and prior periods. IFRS requires management to make further assumptions regarding variables such as discount rates, fair value of shares, and rate of attrition. The management uses an external actuarial specialist for performing this calculation. Changes in the key assumptions can have a significant impact on the projected service plan.

4.4 Determination of control and significant influence over investees

The control indicators are subject to management's judgements and are set out in note 2.4.

The Group acts as Fund Manager to a number of investment funds. Determining whether the Group controls such investment funds usually focuses on the assessment of the aggregate economic interests of the Group in the Fund (comprising any carried profits and expected management fees) and the investor's rights to remove the Fund Manager. The Group has concluded that it acts as an agent for all of its managed investment funds except for Derayah Gulf Real Estate Fund and Derayah Trading Finance Fund where it acts as a principal, and therefore did not consolidate these funds.

4.5 Variable consideration estimation uncertainty

The transaction price for certain contracts includes variable consideration, such as sweat equity and volume discounts and rebates. Variable consideration is estimated using the expected value approach or the most likely amount, depending on which method better predicts the amount of consideration to which the entity will be entitled. The Group applies a constraint to ensure that a significant revenue reversal will not occur when uncertainties are resolved.

In some contracts, the Group receives advance payments for services to be delivered in future periods, subject to the fulfilment of predefined conditions. Management continuously monitors factors that may impact these performance obligations or variable consideration estimates and updates consolidated financial statements to reflect any material changes.

4.6 Principal versus agent

The Group recognises revenue based on whether it acts as a principal or an agent in transactions with customers. As a principal, revenue is recognised at the gross amount received, reflecting control over goods or services before transfer. As an agent, revenue is recognised at the net amount, typically as a commission or fee, reflecting the facilitative role without control over the goods or services. Judgments are made to assess control, risks, rewards, and responsibility for fulfilment, with variable consideration estimated accordingly. Disclosures include the nature of revenue recognition, the criteria for principal versus agent determination, any significant judgments, and the impact on the consolidated financial statements.

**4. SIGNIFICANT JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS
(CONTINUED)**

4.7 Fair value measurement

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

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

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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

If the inputs used to measure the fair value of an asset or a liability fall 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 level input that is significant to the entire measurement.

Financial instruments for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy (note 41). For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of their nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

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5. CHANGES IN ACCOUNTING POLICIES

New standards, amendments and interpretations adopted in preparation of these consolidated financial statements

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2025. The management has adopted and assessed that the new standards and amendments have no significant impact on the Group's consolidated financial statements.

Standard, interpretation or amendments	Description	Effective 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.	January 1, 2025

New standards and amendments issued but not yet effective and not early adopted

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Group's accounting years beginning on or after 1 January 2026 are listed below. The Group has opted not to early adopt them in preparing these consolidated financial statements. The Group is currently evaluating the impact of the adoption of these standards on the consolidated financial statements.

Standard, interpretation or amendments	Description	Effective date
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
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	January 1, 2026

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5. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Standard, interpretation or amendments	Description	Effective date
Amendments to IFRS 9 and IFRS 7 Contracts referencing Nature-dependent Electricity	Contracts Referencing Nature-dependent Electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity's financial statements.	January 1, 2026
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.	January 1, 2026
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	January 1, 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability, and its parent produces consolidated financial statements under IFRS Accounting Standards.	January 1, 2027

DERAYAH FINANCIAL COMPANY
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6. PROPERTY AND EQUIPMENT, NET

	<u>Land</u>	<u>Leasehold improvements</u>	<u>Computers and office equipment</u>	<u>Furniture, fixtures and fittings</u>	<u>Work in progress</u>	<u>Total</u>
<i>Cost</i>						
As at 1 January 2025	73,251,852	9,773,203	60,313,559	1,394,341	3,635,427	148,368,382
Additions during the year	--	149,530	7,892,625	12,588	5,737,503	13,792,246
Written off during the year	--	--	(13,580,722)	--	--	(13,580,722)
As at 31 December 2025	73,251,852	9,922,733	54,625,462	1,406,929	9,372,930	148,579,906
<i>Accumulated depreciation</i>						
As at 1 January 2025	--	5,068,447	42,907,713	511,340	--	48,487,500
Charge during the year	--	1,554,446	6,824,060	280,728	--	8,659,234
Written off during the year	--	--	(13,580,722)	--	--	(13,580,722)
As at 31 December 2025	--	6,622,893	36,151,051	792,068	--	43,566,012
<i>Net book value as at 31 December 2025</i>	<u>73,251,852</u>	<u>3,299,840</u>	<u>18,474,411</u>	<u>614,861</u>	<u>9,372,930</u>	<u>105,013,894</u>
	<u>Land</u>	<u>Leasehold improvements</u>	<u>Computers and office equipment</u>	<u>Furniture, fixtures and fittings</u>	<u>Work in progress</u>	<u>Total</u>
<i>Cost</i>						
As at 1 January 2024	12,299,352	9,773,203	50,587,260	1,394,341	2,826,614	76,880,770
Additions during the year	60,952,500	--	4,967,758	--	5,567,354	71,487,612
Transfers	--	--	4,758,541	--	(4,758,541)	--
As at 31 December 2024	73,251,852	9,773,203	60,313,559	1,394,341	3,635,427	148,368,382
<i>Accumulated depreciation</i>						
As at 1 January 2024	--	3,489,813	35,058,572	155,744	--	38,704,129
Charge during the year	--	1,578,634	7,849,141	355,596	--	9,783,371
As at 31 December 2024	--	5,068,447	42,907,713	511,340	--	48,487,500
<i>Net book value as at 31 December 2024</i>	<u>73,251,852</u>	<u>4,704,756</u>	<u>17,405,846</u>	<u>883,001</u>	<u>3,635,427</u>	<u>99,880,882</u>

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6. PROPERTY AND EQUIPMENT, NET (CONTINUED)

- 6.1 The Group holds a land on which it plans to construct a new head office in the near future. This land is not held for rental or other appreciation purposes.
- 6.2 As of 31 December 2025 and 31 December 2024 work-in-progress primarily comprises capitalisable expenditures incurred in connection with head office, as well as costs associated with the establishment and enhancement of the Group's data centre and server room at the head office.
- 6.3 These include cost of fully depreciated assets amounting to SR 76.36 million (2024: SR 25.8 million).

7. RIGHT-OF-USE ASSETS, NET

This represents offices rented under lease arrangements, the useful life of these assets is the lease term or five years, whichever is shorter. The movement in right-of-use assets during the year ended 31 December as follows:

	<u>2025</u>	<u>2024</u>
<i>Cost</i>		
As at 1 January	11,492,580	11,756,958
Additions during the year	13,645,065	1,921,050
Written off during the year	--	(2,185,428)
As at 31 December	<u>25,137,645</u>	<u>11,492,580</u>
<i>Accumulated depreciation</i>		
As at 1 January	6,741,305	6,812,275
Charge during the year	2,711,384	2,114,458
Written off during the year	--	(2,185,428)
As at 31 December	<u>9,452,689</u>	<u>6,741,305</u>
<i>Net book value at 31 December</i>	<u>15,684,956</u>	<u>4,751,275</u>

- 7.1 The movement of corresponding lease liability is as follows:

	<u>2025</u>	<u>2024</u>
At the beginning of the year	4,634,779	5,159,705
Additions during the year	13,645,065	1,921,050
Payments during the year	(4,141,243)	(2,775,583)
Finance cost on lease liability	402,555	329,607
At the end of the year	<u>14,541,156</u>	<u>4,634,779</u>
Lease liability – current portion	<u>3,901,956</u>	<u>2,364,805</u>
Lease liability – non-current portion	<u>10,639,200</u>	<u>2,269,974</u>

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8. INTANGIBLE ASSETS, NET

Intangible assets comprise mainly of internally developed and externally acquired software:

	<u>Work in progress</u>	<u>Software</u>	<u>Total</u>
<i>Cost</i>			
As at 1 January 2025	3,432,865	65,585,038	69,017,903
Additions during the year	22,821,786	14,036,603	36,858,389
Transfers	(4,853,123)	4,853,123	--
As at 31 December 2025	<u>21,401,528</u>	<u>84,474,764</u>	<u>105,876,292</u>
<i>Accumulated amortisation</i>			
As at 1 January 2025	--	52,177,066	52,177,066
Charge during the year	--	6,989,667	6,989,667
As at 31 December 2025	<u>--</u>	<u>59,166,733</u>	<u>59,166,733</u>
<i>Net book value as at 31 December 2025</i>	<u>21,401,528</u>	<u>25,308,031</u>	<u>46,709,559</u>

	<u>Work in progress</u>	<u>Software</u>	<u>Total</u>
<i>Cost</i>			
As at 1 January 2024	2,719,895	57,774,790	60,494,685
Additions during the year	712,970	7,810,248	8,523,218
As at 31 December 2024	<u>3,432,865</u>	<u>65,585,038</u>	<u>69,017,903</u>
<i>Accumulated amortisation</i>			
As at 1 January 2024	--	45,151,081	45,151,081
Charge during the year	--	7,025,985	7,025,985
As at 31 December 2024	<u>--</u>	<u>52,177,066</u>	<u>52,177,066</u>
<i>Net book value as at 31 December 2024</i>	<u>3,432,865</u>	<u>13,407,972</u>	<u>16,840,837</u>

Intangible assets comprise of core systems and related software essential to the Group's operations. Work in progress primarily represents software implementation costs, including expenditures directly attributable to the development, configuration, and customization that were under the development phase as at the reporting date and will be moved to software category once ready for intended use.

9. INVESTMENT PROPERTY, NET

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<i>Cost</i>			
As at 1 January 2025	22,914,702	51,629,888	74,544,590
Additions during the year	--	--	--
As at 31 December 2025	<u>22,914,702</u>	<u>51,629,888</u>	<u>74,544,590</u>
<i>Accumulated depreciation</i>			
As at 1 January 2025	--	1,148,137	1,148,137
Charge during the year	--	1,287,466	1,287,466
As at 31 December 2025	<u>--</u>	<u>2,435,603</u>	<u>2,435,603</u>
<i>Net book value as at 31 December 2025</i>	<u>22,914,702</u>	<u>49,194,285</u>	<u>72,108,987</u>

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9. INVESTMENT PROPERTY, NET (CONTINUED)

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<i>Cost</i>			
As at 1 January 2024	--	--	--
Additions during the year	22,914,702	51,629,888	74,544,590
As at 31 December 2024	22,914,702	51,629,888	74,544,590
<i>Accumulated depreciation</i>			
As at 1 January 2024	--	--	--
Charge during the year	--	1,148,137	1,148,137
As at 31 December 2024	--	1,148,137	1,148,137
Net book value as at 31 December 2024	22,914,702	50,481,751	73,396,453

The investment property represents residential villas situated in eastern province at Al Azizia District, Al Khobar City held by the Group. These are leased to third-party tenant with an initial lease period of 15 years.

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Additionally, depreciation, maintenance and related expenses included in general and administrative expenses amounted to SR 1.53 million (2024: SR 2.78 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	31 December	
	<u>2025</u>	<u>2024</u>
Less than one year	6,000,000	6,000,000
One to two years	6,000,000	6,000,000
Two to three years	6,000,000	6,000,000
Three to four years	6,150,000	6,000,000
Four to five years	6,300,000	6,150,000
More than five years	55,125,000	61,425,000

As at 31 December 2025, the management engaged independent two appraisers (Esnad Real Estate Valuation and Value Experts, Taqueem certified evaluators in accordance with Taqueem Regulations in conformity with the International Valuation Standards Council's International Valuation Standards). The average fair value amounted to SR 76 million (31 December 2024: SR 74 million).

The fair value measurement of investment property has been categorised as Level 3 fair value based on the inputs to the valuation techniques used.

Valuation technique and significant unobservable inputs:

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

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9. INVESTMENT PROPERTY, NET (CONTINUED)

Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected market rental growth rate, occupancy rate and other costs not paid by tenants. The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.	- Expected market rental growth: 2.2% (2024: 2% – 8%) - Occupancy rate: 100% (2024: 90%) - Risk-adjusted discount rates: 10.00% - 10.85% (2024: 10.65%) - Rate of return on investment: 7.50% - 8.00% (2024: 8%)	The estimated fair value would increase (decrease) if: - expected market rental growth were higher (lower); - the occupancy rate were higher (lower); or - the risk-adjusted discount rates were lower (higher) - the rate of return on investment rates were lower (higher)

During the year, the Group aligned its valuation methodology to the discounted cash flows method under the income approach to better reflect the property's projected cash flow profile and long-term income-generating characteristics. In the prior year, a direct capitalisation method was also applied. Accordingly, the valuation technique differs from that applied in the prior year. The change did not have a material impact on the fair value measurement.

10. INVESTMENT IN AN ASSOCIATE

The Group holds 20.4% equity in D360 Bank (Saudi Joint Stock Company incorporated in Kingdom of Saudi Arabia). The Group has determined that it has significant influence over the D360 Bank and has accounted for the investment using the equity method (note 3.14). The D360 Bank is principally engaged in financing and investment activities. Below is the movement in the carrying value of investment in an associate.

	31 December	
	<u>2025</u>	<u>2024</u>
As at 1 January	191,228,200	263,852,000
Investment made during the year	98,380,370	--
Share of loss during the year	(132,048,696)	(72,014,400)
Share of other comprehensive loss during the year	359,468	(609,400)
As at 31 December	<u>157,919,342</u>	<u>191,228,200</u>

10.1 During the period, the Group subscribed to 9,838,037 ordinary shares issued by D360 Bank at a subscription price of SR 10 per share, resulting in a total investment of SR 98.38 million. The subscription was made as part of a rights issue by D360 Bank.

10.2 This includes shares subscribed in connection with the Group's employee equity award plan, comprising both the portion subscribed by the Group and the portion paid by eligible employees.

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11. INVESTMENT AT AMORTISED COST, NET

	31 December	
	<u>2025</u>	<u>2024</u>
Investment at amortised cost (note 11.1)	39,693,356	51,211,724
Allowance for expected credit losses (note 11.2)	<u>(5,051)</u>	<u>(6,922)</u>
	<u>39,688,305</u>	<u>51,204,802</u>
 Sukuk with maturity date of less than 12 months	 --	 5,007,926
Sukuk with maturity date of more than 12 months	<u>39,688,305</u>	<u>46,196,876</u>

11.1 The breakup of the investment is as follows;

		31 December	
	<u>Maturity date</u>	<u>2025</u>	<u>2024</u>
Kingdom of Saudi Arabia Sukuk	23 March 2025	--	5,008,603
Banque Saudi Fransi Sukuk	Perpetual	--	2,000,000
Kingdom of Saudi Arabia Sukuk	23 March 2030	8,894,421	8,757,703
Saudi Awwal Bank Sukuk	22 July 2030	--	5,000,000
Kingdom of Saudi Arabia Sukuk	17 June 2031	8,775,238	8,600,431
Kingdom of Saudi Arabia Sukuk	17 August 2031	3,743,107	3,739,456
Kingdom of Saudi Arabia Sukuk	17 March 2032	8,810,178	8,666,923
Kingdom of Saudi Arabia Sukuk	17 August 2032	1,996,740	1,995,988
Kingdom of Saudi Arabia Sukuk	17 August 2033	3,741,494	3,737,872
Kingdom of Saudi Arabia Sukuk	24 April 2049	3,732,178	3,704,748
		<u>39,693,356</u>	<u>51,211,724</u>

The Sukuk are earning commission income at profit rates ranging from 2.17% to 7.89% (2024 1.64% to 4.64%) per annum.

11.2 Movement of allowance for expected credit losses

	31 December	
	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	6,922	9,625
(Reversal) / charge for the year	<u>(1,871)</u>	<u>(2,703)</u>
Balance at the end of the year	<u>5,051</u>	<u>6,922</u>

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12. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments at FVTPL consist of investments in local, regional and international funds, equity and debt securities, set out below:

	31 December	
	<u>2025</u>	<u>2024</u>
Money Market Funds (note 12.5)	444,410,398	90,921,878
Equity Securities – Unquoted / quoted (note 12.1)	206,134,604	138,173,839
Fixed Income Fund	135,200,325	--
Corporate Sukuk (note 12.2)	73,449,463	50,461,832
Equity Funds	71,305,272	71,821,625
Venture Capital and Private Equity Funds	38,128,409	15,733,673
Private Credit Fund	12,496,062	--
Real Estate Funds	48,684	1,434,827
Total investments at FVTPL (note 12.3 and 12.4)	<u>981,173,217</u>	<u>368,547,674</u>

- 12.1 This represents the Group's investment in equity securities of BwaTech, a related party, amounting to SR 46 million (2024: SR 52 million). No additional equity investment was made during the year (2024: SR 16 million).
- 12.2 The Sukuk are earning commission income at profit rates ranging from 4.00% to 6.50% (2024: 4.00% to 7.57%) per annum.
- 12.3 This includes investment of SR 680 million (2024: SR 173 million) made by the Group in the Funds managed by the Group.
- 12.4 The above-mentioned investments at FVTPL have been presented in the consolidated statement of financial position as follows:

	31 December	
	<u>2025</u>	<u>2024 *</u>
Non-current assets	554,415,803	322,207,781
Current assets	426,757,414	46,339,893
	<u>981,173,217</u>	<u>368,547,674</u>

The investments held in securities for trading and / or investment funds under liquidation have been treated as current investments whereas all other investments are treated as non-current based on the Group's investment model and management's intention to hold the investment for more than one year from the reporting date.

- 12.5 Refer note 49 for change in comparative period.

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13. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December	
	<u>2025</u>	<u>2024</u>
REIT Fund (note 13.1)	<u>13,580,003</u>	<u>15,345,664</u>

13.1 Investments in REIT Fund represent 2,596,559 units (2024: 2,596,559 units) in the Group's managed listed Derayah REIT Fund.

14. MARGIN CLIENT RECEIVABLES, NET

	31 December	
	<u>2025</u>	<u>2024</u>
Margin client receivables (note 14.3)	1,089,700,283	1,493,550,241
Allowance for expected credit losses (note 14.2 and 14.3)	<u>(1,037,276)</u>	<u>(1,039,311)</u>
	<u>1,088,663,007</u>	<u>1,492,510,930</u>

14.1 Staging of margin client receivables:

	31 December 2025			
	<u>12-month ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	<u>Total</u>
Margin client receivables	598,367,050	491,333,233	--	1,089,700,283
Allowance for expected credit losses	<u>(640,223)</u>	<u>(397,053)</u>	--	<u>(1,037,276)</u>
	<u>597,726,827</u>	<u>490,936,180</u>	<u>--</u>	<u>1,088,663,007</u>
	31 December 2024			
	<u>12-month ECL</u>	<u>Lifetime ECL not credit impaired</u>	<u>Lifetime ECL credit impaired</u>	<u>Total</u>
Margin client receivables	941,645,400	551,904,841	--	1,493,550,241
Allowance for expected credit losses	<u>(671,787)</u>	<u>(367,524)</u>	--	<u>(1,039,311)</u>
	<u>940,973,613</u>	<u>551,537,317</u>	<u>--</u>	<u>1,492,510,930</u>

14.2 Movement of allowance for expected credit losses:

	31 December	
	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year (note 14.3)	1,039,312	3,049,393
Reversal for the year	(2,036)	(1,322,040)
Written off during the year	--	(688,041)
Balance at the end of the year	<u>1,037,276</u>	<u>1,039,312</u>

14.3 Refer note 49 for change in comparative period.

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15. OTHER CURRENT FINANCIAL ASSETS, NET

	31 December	
	<u>2025</u>	<u>2024</u>
Muqassa deposit (note 15.1)	144,404,148	189,319,004
Accrued brokerage fees	56,973,768	34,883,278
Other receivables (note 15.2)	34,596,454	25,061,986
Accrued asset management fees	6,934,870	9,741,371
Employees loans and advances	5,210,932	4,548,948
Allowance for expected credit losses (note 15.3)	(31,363)	(35,444)
	<u>248,088,809</u>	<u>263,519,143</u>

15.1 This represents a deposit maintained with Muqassa (The Securities Clearing Centre Company) under Post Trade Technology Program ("PTTP") in respect to the settlement of transactions carried on the Tadawul platform.

15.2 This includes a receivable of SR 4.66 million (2024: 5.31 million) from Derayah Technology Services (a related party), SR 1.02 million (2024: 0.44 million) from D360 Bank, and SR Nil (2024: SR 5.21 million) from existing shareholders against expenditure on IPO expenses.

15.3 Movement of allowance for expected credit losses:

	31 December	
	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	35,444	42,772
Reversal for the year	(4,081)	(7,328)
Balance at the end of the year	<u>31,363</u>	<u>35,444</u>

16. CASH AND CASH EQUIVALENTS, NET

	31 December	
	<u>2025</u>	<u>2024</u>
Cash at banks – current accounts, gross (note 16.1)	67,113,805	95,685,143
Allowance for expected credit losses	(4,215)	(9,189)
Cash at banks – current accounts, net	<u>67,109,590</u>	<u>95,675,954</u>

16.1 Refer note 49 for change in comparative period.

17. DUE FROM FUNDS UNDER MANAGEMENT, NET

	31 December	
	<u>2025</u>	<u>2024</u>
Due from funds under management (note 17.1)	26,660,866	35,560,446
Allowance for expected credit losses	(2,915)	(4,881)
	<u>26,657,951</u>	<u>35,555,565</u>

Breakup for the due from funds under management is as follows:

	31 December	
	<u>2025</u>	<u>2024</u>
Management fees receivable	21,786,001	31,262,562
Other fees receivable	3,961,734	2,956,760
Receivable against payment made on behalf of the funds	913,131	1,341,124
	<u>26,660,866</u>	<u>35,560,446</u>

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17. DUE FROM FUNDS UNDER MANAGEMENT, NET (CONTINUED)

17.1 Movement of allowance for expected credit losses:

	31 December	
	2025	2024
Balance at the beginning of the year	4,881	6,539
(Reversal) / charge for the year	(1,966)	(1,658)
Balance at the end of the year	2,915	4,881

The transactions with the funds under management during the year are as follows:

	For the year ended 31 December	
<i>Nature of transaction</i>	2025	2024
Acquisition of investments at FVTPL (note 17.1)	1,835,349,620	229,246,467
Disposal of investments at FVTPL	1,322,001,906	187,331,774
Management fees (note 17.1)	83,307,091	64,958,259
Subscription fees	13,657,458	20,469,694
Financing fees	9,673,844	--
Transaction and advisory fees (note 17.1)	6,328,973	6,788,839
Payments made on behalf of the funds	7,741,571	10,978,042
Dividend income	2,725,726	1,681,607

17.1 Refer note 49 for change in comparative period.

18. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS

The movement in provision for end-of-service benefits for the years ended 31 December as follows:

	For the year ended 31 December	
	2025	2024
Balance at beginning of the year	25,177,923	24,968,100
Current service cost	4,311,456	3,602,123
Interest cost	1,214,523	1,185,985
Amounts recognised in profit or loss	5,525,979	4,788,108
Remeasurement loss recognised in OCI		
Experience assumptions	142,074	1,042,942
Financial assumptions	--	58,026
Amounts recognised in other comprehensive income	142,074	1,100,968
Benefits paid during the year	(1,774,931)	(5,679,254)
Balance at the end of the year	29,071,045	25,177,923

The Group carried out an employee benefits actuarial valuation, using the projected unit credit method, of its liability as at 31 December arising from the end of service benefits to qualifying in-service employees.

Key actuarial assumptions

	31 December	
	2025	2024
<i>Financial assumptions</i>		
Discount rate	5.00%	5.00%
Salary growth rate	5.00%	5.00%
<i>Demographic assumptions</i>		
Retirement age	60	60

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18. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS (CONTINUED)

Sensitivity analysis

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation. The following is a sensitivity analysis for the salary increase and discount rate assumptions that were performed at the valuation date:

	31 December	
	<u>2025</u>	<u>2024</u>
Discount rate +1%	(2,545,700)	(2,107,851)
Discount rate -1%	2,971,451	2,429,937
Long term salary increases +1%	2,650,541	2,152,062
Long term salary increases -1%	(2,325,145)	(1,912,375)

19. EMPLOYEE EQUITY AWARD PLAN ('EEAP')

The Group has an employee equity award plan, whereby, the eligible individuals that supported the establishment of the D360 Bank are entitled to shares of the D360 Bank. These shares may be granted from the Group's own shareholding of the D360 Bank, which may reduce the shareholding of the Group on equity settlement of the award plan (note 10). These shares, if opted, will be settled after completion of the Saudi Central Bank lock up period on D360 Bank shares in August 2027. Number of eligible employees is 16 (2024: 18).

During the year, D360 Bank issued additional shares by way of a rights issue to existing shareholders. In connection with this issuance, the Group offered the eligible individuals under the equity award plan the opportunity to participate in the additional equity issued, on the same contractual and vesting terms as those applicable to their existing awards. This offer did not change the nature of the equity award plan or the underlying vesting conditions. Consequently, a total of 1,197,460 shares were subscribed by 13 eligible individuals. Participation in the rights issue is considered an extension of the existing equity-settled arrangement and is accounted for consistently with the original terms of the plan.

In addition, in accordance with the contractual terms of the equity award plan, 3 eligible individuals elected to cash-settle their vested awards during the year. Accordingly, the Group settled the related obligation in cash, and the settlement resulted in the extinguishment of the corresponding liability. The movement in provision for employee equity award plan for the year ended as follows:

	For the year ended	
	31 December	
	<u>2025</u>	<u>2024</u>
Balance at beginning of the year	60,216,465	57,953,547
Interest cost	3,044,481	3,802,244
Past service cost	1,149,561	--
Amount recognised in profit or loss	4,194,042	3,802,244

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19. EMPLOYEE EQUITY AWARD PLAN ('EEAP') (CONTINUED)

	For the year ended 31 December	
	<u>2025</u>	<u>2024</u>
Remeasurement loss / (gain) recognised in OCI		
Financial assumptions	(8,379,307)	(1,539,326)
Equity subscribed by the employees	11,974,600	--
Settlement made during the year	(3,670,800)	--
Gain on settlement of share-based rewards	(110,400)	--
Balance at the end of the year	<u>64,224,600</u>	<u>60,216,465</u>

Key actuarial assumptions

	31 December	
	<u>2025</u>	<u>2024</u>
Discount rate used	4.70%	5.63%

Sensitivity analysis

The following is a sensitivity analysis for the fair value change and discount rate assumptions that were performed at current valuation date:

	31 December	
	<u>2025</u>	<u>2024</u>
Discount rate +1%	642,246	(696)
Discount rate -1%	(642,246)	700
SR 1 increase in fair value of benefit	6,422,460	5,619,625
SR 1 decrease in fair value of benefit	(6,422,460)	(5,619,625)

19.1 These individuals were employed by the D360 Bank post its establishment on 1 January 2023.

20. UNEARNED REVENUE

The Group had received SR 193 million on account of the successful establishment of D360 Bank as at 31 December 2022, of which SR 29 million was recorded as unearned revenue in respect of future milestones. As at 31 December 2025, the unearned revenue comprises SR 15 million classified as current and SR 14 million classified as non-current, based on the expected timing of satisfaction of the related performance obligations.

21. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December	
	<u>2025</u>	<u>2024</u>
Bonus payable	48,000,000	57,000,000
Accounts and other payables (note 21.1)	45,783,885	33,502,747
Value added tax payable	9,272,033	16,692,257
Commission payable	7,837,446	13,549,248
Accrued salaries and employee benefits	4,291,586	3,584,934
Lease liability – current portion	3,901,956	2,364,805
GOSI payable	946,041	833,264
	<u>120,032,947</u>	<u>127,527,255</u>

21.1 Refer note 49 for change in comparative period.

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22. ZAKAT PAYABLE

	31 December	
	2025	2024
At the beginning of the year	24,567,036	24,143,322
Zakat charge for the year (note 22.1 & 22.2)	10,448,193	11,778,185
Paid during the year	(11,473,749)	(11,354,471)
At the end of the year	23,541,480	24,567,036

22.1 Components of zakat base and provision

	31 December	
	2025	2024
Equity	1,379,792,458	1,274,030,572
Provisions and other additions	180,974,700	117,046,706
Book value of long-term assets	(995,700,386)	(769,847,968)
Dividends	(320,333,882)	(291,663,234)
	244,732,890	329,566,076
Impact of conversion of Hijri to Gregorian year	6,325,723	11,171,731
Zakat base	251,058,613	340,737,807
Adjusted net income for the year	410,603,944	455,680,603
Minimum Zakat cap / Zakat base and adjusted net income	410,603,944	455,680,603
Zakat charge for the year @ 2.5%	10,448,193	11,778,185

22.2 Status of assessments

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Custom Authority ("ZATCA"). The Company has filed its Zakat and tax returns up to the financial year ended 31 December 2024 with ZATCA and obtained acknowledgement certificates. Zakat and tax return for the year ended 31 December 2025 will be submitted subsequent to the consolidated financial statements issuance date.

During the year, ZATCA has initiated the assessment for the financial year ended 31 December 2024, however, no liability yet has been communicated by ZATCA.

23. UNSECURED BANK LOAN

The Group has entered into a Sharia-compliant, unsecured credit facility agreement to support its principal operating activities. The facility, extended against promissory notes, does not require any collateral, guarantees, or margin. As at the reporting date, the outstanding principal under the facility amounted to SR 185 million, with accrued interest of SR 1.1 million. The principal terms and conditions of the facility are summarized below:

Bank	Limit	Interest Rate	Maturity Date	Carrying Amount
SNB Bank	SR 500,000,000	Variable	30 November 2026	186,103,857

24. PAYABLE TO UNITHOLDERS OF THE FUND

Net assets attributable to holders of redeemable units represent a liability of the Group, reflecting the residual interest in the consolidated fund held by third-party investors. These balances are measured at the redemption amount payable at the reporting date. As at the reporting date, this above balance includes SR 154 million (2024: SR 181 million) related to certain members of the Board of Directors and SR 5 million (2024: SR 4 million) to the key management personnel of the Company.

25. SHARE CAPITAL

	31 December	
	2025	2024
Ordinary share capital	499,470,390	499,470,390

The authorised and issued paid-up share capital amounting to SR 499 million (2024: SR 499 million) is divided into 249,735,195 shares (2024: 249,735,195 shares) of SR 2 each (2024: SR 2 each).

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26. STATUTORY RESERVE

As per the new Companies Law issued through Royal Decree M/132 on 1 Dhul Hijjah 1443H (corresponding to 30 June 2022), the Company is not required to set aside net income for the statutory reserve. The Company aligned its by-laws in Extra Ordinary General Assembly dated 1 Muharram 1446H (corresponding to 7 July 2024). The management has decided currently to maintain the existing statutory reserve with no additional inflow here onwards.

27. OTHER RESERVE

This reserve reflects the actuarial gains or losses arising from changes in the assumptions used to value the employees' defined benefit obligations and employee equity award plan. The remeasurement gains and losses are recognised directly in other comprehensive income and simultaneously transferred to this reserve.

28. SHAREHOLDERS' CONTRIBUTION RESERVE

The shareholders' contribution reserve represents the treasury shares contributed by existing shareholders without consideration. The transaction constituted a non-cash capital contribution recognised directly in equity, reflecting contributions made by shareholders in their capacity as owners.

29. TREASURY SHARE RESERVE

The treasury shares have been allocated to support the Company's ESOP. These shares are recorded as a deduction from equity in accordance with IAS 32 "Financial Instruments: Presentation" and are not entitled to dividends or voting rights while held in treasury.

As at 31 December 2025, the Group held 6,002,545 of the Company's own shares (31 December 2024: 7,065,000 shares) with a par value of SR 2 each. During the year, the Company transferred 1,062,455 treasury shares to eligible employees under the approved ESOP.

30. ESOP RESERVE

The ESOP reserve represents the cumulative value of equity-settled share-based payments recognized under the Company's ESOP, in accordance with IFRS 2 "Share-based Payment". The reserve reflects the fair value of equity instruments granted to employees, recognized over the vesting period, and is presented as a separate component of equity.

As at 31 December 2025, the ESOP reserve reflects the net impact of share-based payment expense recognized during the year and the subsequent reclassification to retained earnings upon settlement of vested awards. The movement in the ESOP reserve during the period is as follows:

	31 December	
	<u>2025</u>	<u>2024</u>
Employee share ownership plan expense (note 35)	55,316,255	--
Settlement of treasury shares	(2,124,910)	--
Transfer to other equity components upon settlement	(27,788,390)	--
	<u>25,402,955</u>	<u>--</u>

Employee Share Ownership Plan:

The Group operates an equity-settled share-based payment arrangement under which shares are granted at zero exercise price to certain employees (the "eligible employees"). The arrangement is designed to attract, retain and incentivise eligible employees and to align their interests with those of the Group for long-term growth and value creation.

Under the Group's ESOP, the Group granted shares to eligible employees on 14 April 2023, 1 October 2024 and 8 March 2025, which are referred to as ESOP April 2023, ESOP October 2024 and ESOP March 2025, respectively. Pursuant to the terms of the plan, the awards are scheduled to vest over the period from 2025 through 2029.

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30. ESOP RESERVE (CONTINUED)

Awards granted under ESOP April 2023 and ESOP October 2024 vest upon completion of three years of continuous service. Awards granted under ESOP March 2025 vest in annual tranches, conditional upon continued employment through the respective vesting dates and achievement of predetermined non-market performance conditions, including minimum individual performance ratings and specified annual Company and departmental performance targets. Failure to meet the minimum individual performance rating results in forfeiture of the respective tranche only.

Awards are forfeited upon resignation, termination for cause or breach of internal policies. The shares are non-transferable and subject to the terms and conditions approved by the Board of Directors.

The Company granted a total of 425,100 (post share split equivalent) shares to eligible employees under ESOP April 2023 at a zero exercise price. The grant date fair value was determined at SR 11 per share, based on the most recent arm's-length transaction executed proximate to the grant date. The awards are subject to service-based vesting, with the vesting period concluding from September 2025 till March 2026. During the year, 105,000 shares were issued to eligible employee, with no forfeitures recognised.

The Company granted a total of 205,000 shares to eligible employees under ESOP October 2024 at a zero exercise price. The grant date fair value of the awards was determined at SR 30 per share, based on the listing valuation performed by an independent third-party consultant, representing the most reliable measure of fair value at the grant date. The awards vest over a service period ending in October 2027, and no forfeitures or issuance were recognised during the current year.

Additionally, during the year, the Company granted a total of 3,098,037 shares to eligible employees under ESOP March 2025 at a zero exercise price, of which 957,455 shares vested and were issued during the year, while 154,751 awards were forfeited due to failure to satisfy the requisite service conditions. The fair value of these shares, determined at the grant date at SR 30 per share, was based on the listing price of the Company's shares, being the most recent observable market transaction.

The following table sets out the movement for ESOP March 2025 during the year:

	<u>Number of shares</u>
Granted during the year	3,098,037
Issued during the year	(957,455)
Forfeited during the year	(154,751)
Outstanding as at 31 December 2025	<u>1,985,831</u>

31. DIVIDENDS

The Board of Directors, through the power vested by the shareholders, in their meetings held or resolutions passed approved the interim cash dividend as follows:

<u>Date of announcement</u>	<u>2025</u>	
	<u>Percentage</u>	<u>Amount</u>
23 March 2025 (SR 0.325 per share)	16.25%	79,134,709
20 July 2025 (SR 0.330 per share)	16.50%	80,369,186
06 October 2025 (SR 0.330 per share)	16.50%	80,392,170
03 December 2025 (SR 0.330 per share)	16.50%	80,437,817
		<u>320,333,882</u>
<u>Date of announcement</u>	<u>2024</u>	
	<u>Percentage</u>	<u>Amount</u>
25 March 2024 (SR 4.500 per share)	45.00%	73,030,559
01 July 2024 (SR 4.500 per share)	45.00%	73,030,559
30 September 2024 (SR 0.600 per share)	30.00%	145,602,116
		<u>291,663,234</u>

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32. REVENUE FROM CONTRACTS WITH CUSTOMERS

	For the year ended 31 December 2025		
	Brokerage	Asset	Total
	<u>Fees</u>	<u>Management</u>	
Timing of revenue recognition			
Services rendered at a point in time	511,895,297	23,725,653	535,620,950
Services rendered over the time	--	105,633,539	105,633,539
Total revenue from contracts with customers	<u>511,895,297</u>	<u>129,359,192</u>	<u>641,254,489</u>

	For the year ended 31 December 2024		
	Brokerage	Asset	Total
	<u>Fees</u>	<u>Management</u>	
Timing of revenue recognition			
Services rendered at a point in time (note 32.1)	460,794,393	25,014,694	485,809,087
Services rendered over the time	--	112,504,703	112,504,703
Total revenue from contracts with customers	<u>460,794,393</u>	<u>137,519,397</u>	<u>598,313,790</u>

32.1 The brokerage fees is reported net of brokerage-related expenses, which in aggregate amount to SR 128 million (2024: SR 235 million).

32.1 Refer note 49 for change in comparative period.

Geographical distribution

The Group generates all its revenue inside the Kingdom of Saudi Arabia.

33. SPECIAL COMMISSION INCOME INCLUDING ON CLIENT MONEY ACCOUNTS

	For the year ended 31 December	
	<u>2025</u>	<u>2024</u>
Special commission income earned from:		
- Margin Financing (note 33.1 and 33.4)	131,999,102	145,973,351
- Financial institutions (note 33.2)	118,624,396	126,853,626
- Securities borrowing and lending (note 33.3)	69,500,580	68,520,505
- Investments	5,880,293	3,991,061
- Muqassa	3,381,744	4,116,468
	<u>329,386,115</u>	<u>349,455,011</u>

33.1 This represents special commission income earned on margin financing provided by Derayah Trading Finance Fund secured against client's assets.

33.2 This represents special commission income earned on client money accounts managed by the Group and securities lending arrangement on client assets held by third-party broker (note 3.12 and 47.2).

33.3 This balance represents securities borrowing and lending arrangements entered with respect to client securities held with third-party broker and the Group. The underlying securities are client assets held in segregated accounts in accordance with applicable regulations, and the Group does not obtain ownership of, or economic exposure to, such securities (notes 3.8 and 47.2).

33.4 Refer note 49 for change in comparative period.

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34 NET MOVEMENT ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the year ended 31 December	
	<u>2025</u>	<u>2024</u>
Net loss on liabilities measured at fair value through profit or loss (note 34.1)	(97,570,016)	(108,591,049)
Net gain on investments measured at fair value through profit or loss (note 34.1)	<u>50,317,137</u>	<u>36,693,739</u>
	<u>(47,252,879)</u>	<u>(71,897,310)</u>
	For the year ended 31 December	
	<u>2025</u>	<u>2024</u>
Unrealised gain on investments at fair value through profit or loss, net (note 34.1)	46,844,702	29,699,746
Realised gain on investments at fair value through profit or loss, net (note 34.1)	<u>3,472,435</u>	<u>6,993,993</u>
	<u>50,317,137</u>	<u>36,693,739</u>

34.1 Refer note 49 for change in comparative period.

35 SALARIES AND EMPLOYEE RELATED EXPENSES

	For the year ended 31 December	
	<u>2025</u>	<u>2024</u>
Salaries and employee related expenses	197,327,913	143,110,539
GOSI expense	5,914,967	4,862,609
End of service benefit	<u>4,311,456</u>	<u>3,602,124</u>
	<u>207,554,336</u>	<u>151,575,272</u>

36 OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Note</i>	For the year ended 31 December	
		<u>2025</u>	<u>2024</u>
Professional expenses	36.1 & 36.2	56,252,064	47,347,885
IT expenses		41,472,787	32,043,185
Depreciation	6,7 & 9	12,658,084	13,045,966
Value added tax		10,254,844	11,446,827
Utilities		9,587,162	11,395,952
Amortisation	8	6,989,667	7,025,985
Legal expenses		6,652,468	33,636,584
Office expenses		3,182,791	2,014,633
Office maintenance		<u>3,146,134</u>	<u>2,822,870</u>
		<u>150,196,001</u>	<u>160,779,887</u>

36.1 This includes expense pertaining to Group's external auditor amounting to SR 1.46 million (2024: SR 1.54 million) against services rendered for annual audit, interim reviews and other services.

36.2 Refer note 49 for change in comparative period.

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37 ALLOWANCE FOR EXPECTED CREDIT LOSSES

Following is the breakup of allowance for expected credit losses as at:

	<i>Notes</i>	31 December	
		<u>2025</u>	<u>2024</u>
Margin client receivables	14	1,037,276	1,039,312
Other current financial asset	15	31,363	35,444
Investments at amortised cost	11	5,051	6,922
Due from funds under management	17	2,915	4,881
Cash and cash equivalents	16	4,215	9,189
		<u>1,080,820</u>	<u>1,095,748</u>

37.1 Movement in allowance for expected credit losses during the year is as follows:

	For the year ended 31 December	
	<u>2025</u>	<u>2024</u>
At the beginning of the year	1,095,748	3,111,107
Reversal for the year, net	(14,928)	(1,327,318)
Written off during the year	--	(688,041)
At the end of the year	<u>1,080,820</u>	<u>1,095,748</u>

38 OTHER INCOME, NET

	For the year ended 31 December	
	<u>2025</u>	<u>2024</u>
Foreign exchange gains, net	7,596,055	9,464,776
Gain on legal settlement	5,401,742	--
Price streamer, advisory and others	812,587	527,915
	<u>13,810,384</u>	<u>9,992,691</u>

39 EARNINGS PER SHARE

The calculation of basic earnings per share has been based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share has been based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	31 December	
	<u>2025</u>	<u>2024</u>
Profit for the year	400,155,751	443,902,418
Weighted average number of ordinary shares excluding treasury shares	243,392,778	242,670,195
Basic and diluted, earnings per share	1.64	1.83

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40. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of financial assets held by the Group:

	31 December	
	<u>2025</u>	<u>2024</u>
Financial assets at amortised cost		
Cash and cash equivalents, net (note 40.1)	67,109,590	95,675,954
Investments at amortised cost, net	39,688,305	51,204,802
Due from funds under management, net (note 40.1)	26,657,951	35,555,565
Margin client receivables, net (note 40.1)	1,088,663,007	1,492,510,930
Other current financial assets, net	248,088,809	263,519,143
Financial assets at fair value through OCI		
REIT Fund	13,580,003	15,345,664
Financial assets at fair value through profit or loss		
Equity Securities – Unquoted / quoted	206,134,604	138,173,839
Money Market Funds (note 40.1)	444,410,398	90,921,878
Fixed Income Fund	135,200,325	--
Corporate Sukuk (note 12.1)	73,449,463	50,461,832
Equity Funds	71,305,272	71,821,625
Venture Capital and Private Equity Funds	38,128,409	15,733,673
Private Credit Fund	12,496,062	--
Real Estate Funds	48,684	1,434,827
Total financial assets	<u>2,464,960,882</u>	<u>2,322,359,732</u>
Total current assets	<u>1,857,276,771</u>	<u>1,938,609,411</u>
Total non-current assets	<u>607,684,111</u>	<u>383,750,321</u>

Set out below is an overview of financial liabilities held by the Group:

	31 December	
	<u>2025</u>	<u>2024</u>
Financial liabilities at amortised cost		
Unsecured bank loan	186,103,857	--
Lease liability	14,541,156	4,634,779
Accrued expenses and other payables (note 40.1)	105,912,917	107,636,929
Financial liability at fair value through profit or loss		
Payable to unitholders of the Fund (note 40.1)	1,309,285,638	1,486,185,479
Total financial liabilities	<u>1,615,843,568</u>	<u>1,598,457,187</u>
Total current liabilities	<u>1,605,204,368</u>	<u>1,596,187,213</u>
Total non-current liabilities	<u>10,639,200</u>	<u>2,269,974</u>

40.1 Refer note 49 for change in comparative period.

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41. FAIR VALUE HIERARCHY

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement, as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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

The following table provides the fair value measurement hierarchy of the Group's financial assets as at 31 December 2025 and 31 December 2024. There are no financial liabilities measured at fair value.

	<u>Carrying value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
As at 31 December 2025				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL				
Equity Securities – Unquoted / quoted	206,134,604	13,529,588	--	192,605,016
Corporate Sukuk	73,449,463	29,019,290	44,430,173	--
Equity Funds	71,305,272	--	71,305,272	--
Money Market Funds	444,410,398	--	444,410,398	--
Venture Capital and Private Equity Funds	38,128,409	--	--	38,128,409
Real Estate Funds	48,684	--	--	48,684
Fixed Income Fund	135,200,325	--	--	135,200,325
Private Credit Fund	12,496,062	--	--	12,496,062
	<u>981,173,217</u>	<u>42,548,878</u>	<u>560,145,843</u>	<u>378,478,496</u>
Investments at FVOCI				
REIT Fund	13,580,003	13,580,003	--	--
<i>Financial assets measured at amortised cost</i>				
Sukuk	39,688,305	--	39,137,847	--
	<u>Carrying value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
As at 31 December 2024				
<i>Financial assets measured at fair value</i>				
Investments at FVTPL				
Equity Securities – Unquoted / quoted	138,173,839	15,421,190	--	122,752,649
Corporate Sukuk	50,461,832	4,465,461	45,996,371	--
Equity Funds	71,821,625	--	71,821,625	--
Money Market Funds (refer note 49 for change in comparative period)	90,921,878	--	90,921,878	--
Venture Capital and Private Equity Funds	15,733,673	--	--	15,733,673
Real Estate Funds	1,434,827	--	--	1,434,827
	<u>368,547,674</u>	<u>19,886,651</u>	<u>208,739,874</u>	<u>139,921,149</u>

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41. FAIR VALUE HIERARCHY (CONTINUED)

	Carrying value	Fair value		
		Level 1	Level 2	Level 3
As at 31 December 2024				
Investments at FVOCI				
REIT Fund	15,345,664	15,345,664	--	--
<i>Financial assets measured at amortised cost</i>				
Sukuk	51,204,802	--	50,629,640	--

Transfer between level 1 and 2

At 31 December 2025, Corporate Sukuk classified as investments at FVTPL with a carrying amount of SR 6.15 million were transferred from Level 2 to Level 1 of the fair value hierarchy following the emergence of an active over-the-counter ("OTC") broker market for these instruments. Conversely, corporate Sukuk with a carrying amount of SR 4.68 million were transferred from Level 1 to Level 2 as quoted market prices were no longer available at the reporting date. The fair value of these instruments was determined using a valuation technique in which all significant inputs were based on observable market data, including pricing information for comparable Sukuk and other relevant market parameters. There were no other transfers between Levels 1, 2 or 3 during the years ended 31 December 2025 and 31 December 2024.

As at the reporting date, the carrying values of the financial assets not measured at fair value other than investment at amortised cost including, due from funds under management and receivable against margin lending and other current financial assets approximate their fair values, since the market commission rates for similar instruments are not significantly different from contracted rates, and / or due to short duration of financial instruments.

Financial assets at fair value through profit or loss classified as Level 1 include securities that are traded on stock exchange at their last reported prices to the extent that securities are actively traded and valuation adjustments are not applied.

Financial assets at fair value through profit or loss classified as Level 2 include investments in equity funds, money market funds and Corporate Sukuk. The fair value of equity funds and money market funds is determined using unadjusted net assets value ("NAV"). The unadjusted net assets value is used when the units in a fund are redeemable at the reportable net assets value at, or approximately at, the reporting date. The fair value of Corporate Sukuk is determined using the discounted cash flow technique considering the discount rate at market terms.

Financial assets at fair value through profit or loss classified as Level 3 include investment in venture capital and private equity funds, real estate funds, fixed income funds, private credit funds and unquoted equity securities. The fair value of the funds is determined through utilisation of the fund manager reports (and appropriate discounts or haircuts where required) for the determination of fair values of these funds. The fund manager deploys various techniques (such as discounted cash flow models and multiples method) for the valuation of underlying financial instruments classified under Level 3 of the respective fund's fair value hierarchy. Significant unobservable inputs embedded in the valuation techniques used by the fund manager include risk adjusted discount rates, and lack of marketability and control discounts.

Payable to unitholders of the Fund is recorded as financial liability at fair value through profit or loss classified as Level 2, valued at the net assets value of the underlying Fund.

The fair value of unquoted equity securities is determined through valuation technique and significant unobservable input as stated below:

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41. FAIR VALUE HIERARCHY (CONTINUED)

Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Market-method (Revenue multiple): A valuation technique that uses revenue multiples and other relevant information generated by market transactions involving identical or comparable (ie similar) assets, liabilities or a group of assets and liabilities, such as a business.	• Revenue multiple: 6.0x • Discount for lack of Marketability (21%)	The estimated fair value would increase (decrease) if: • expected revenue multiple higher (lower); • the Discount of Lack of marketability rates were lower (higher)
Blended valuation: A valuation technique that incorporated multiple techniques, including a market-based revenue multiple, a discounted future revenue (exit multiple) approach, and a funding-based post-money valuation. These techniques reflect both observable market data and unobservable inputs and were weighted based on the commercial maturity and data reliability of the investee company.	• Revenue multiple: 6.0x • Discount for lack of Marketability (21%)	The estimated fair value would increase (decrease) if: • expected revenue multiple higher (lower); • the Discount of Lack of marketability rates were lower (higher)

The Company applied the Price of Recent Investment (PORI) method under the market approach for valuing certain Level 3 investments amounting to SR 163 million. PORI is based on the price investors pay for shares during a funding round. It uses the post-money valuation to determine equity stakes. In these cases, the calibration adjustment was determined to be nil, as the recent transaction price was considered representative of fair value at the measurement date.

During the year, the Group revised its valuation methodology to utilise current revenue as the key input, rather than discounted future revenues that required additional unobservable inputs such as the expected compounded annual growth rate (“CAGR”) of revenue and risk-adjusted discount rates used in the prior year. As a result, the significant unobservable inputs used in the current year valuations are limited to the revenue multiple and the discount for lack of marketability, which are disclosed above.

The following table shows a reconciliation from the opening balance to the closing balance for Level 3 fair values.

Balance as at 01 January 2024	67,681,202
Purchases	78,605,693
Sales	(25,757,891)
Unrealised gain on investments	19,875,536
Realised loss on investments	(483,391)
Balance as at 31 December 2024	139,921,149
Purchases	186,167,619
Sales	(2,848,961)
Unrealised gain on investments	55,626,946
Realised loss on investments	(388,257)
Balance as at 31 December 2025	378,478,496

Sensitivity analysis

As at 31 December 2025, a 10% change in the fair value of level 3 investments would have increased or decreased the profit or loss and other comprehensive income by SR 37,847,850 (2024: SR 13,992,115).

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42. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Group's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement, and monitoring, subject to risk limits and controls. The process of risk management is critical to the Group's continuing profitability. The Group is exposed to various risks such as market risk (which includes interest rate risk, currency risk and, price risk), liquidity risk, credit risk and investment holding period risk arising from the financial instruments it holds.

Risk management structure

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. These risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors has established an appropriate Risk Management structure by creating a Risk and Compliance Committee which meets quarterly and receive reports from a dedicated Risk Management function. Day-to-day risk management activities are managed within each respective business unit. The Risk and Compliance Committee meets quarterly and is updated on all relevant aspects of the business, including risk management matters.

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

- Credit risk
- Liquidity risk
- Market risk

Risk measurement and reporting system

The Group's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models. The models make use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy, including the risk that the Group is willing to accept and the market environment of the Group. In addition, the Group monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

The Group has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

The Group adopts diversification strategy with predefined investment guidelines for investment instruments this mitigates risks and stabilises the return on investments.

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42. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Excessive risk concentration

Concentration indicates the relative sensitivity of the Group's performance to developments affecting an industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Group has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The investment manager is instructed to reduce exposure or to use alternative investment instruments to manage excessive risk concentrations when they arise .

Credit risk

Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be satisfactory. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Group also continuously revise's certain inputs and assumptions used for the determination of ECL. These primarily revolve around adjusting macroeconomic factors used by the Group in the estimation of ECL.

The Group considers a financial asset to be in default when:

- the counter-party is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

	31 December	
	<u>2025</u>	<u>2024</u>
Cash and cash equivalents *	67,113,805	95,685,143
Debt securities classified at FVTPL	73,449,463	50,461,832
Debt securities measured at amortised cost	39,693,356	51,211,724
Margin client receivables *	1,089,700,283	1,493,550,242
Due from funds under management *	26,660,866	35,560,446
Other current financial assets	248,120,171	263,554,587
	<u>1,544,737,944</u>	<u>1,990,023,974</u>

* Refer note 49 for change in comparative period

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42. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Analysis of credit quality

The Group has debt securities with counterparties having the following credit quality:

Credit rating (Fitch)	31 December	
	2025	2024
A+	45,839,219	50,208,095
A	4,675,173	4,465,461
A-	62,628,427	47,000,000
	113,142,819	101,673,556

As at the reporting date, the Group's debt securities exposures were concentrated in the following economic sectors:

	31 December	
	2025	2024
Government / sovereign entity	45,839,219	50,208,095
Banks	67,303,600	51,465,461
	113,142,819	101,673,556

Amounts arising from ECL

The Group considers that its investments at amortised cost, other current financial assets, due from funds under management and cash and cash equivalents have low credit risk based on the external credit ratings of the respective counterparties.

12-month and lifetime probabilities of default are based on the approved ECL Methodology and impairment policy of the Group. Loss given default parameters generally reflect an assumed recovery rate which are linked to the composite credit ratings of the counterparties, or days past due, as and where applicable. However, if the asset were credit-impaired, then the estimate of loss would be based on a specific assessment of expected cash shortfalls and on the original effective interest rate.

The Group has expected credit loss on margin client receivables, investments at amortised cost, other current financial assets, due from funds under management and cash and cash equivalents amounting to SR 1,080,820 as at 31 December 2025 (2024: SR 1,095,748). All financial assets, other than margin client receivables, are classified in Stage 1, representing assets for which credit risk has not significantly increased since initial recognition. Margin client receivables are classified across Stages 1 and 2, with detailed staging and related ECL amounts disclosed in note 14.1.

Cash and cash equivalents

Credit risk on cash and cash equivalents is limited as these are held with banks rated as A- and BBB+ by Fitch Ratings. The amount outstanding is neither past due nor impaired.

Other current financial assets

Other current financial assets include dividend, Muqassa, accrued brokerage and asset management fees and other contractual receivables of the Group. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counter-party. However, management also considers the factors that may influence the credit risk of its counter-party, including the default risk associated with the industry and category in which counter-party operates.

The risk management committee has implemented a credit policy to assess the creditworthiness of each new counter-party before extending the services. This evaluation incorporates external credit ratings (where available), financial statements, credit agency reports, industry data, and, in certain cases, internal ratings. Transaction limits are assigned to each client based on this assessment and are reviewed on a quarterly basis. Any transactions exceeding these limits require prior approval from the risk management committee.

42. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Other current financial assets (continued)

To mitigate credit risk arising from other current financial assets, except deposit with Muqassa (the entity is a wholly owned subsidiary of Saudi Tadawul Group Holding Company which is ultimately controlled by the Government of Saudi Arabia, therefore, it is exposed to minimal credit risk) and accrued brokerage from third-party broker where the third-party broker is rated as BBB+ by S&P Global Ratings, the Group enforces maximum payment periods of one month for individual clients and three months for corporate clients. Majority of the Group's counter-party have maintained a trading relationship with the Group for several years, and none of these balances have been written off or were considered credit-impaired as of the reporting date.

In monitoring client credit risk, the Group categorises counter-party based on credit characteristics, including their classification as individuals or legal entities, their segment (wholesale, retail, or end-user), industry, transaction history with the Group, and any history of financial difficulties. This structured approach ensures effective credit risk management across the brokerage operations. The amount outstanding is neither past due nor impaired.

Due from funds under management

Due from funds under management consists of the management fee and other fees receivable and receivable for the payment made on behalf of the fund, from the Groups' managed funds. Credit risk attached to due from funds under management by the group is not significant and the Group expects to recover these fully at their stated carrying amounts. The amount outstanding is neither past due nor impaired.

Margin client receivables

Margin client receivables with counter-parties are evaluated to be credit worthy based on risk assessment procedures, know your customer and compliance procedures conducted prior to accepting a customer. The Group holds equity instruments of customers as collateral against margin client receivables. The value of collateral is regularly monitored by the Group to ensure that it is sufficient to cover the exposure of margin client receivables. As part of the ongoing monitoring of margin client receivables, the balance is provided on the basis of on liquid collateral coverage of 200%. Controls are in place to monitor the movement and ratios have been defined on which the client is requested to invest funds in the account in case the total value falls below 175% of the amount invested. In case of failure to do so, investment is liquidated at the value of 150% and amount is recovered. Significant increase in credit risk on margin receivables is assessed based on collateral coverage, with higher risk where pledged equity values fall below the above-mentioned coverage ratio. As at 31 December 2025, the fair value of collateral held against margin client receivables amounted to SR 2,283 million (2024: SR 3,434 million). The amount outstanding is neither past due nor impaired.

Credit risk arising from off-balance sheet exposures

The Company's maximum exposure to credit risk for off-balance sheet items is represented by the contractual or notional amounts of the respective instruments. Exposure arising from securities lending is mitigated through a collateralization policy requiring borrowers to provide high-quality assets exceeding 100% of the fair value of the securities lent, with collateral marked-to-market daily to ensure continuous coverage. Capital commitments, representing obligations to subscribe to additional capital in existing investees and/or investment funds, are managed through rigorous pre-investment due diligence, monitoring the financial performance of the underlying investees, and adherence to binding investment agreements. Credit risk from bank guarantees issued to third parties to support performance obligations is mitigated through internal credit approval limits and ongoing monitoring of the underlying obligation. The Company, through these risk mitigation and monitoring frameworks, considers the risk of material loss from these off-balance sheet exposures to be remote.

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42. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Credit concentration

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions.

No significant concentrations of credit risk were identified by the management as at the reporting date.

Liquidity risk

Liquidity risk is the risk that the Group 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 ensuring that enough funds are always available from operations to meet any future commitments, and financing facilities are available.

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

	On Demand	Within 3 months	3 months to 1 year	Above 1 year	No fixed maturity	Total
31 December 2025						
Financial liabilities						
Unsecured bank loan	--	--	186,103,854	--	--	186,103,854
Payable to unitholders of the Fund	1,309,285,638	--	--	--	--	1,309,285,638
Lease liability	--	232,450	4,463,715	11,843,650	--	16,539,815
Accrued expenses and other payables	--	98,075,472	7,837,445	--	--	105,912,917
Total financial liabilities	1,309,285,638	98,307,922	198,405,014	11,843,650	--	1,617,842,224
	On Demand	Within 3 months	3 months to 1 year	Above 1 year	No fixed maturity	Total
31 December 2024						
Financial liabilities						
Payable to unitholders of the Fund *	1,486,185,479	--	--	--	--	1,486,185,479
Lease liability	--	267,317	2,771,475	2,758,352	--	5,797,144
Accrued expenses and other payables *	--	94,087,681	13,549,248	--	--	107,636,929
Total financial liabilities	1,486,185,479	94,354,998	16,320,723	2,758,352	--	1,599,619,552

* Refer note 49 for change in comparative period

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments equals their fair value. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Currency risk

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

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42. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

Commission rate risk

Commission rate risk arises from the possibility that changes in profit rates will affect future cash flows or the fair values of financial instruments. At the reporting date, the Group is exposed to commission rate risk through the special commission income earned over deposits, Murabaha agreements and investments in Sukuk.

Fair value sensitivity analysis for fixed-rate instruments

The table below sets out the effect on consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity of a reasonably possible change in fair value of investment in Sukuk classified at FVTPL due to change in average SAIBOR by 1% at reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables remain constant.

Effect on profit and loss	31 December			
	2025		2024	
	SR		SR	
Change in fair value of investments	+ 1%	7,868,490	+ 1%	4,060,082
	- 1%	(7,868,490)	- 1%	(4,060,082)

Cash flow sensitivity analysis for variable-rate instruments

The table below sets out the effect on profit or loss and other comprehensive income and consolidated statement of changes in equity of a reasonably possible change in net income due to change in average SAIBOR by 1% at reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables remain constant.

Effect on profit and loss	31 December			
	2025		2024	
	SR		SR	
Change in special commission income including on client money accounts	+ 1%	3,293,861	+ 1%	3,494,550
	- 1%	(3,293,861)	- 1%	(3,494,550)

Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of equity instruments as the result of changes in the value of individual shares. The equity price risk exposure arises from the Group's investments in equity securities. The Group's investments are susceptible to market price risk arising from uncertainties about future prices. The investment manager manages this risk through diversification of its investment portfolio in terms of geographical distribution and/or industry concentration.

Sensitivity analysis

The table below sets out the effect on profit or loss and other comprehensive income of a reasonably possible weakening / strengthening in the individual equity market prices by 5% at reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables, commission and foreign currency rates, remain constant.

Effect on profit and loss	31 December			
	2025		2024	
	SR		SR	
Net gain / loss on investments held at FVTPL	+ 5%	49,058,661	+ 5%	18,427,384
	- 5%	(49,058,661)	- 5%	(18,427,384)

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42. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

Equity price risk (continued)

Effect on other comprehensive income	31 December			
	<u>2025</u>		<u>2024</u>	
		SR		SR
Net gain / loss on investments held at FVOCI	+ 5%	679,000	+ 5%	767,283
	- 5%	(679,000)	- 5%	(767,283)

Concentration of equity price risk

Group's equity portfolio, measured at FVTPL and FVOCI, concentration of equity price risk is as follows:

% of equity securities, debt instruments and units of mutual funds: 31

	31 December	
	<u>2025</u>	<u>2024</u>
Equity Securities – Quoted / unquoted	21%	37%
Equity Funds	7%	20%
Money Market Funds	45%	24%
Corporate Sukuk	8%	14%
Venture Capital and Private Equity Funds	4%	4%
Real Estate Fund	--%	1%
Private Credit Fund	1%	--%
Fixed Income Fund	14%	--%

43. SEGMENTAL REPORTING

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same entity).
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- For which discrete financial information is available.

The Group's chief executive officer reviews the internal management reports of each division at least quarterly.

For management purposes, the Group is organised into the following operating segments:

Brokerage

The brokerage division offers brokerage and margin trading services, facilitating transactions in local, regional, and international equities, as well as options, indices, and Islamic certificates.

Asset Management

The asset management division is engaged in the management of clients' assets and in the development and placement of asset management products and services.

Investments

The investment division is engaged in managing the proprietary investments of the Group, mainly represents investment in funds managed by the Company.

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43. SEGMENTAL REPORTING (CONTINUED)

Investment property

Investment property is held by the Group and provides real estate services, aligning with its strategic objective of maximising returns from real estate assets while maintaining sustainable growth in the property sector.

The Group's total assets and liabilities, operating income and expenses, and net income, by business segments, are as follows:

31 December 2025	<u>Brokerage</u>	<u>Asset management</u>	<u>Investments</u>	<u>Investment property</u>	<u>Total</u>
Total assets	1,520,115,661	69,747,791	1,209,478,112	72,709,013	2,872,050,577
Total liabilities	911,390,554	41,817,527	818,753,690	319,340	1,772,281,111
Total operating income	737,831,103	129,359,192	61,242,459	6,076,365	934,509,119
Total operating expenses	(321,164,440)	(56,307,700)	(26,657,727)	(1,536,996)	(405,666,863)
Other income	7,154,321	6,656,063	--	--	13,810,384
Share of loss in an associate	--	--	(132,048,696)	--	(132,048,696)
Profit before zakat	423,820,984	79,707,555	(97,463,964)	4,539,369	410,603,944
 31 December 2024	 <u>Brokerage</u>	 <u>Asset management</u>	 <u>Investments</u>	 <u>Investment property</u>	 <u>Total</u>
Total assets (note 43.1)	1,909,993,859	83,477,235	645,852,222	73,803,462	2,713,126,778
Total liabilities (note 43.1)	1,205,433,831	52,684,087	497,208,558	--	1,755,326,476
Total operating income (note 43.1)	697,667,294	137,519,397	42,907,414	--	878,094,105
Total operating expenses (note 43.1)	(284,124,453)	(56,004,666)	(17,474,010)	(2,788,664)	(360,391,793)
Other income	8,344,529	1,648,162	--	--	9,992,691
Share of loss in an associate	--	--	(72,014,400)	--	(72,014,400)
Profit before zakat (note 43.1)	421,890,165	83,160,098	(46,580,996)	(2,788,664)	455,680,603

The Group's assets, liabilities, and operations are majorly based in Saudi Arabia.

43.1 Reconciliation of total operating income to revenue from contract with customers:

	31 December	
	<u>2025</u>	<u>2024</u>
Total operating income (note 43.1)	934,509,119	878,094,105
Adjustment for:		
- Special commission income including on client money accounts (note 43.1)	(329,386,115)	(349,455,011)
- Net movement on financial instruments at fair value through profit or loss (note 43.1)	47,252,879	71,897,310
- Rental income on investment property	(6,000,000)	--
- Dividend income	(5,121,394)	(2,222,614)
Revenue from contract with customers	641,254,489	598,313,790

43.1 Refer note 49 for change in comparative period.

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44. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Group includes shareholders and key management personnel. The Group and its related parties transact with each other in the ordinary course of business. Significant transactions and balances arising from transactions with related parties, other than those disclosed elsewhere in the consolidated financial statements, are as follows:

The summary of transactions to key management personnel for the years:

	For the year ended 31 December	
	<u>2025</u>	<u>2024</u>
Salaries and employee related benefits:		
- Short-term employee benefits	26,510,915	28,853,076
- Post-employment benefits	613,573	563,050
- Share-based payments	16,433,040	--
Board of Directors remuneration	1,750,000	1,800,000

The summary of balances to key management personnel is as follows:

	31 December	
	<u>2025</u>	<u>2024</u>
Salaries and employee related benefits:		
- Short-term employee benefits	613,573	563,050
- Post-employment benefits	5,301,730	4,738,680

45. CAPITAL REGULATORY REQUIREMENTS AND CAPITAL ADEQUACY MODEL

The CMA has issued Prudential Rules (the "Rules") dated 17 Safar 1434H (corresponding to 30 December 2012), thereafter, amended on 04 Jumada AlkhiraH 1444H (corresponding to 28 December 2022). 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 Company has calculated its risk weighted asset and surplus in the capital as follows:

	31 December	
	<u>2025</u>	<u>2024</u>
Capital base:	SR (000)	SR (000)
Tier 1 Capital (note 45.1)	1,013,527	926,830
Tier 2 Capital	--	--
Total Capital base	1,013,527	926,830
Risk Weighted Asset:		
Credit risk (note 45.1)	4,810,048	4,294,088
Market risk	38,123	22,517
Operational risk	1,526,445	1,341,042
Concentration risk	--	--
Total risk weighted asset	6,374,616	5,657,646
Surplus in the capital	503,558	474,218
Total capital ratio	15.90%	16.38%

45.1 Refer note 49 for change in comparative period.

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46. CAPITAL COMMITMENTS AND CONTINGENCIES

The Group had outstanding commitments in respect of investments amounting to SR 37.49 million (2024: SR 52.13 million). These commitments primarily relate to contractual obligations to subscribe to additional capital in existing investees and/or investment funds, which are to be fulfilled in accordance with the respective investment agreements.

The Group has contingent liabilities in respect of bank guarantees issued by a commercial bank against third party for satisfaction of performance obligations as at 31 December 2025 amounting to SR 29.38 million (2024: SR 29.38 million).

On behalf of our clients enrolled in our securities lending program, the Group lends their securities, as agent, to other financial institutions. Securities lent and the collateral are revalued daily to determine if additional collateral is necessary or if excess collateral is required to be returned to the borrowers. Collateral received in connection with securities lending services is held as an agent and is not recorded in the consolidated financial statements. As of 31 December 2025, the fair value of securities lent amounted to SR 1,710 million (2024: SR 1,176 million) against collateral received amounted to SR 1,963 million (2024: SR 1,429 million).

47. ASSETS HELD UNDER FIDUCIARY CAPACITY

47.1 Assets under management

The Group manages investment portfolios and mutual funds on behalf of its customers and funds under management which amounts to SR 22,458 million as at 31 December 2025 (2024: SR 17,202 million). These balances are not included in the Group's consolidated financial statements as these are held by the Group in fiduciary capacity.

47.2 Clients' cash account

The Group was holding clients' cash accounts amounting to SR 1,723 million as at 31 December 2025 (2024: SR 1,712 million), to be used for investments on clients' instructions. The Group places the clients' cash in remunerative bank accounts and the commission earned is recognised in the consolidated statement of profit or loss and comprehensive income (note 33). These balances are not recorded in the Group's consolidated financial statements as these are held by the Group in fiduciary capacity.

48. 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 Group's operating environment. With respect to financial statements for the year ended 31 December 2025, the potential financial reporting effects of the conflict are considered to be non-adjusting in nature.

The Group holds investments in financial instruments, including equity securities and funds, which may be exposed to heightened market volatility, liquidity constraints and valuation uncertainties arising from the ongoing conflict. Management continues to monitor market movements and reassess key assumptions and inputs used in the valuation of these investments; however, the extent and duration of the impact on the Group's investment portfolio remain uncertain.

The management has been closely monitoring the impact of the developments on the Group's operations. 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.

Except for the mentioned above, there were no subsequent events after the reporting date which require adjustments to, or disclosure, in the consolidated financial statements.

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49. COMPARATIVE PERIOD

During the year, the Company re-assessed whether it controls Derayah Trading Finance Fund (“the TFF Fund”) and concluded that it acts as a Principal in exercising the power attributed to it as the Fund Manager and accordingly the consolidated financial statements including the TFF Fund have been prepared for the presented periods.

The consolidation of the Fund does not have any impact on profit before zakat and tax and equity of the Group.

The following table summarizes the impact on the Group’s consolidated financial statements:

Impact on consolidated statement of financial position

	Previously reported	Adjustment	Updated
As at 31 December 2024			
Assets			
Margin client receivables, net	65,988,156	1,426,522,774	1,492,510,930
Investments at fair value through profit or loss	16,127,945	30,211,948	46,339,893
Due from funds under management, net	36,281,707	(726,142)	35,555,565
Cash and cash equivalents	65,057,236	30,618,718	95,675,954
Liabilities			
Accrued expenses and other payables	127,085,436	441,819	127,527,255
Payable to unitholders of the Fund	--	1,486,185,479	1,486,185,479
As at 31 December 2023			
Assets			
Margin client receivables, net	75,317,730	1,237,337,436	1,312,655,166
Due from funds under management, net	47,351,328	(615,205)	46,736,123
Cash and cash equivalents	20,888,231	22,676,577	43,564,808
Liabilities			
Accrued expenses and other payables	90,287,696	267,706	90,555,402
Payable to unitholders of the Fund	--	1,259,131,102	1,259,131,102

Impact on consolidated statement of profit or loss and other comprehensive income

	Previously reported	Adjustment	Updated
For the year ended 31 December 2024			
Revenue from contract with customers	635,125,074	(36,811,284)	598,313,790
Special commission income received including on client money accounts	203,481,660	145,973,351	349,455,011
Net movement on financial instruments at fair value through profit or loss	35,848,458	(107,745,768)	(71,897,310)
Other general and administrative expenses (note 49.1)	(159,363,588)	(1,416,299)	(160,779,887)

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49. COMPARATIVE PERIOD (CONTINUED)

Impact on consolidated statement of cash flows

	Previously reported	Adjustment	Updated
For the year ended 31 December 2024			
Operating Activities			
Special commission income including on client money accounts	(203,481,660)	(145,973,351)	(349,455,011)
Net movement on financial instruments at fair value through profit or loss	(35,848,458)	107,745,768	71,897,310
Margin client receivables, net	10,651,614	(189,185,338)	(178,533,724)
Due from funds under management, net	11,071,280	110,937	11,182,217
Accrued expenses and other payables	36,371,706	174,112	36,545,818
Special commission income received including on client money accounts	210,405,195	145,973,351	356,378,546
Purchase of financial assets at FVTPL	(304,042,743)	(29,366,667)	(333,409,410)
Financing Activities			
Payable to unitholders of the Fund	--	118,463,328	118,463,328
Cash and cash equivalents at the beginning of the year	20,891,009	22,676,577	43,567,586
Cash and cash equivalents at the end of the year	65,066,425	30,618,718	95,685,143

- 49.1 In addition, the management has separately presented commission expenses amounting to SR 35 million on the face of the consolidated statement of profit and loss and other comprehensive income which was previously included in general and administrative expenses.

50. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board on 29 March 2026 (corresponding to 10 Shawwal 1447H).