RAZEEN CAPITAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Razeen Capital Company
(A Saudi Closed Joint Stock Company)

Opinion
We have audited the financial statements of Razeen Capital Company (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards, and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("the Code"), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter
The financial statements of the Company as of and for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on 17 Ramadhan 1445H (corresponding to 27 March 2024).

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the SOCPA and the provisions of Companies' Law and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 financial statements.

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

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

Alluhaid & Alyahya Chartered Accountants
A Limited Liability Company
Paid up capital SR 100,000 - CR:1010468314
Kingdom of Saudi Arabia Riyadh King Fahd Road
Muhammadiyah District, Grand Tower 12 th Floor

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
To the Shareholders of Raseen Capital Company
(A Saudi Closed Joint Stock Company)

Auditor's Responsibilities for the Audit of the 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 Company's internal control.

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

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

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

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

for Alluhaid & Alyahya Chartered Accountants

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LYCA
اللحيد واليحيى محاسبون قانونيون
Alluhaid & Alyahya
Chartered Accountants

Turki A. Alluhaid
Certified Public Accountant
License No. 438

Riyadh: 27 Ramadan 1446H
(27 March 2025)

RAZEEN CAPITAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	***31 December 2024 SR***	*31 December 2023 SR*
ASSETS			
NON-CURRENT ASSET			
Property and equipment	5	**104,127**	35,660
Right of use assets	6	**233,837**	122,285
TOTAL NON-CURRENT ASSETS		**337,964**	157,945
CURRENT ASSETS			
Cash and cash equivalents	7	**3,688,421**	3,889,053
Accounts receivable and contract assets	8	**21,890**	2,018
Prepaid expenses and other assets	9	**170,274**	174,845
TOTAL CURRENT ASSETS		**3,880,585**	4,065,916
TOTAL ASSETS		**4,218,549**	4,223,861
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	10	**4,550,006**	2,833,287
Share premium	11	**-**	1,716,719
Accumulated losses		**(1,901,443)**	(1,205,283)
TOTAL SHAREHOLDERS' EQUITY		**2,648,563**	3,344,723
NON-CURRENT LIABILITY			
Employees' defined benefit obligations	12	**49,082**	21,453
Lease liability - non-current portion	14	**121,490**	34,474
TOTAL NON-CURRENT LIABILITIES		**170,572**	55,927
CURRENT LIABILITIES			
Contract liability		**698,160**	643,944
Accrued expenses and other payables	13	**543,358**	54,888
Lease liability - current portion	14	**90,500**	76,000
Provision for zakat	15	**67,396**	48,379
TOTAL CURRENT LIABILITIES		**1,399,414**	823,211
TOTAL LIABILITIES		**1,569,986**	879,138
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		**4,218,549**	4,223,861

The attached notes 1 to 25 form an integral part of these financial statements.

RAZEEN CAPITAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	*For the year ended 31 December 2024* ***SR***	*For the year ended 31 December 2023* ***SR***
Revenue from consulting services		**1,538,234**	970,786
EXPENSES			
Salaries and employees' benefits		**(954,019)**	(605,666)
General and administrative expenses	16	**(1,239,729)**	(634,655)
Provision for expected credit losses	8	**(2,018)**	-
OPERATING LOSS		**(657,532)**	(269,535)
Finance cost	17	**(6,785)**	(1,732)
Other expenses	18	**(10,404)**	(543)
Other income	19	**61,197**	15,335
LOSS BEFORE ZAKAT		**(613,524)**	(256,475)
Zakat	15	**(67,396)**	(48,379)
NET LOSS FOR THE YEAR		**(680,920)**	(304,854)
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial loss on employees' defined benefits obligations		**(15,240)**	-
Other comprehensive loss for the year		**(15,240)**	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(696,160)**	(304,854)

The attached notes 1 to 25 form an integral part of these financial statements.

RAZEEN CAPITAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital *SR*	*Share premium account* *SR*	*Accumulated losses* *SR*	*Total* *SR*
Balance as at 1 January 2023	2,550,000	-	(900,429)	1,649,571
Net loss for the year	-	-	(304,854)	(304,854)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(304,854)	(304,854)
Additional capital	283,287	-	-	283,287
Share premium	-	1,716,719	-	1,716,719
Balance as at 31 December 2023	2,833,287	1,716,719	(1,205,283)	3,344,723
Net loss for the year	**-**		**(680,920)**	**(680,920)**
Other comprehensive loss for the year	**-**	**-**	**(15,240)**	**(15,240)**
Total comprehensive loss for the year	**-**	**-**	**(696,160)**	**(696,160)**
Transfer from Share premium account to Share capital	**1,716,719**	**(1,716,719)**	**-**	**-**
Balance as at 31 December 2024	**4,550,006**	**-**	**(1,901,443)**	**2,648,563**

The attached notes 1 to 25 form an integral part of these financial statements.

RAZEEN CAPITAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	*For the year ended 31 December 2024 SR*	*For the year ended 31 December 2023 SR*
CASH FLOWS FROM OPERATING ACTIVITIES:			
Loss before zakat		**(613,524)**	(256,475)
Adjustments:			
Depreciation of right-of-use asset	6	**69,547**	24,457
Depreciation of property and equipment	5	**16,047**	7,859
Service costs for employee benefit obligations provision-net	12	**14,511**	1,964
Provision for expected credit losses	8	**2,018**	-
Gain on disposal of right of use assets	19	**(1,739)**	-
Loss on disposal of property and equipment	18	**10,404**	543
Finance cost on employees' defined benefits obligations	12	**1,378**	-
Finance cost on lease liability	14	**5,407**	1,732
		(495,951)	(219,920)
Changes in operating assets and liabilities:			
(Increase)/decrease in accounts receivable and contract assets		**(21,890)**	615
decrease /(Increase) in prepaid expenses and other assets		**4,571**	(60,905)
Increase in contract liability		**54,216**	290,753
Increase in accrued expenses and other payables		**488,470**	22,412
		29,416	32,955
End of service benefits paid	12	**(3,500)**	-
Zakat paid	15	**(48,379)**	(26,025)
Net cash flows (used in)/ from operating activities		**(22,463)**	6,930
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	5	**(94,918)**	(23,062)
Proceeds from sale of property and equipment		-	-
Net cash flows used in investing activities		**(94,918)**	(23,062)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from additional share capital		-	283,287
Proceeds from share premium account		-	1,716,719
Payment of lease obligations		**(83,251)**	(38,000)
Net cash flows (used in)/ generated from financing activity		**(83,251)**	1,962,006
Net increase in cash and cash equivalents		**(200,632)**	1,945,874
Cash and cash equivalents at the beginning of the year		**3,889,053**	1,943,179
Cash and cash equivalents at end of the year	7	**3,688,421**	3,889,053

Non-cash transactions:		
Transfer of share premium to share capital	**1,716,719**	-
Additions to right-of-use assets against lease liabilities	**254,470**	146,742
Disposal of right-of-use assets against lease liabilities	**146,743**	-

The attached notes 1 to 25 form an integral part of these financial statements.

1 CORPORATE INFORMATION

Razeen Capital Company ("Company") is a Saudi Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 101057714 dated 30 Shaban 1440H (corresponding to 5 May 2019 AD).

The Company is licensed by the Capital Market Authority (CMA) in the Kingdom of Saudi Arabia under License Number 20-21277 to practice the activity of providing advice in securities business, dated 12 Jumada Al-Thani 1442AH (corresponding to 25 January 2021 AD) and commenced operations on 23 Dhu'l-Qi'dah 1442 AH (corresponding to 4 July 2021).

The registered Company's address is as follows: Al Sulaimaniyah District, King Abdulaziz Ibn Abdulrahman Saud Street, Building number 5031, 12243 Riyadh, Kingdom of Saudi Arabia.

These financial statements were authorised for issue by the Board of Directors on 27 Ramadan 1446 (corresponding to - 27 March 2025).

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Saudi Organization for Chartered and Professional Accountants ("SOCPA"), (collectively hereafter referred to as IFRS as endorsed in Kingdom of Saudi Arabia.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Board of Directors believes that there are no material uncertainties that may cast significant doubt over this assumption. The Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis except for the employees' defined benefits obligations, which is measured using the projected unit credit method as described in the accounting policies.

2.3 Functional and Presentation Currency

The financial statements are presented in Saudi Riyals (SAR), which is the Company's functional currency, all amounts are rounded to the nearest Saudi Riyal, unless otherwise indicated.

3 MATERIAL ACCOUNTING POLICY INFORMATION

a) New Standards, Interpretations And Amendments Adopted By The Company

The Company has applied the following standards and amendments, where applicable, for the first time for their annual reporting period commencing 1 January 2024.

- **Amendments to IFRS 16 – Leases on sale and leaseback:**

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

- **Amendments IAS 1 – Non-current liabilities with covenants and Classification of Liabilities as Current or Non-current Amendments:**

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

- **Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements:**

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of the above amendments does not have any material impact on the financial statements during the year.

b) Standards Issued But Not Yet Effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2025 and earlier application is permitted for certain new standards and amendments; however, the Company has not early adopted them in preparing these financial statements. The Company is currently evaluating the impact of the adoption of these standards on the financial statements.

- **Amendments to IAS 21 – Lack of exchangeability**

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

- **Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments**

These amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

b) Standards Issued But Not Yet Effective (Continued)

- **IFRS 18, 'Presentation and Disclosure in Financial Statements'**

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the

statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: - the structure of the statement of profit or loss; - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements for the period of initial application. Adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

c) *Cash and cash equivalents*

For the purposes of the cash flows statement, cash and cash equivalents consists of bank balances and short-term deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

d) *Property and equipment*

These are stated at cost less accumulated depreciation and impairment losses, if any. When assets are expected to be used during more than one period, they are accounted for as equipment.
Historical cost includes expenditure that is directly attributable to the acquisition of an item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with any changes accounted for on a prospective basis.

The Company applies the following annual rates of depreciation to its property and equipment:

Electronics and Equipment	5 years
Furniture and fixtures	5 years
Leasehold Improvements	5 years or shorter of lease term

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

e) *financial instruments*

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

i. Recognition, classification and presentation

Financial instruments are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial instruments at initial recognition.

The Company classifies its financial assets in the following categories:

a) Fair value (either through other comprehensive income, or through profit or loss); and
b) Amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company has classified all the non-derivative financial liabilities at amortised cost.

ii. Measurement

Initial measurement

Financial assets and financial liabilities are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or disposal of financial assets and liabilities or, where appropriate, deducted from them (except for financial assets and liabilities at fair value where transaction costs directly attributable to the acquisition of financial assets or liabilities are recognized directly in the statement of profit or loss and other comprehensive income ("OCI").

Subsequent measurement of financial assets

The subsequent measurement of the financial assets depends on their classification as follows:

a) Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest rate ('EIR') method. Interest income from these financial assets is included in finance income.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the EIR method.

The Company's financial assets at amortised cost include cash and cash equivalents and Accounts receivable and contract assets.

b) Financial assets carried at fair value through profit or loss

The financial assets measured at fair value through profit or loss ("FVTPL") are carried at fair value at each financial reporting date.

c) Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income ("FVOCI") are carried at fair value at each financial reporting date.

When the debt financial instrument is derecognized classified as FVOCI, the accumulated fair value adjustments that are recognised in OCI is reclassified to profit or loss. However, there is no subsequent reclassification of fair value gains and losses to profit or loss in the case of equity instruments.

The Company has no financial assets measured at FVTPL and FVOCI.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

e) ***Financial instruments (continued)***

The recognition and presentation of gains and losses for each measurement category are as follows:

Measurement category	Recognition and presentation of gains and losses
Amortised cost	The following items are recognized in profit or loss: • interest revenue using the effective interest method; • expected credit losses and reversals; and • foreign exchange gains and losses. When the financial asset is derecognized, the gain or loss is recognized in profit or loss.
FVOCI – debt instrument	Gains and losses are recognized in OCI, except for the following items, which are recognized in statement of profit or loss in the same manner as for financial assets measured at amortised cost: • interest revenue using the effective interest method; • expected credit losses and loss reversals; and • foreign exchange gains and losses.
FVOCI - equity investments	Gains and losses are recognized in OCI. Dividends are recognized in profit or loss unless they clearly represent a repayment of part of the cost of the investment. The amounts recognized in OCI are not reclassified to profit or loss under any circumstances.
FVTPL	Gains and losses, both on subsequent measurement and derecognition, are recognized in profit or loss.

Subsequent measurement of financial liabilities

a) Financial liabilities at amortised cost

Subsequent to initial recognition, financial liabilities are measured at amortised cost using EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

The Company's financial liabilities at amortized cost include amounts due to a shareholder.

b) Financial liabilities at FVTPL

Financial liabilities falling under this category include:

1. Liabilities held for trading; and
2. Those designated at FVTPL.

After initial recognition, the Company measures financial liabilities at fair value with changes recognized in profit or loss.

Gains or losses on a financial liability designated at FVTPL are generally split and presented as follows:

1. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that financial liabilities is presented in OCI; and
2. The remaining amount of change in the fair value of the financial liabilities is presented in profit or loss.

iii. Impairment of financial assets

The Company assesses the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. The Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

e) *Financial instruments (continued)*

Derecognition of financial assets

The financial assets are derecognized from the statement of financial position when the rights to receive cash flows from the financial assets have expired or have been transferred or transferred substantially all risks and rewards of ownership. The difference in the carrying amount is recognized in profit or loss.

Derecognition of financial liabilities

The financial liabilities are derecognized when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released.

iv. Offsetting of financial instruments

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

f) Employees' defined benefits obligations

(i) End of service indemnities

The Company provides end of service benefits to its employees in accordance with the labor law provisions of Kingdom of Saudi Arabia. The entitlement of these indemnities is based upon the employee's final salary, length of services and the completion of minimum service period, The costs of these indemnities are accrued over the period of employment, based on the estimated ultimate payment.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income, in the period in which they occur. Re-measurements are not reclassified to profit or loss in the subsequent periods.

The Company makes contributions in line with the General Organization for Social Insurance Regulations and are calculated as a percentage of employees' wages. Payments made to state managed retirement benefits schemes are dealt with as payments to defined benefits plans where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan. Payments made to defined contributions retirement benefit plans are charged as an expense as they fall due.

g) Accrued expenses and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

h) Provisions

Provisions are recognized when the Company has present obligations (legal or constructive) as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. In cases where the Company expects to recover some or all of the provision, for example under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense related to the provision is presented in the profit and loss after deducting any recoveries.

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

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i) Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term and leases of low value assets as follows:

Right-of-use assets

The Company recognizes the right to use the assets on the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated impairment and depreciation losses and adjusted for any remeasurement of the lease liabilities. The cost of right-of-use assets includes the amount of lease commitments recognized, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the right to use the recognized assets is depreciated on a straight-line basis over the estimated useful life and the lease term, whichever is shorter. Right-of-use assets is subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of the lease payments to be made over the term of the lease. Lease payments consist of fixed payments (including embedded fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of the purchase option that the company is certain to exercise and the payment of lease termination penalties, if the lease term reflects that the company is exercising the option to terminate. Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

When calculating the present value of lease payments, the Company uses the incremental borrowing rate at the inception date of the lease if the interest rate implicit in the lease is not readily identifiable. After the inception date, the amount of the lease liabilities is increased; to reflect the interest accumulation and a reduction in the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured if there is a modification, a change in the lease term, a change in guaranteed fixed lease payments or a change in the assessment to purchase the underlying asset.

Short term leases contracts

The Company applies the short-term leases recognition exemption to short-term leases of land and buildings (i.e. leases that have a term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expenses on a straight-line basis over the term of the lease.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i) Leases *(continued)*

The Company as a lessor

The Company has entered into lease contracts in relation to its investment properties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the risks and benefits of ownership of these properties, and therefore the Company records these contracts as operating leases. Income from lease contracts is recognized in the profit or loss using the straight-line method over the term of the lease contracts.

j) Finance costs

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset and which requires a substantial period of time to be ready for its intended use or sale, are capitalized as part of the cost of that underlying asset. All other finance costs are charged to expenses in the period in which they are incurred. Finance costs include commission and other costs that the Company incurs in connection with the borrowing.

k) Zakat

The Company is subject to Zakat in accordance with the Zakat regulation issued by the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia which is subject to interpretations. Zakat is recognized in the statement of comprehensive income. Zakat is levied at a fixed rate of 2.5% of the zakat base as defined in the Zakat regulations.

The Company also withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia under Saudi Arabian Income Tax Law.

l) Value Added Tax ("VAT")

Revenues, expenses and assets are recognized net of the value added tax except in the following cases:

- If the value added tax on a purchase of assets or services is not recoverable from the relevant tax authority, in this case, the value added tax is recognized as part of the cost of acquisition of the relevant assets or part of the expense item, as applicable.

- Trade receivables and payables are stated with the amount of value added tax.

The net amount of value added tax that can be recovered from or paid to the relevant tax authority is included as part of other debit or credit balances in the statement of financial position.

m) Revenue from contracts with customers

Revenue from consulting services

Revenue is recognized in the statement of profit or loss and other comprehensive income when a performance obligation is satisfied, at the price allocated to that performance obligation. This is defined as the point in time when benefits of the service have been transferred to the customer, the amount of revenue can be measured reliably, and collection is probable. The provision of service to customers takes place according to the trade agreement terms.

Revenue is recognized when the service is delivered to customers, it is stated net of any rebates or other discounts.

n) Finance income

Finance income is measured using the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through expected life of the financial asset or, as appropriate, a shorter period, to the net carrying amount of the financial assets.

o) Contract Balances

(i) Contract assets

The contract assets represented in the right to consideration for the goods or services provided to the customer. Where the Company provided goods or services to a customer before the customer pays the consideration or before the amount becomes due, the contract asset is recognized for the conditionally realized consideration.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

o) Contract Balances *(continued)*

(ii) Capitalized contract costs

These represented in cost incurred in fulfilling a contract with customers that relate directly to a contract or contract expected to be awarded and which are expected to achieve those costs or improve the Company's resources and will be used to fulfill (or continue to fulfill) performance obligations in the future and are expected to be covered. These costs are amortized on a regular basis and consistent with the transfer of goods or services to the customer.

(iii) Contract liabilities

Contract liabilities represent the liability to transfer goods or services to a customer in exchange for the Company receiving consideration (or is entitled to an amount of consideration) from the customer. If the customer pays the consideration before the Company transfers the goods or services to him, he recognizes the contract obligations as revenue when the Company performs under the contract.

p) Contingent liabilities

Obligations that are likely to arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, and within the Company's full non-control, or a present obligation that is not recognized because it is unlikely that an outflow of resources will be required to settle Commitment. In the event of the inability to measure the amount of the obligation with sufficient reliability, it is not included in the contingent liabilities but is disclosed in the financial statements.

q) *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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

q) *Fair value measurement (continued)*

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

s) *Expenses*

Expenses are recognised when incurred. General and administrative expenses include costs not specifically part of direct costs.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions at the date of preparing the financial statements that may affect the amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amounts of assets or liabilities that will be affected in future periods.

Other disclosures relating to the risks and uncertainties to which the Company is exposed include the following:

- Provision for expected credit losses - note (8)
- Disclosures about sensitivity analysis - note (21)
- Financial risk management objectives and policies - note (21)

These estimates and assumptions are based on experience and other various factors that are believed to be reasonable in the circumstances and are used to measure the carrying amounts of assets and liabilities that are difficult to obtain from other sources. The underlying estimates and assumptions are reviewed on an ongoing basis. Revision on accounting estimates is recognized during the period in which the estimates are revised.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Company based its assumptions and estimates on the data available when the financial statements were prepared. However, current conditions and assumptions about future developments may change due to market changes or circumstances arising beyond the Company's control. These changes are reflected in the assumptions when they occur.

a. Uncertain zakat positions

The Company's current zakat payable relates to the management's assessment of the amount of zakat payable on the open zakat positions, as the Company still has to wait for the review by the ZATCA for those zakat returns submitted and the agreement and acceptance of the final obligation amounts. Due to the uncertainty associated with these zakat items, it is possible that the final result will differ significantly when the final assessment is issued by the ZATCA in future periods. The status of the Zakat assessments is disclosed in note 20.

b. Long-term assumptions of employees' defined benefits obligations

Employee' termination benefits represent obligations which will be paid in the future upon the termination of employment contracts. Management has to make assumptions about the variables like discount factor, salary increase rate, mortality rates and employees' turnover. The Company's management periodically takes advice from external actuarial experts on these assumptions. Changes in key assumptions could materially affect the provision for employees' termination benefits.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

c. Determine the leases' term that include renewal and termination options

The Company defines the lease term as the non-cancellable lease term plus any periods covered by an option to extend the lease if that option is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Company has a number of lease contracts that contain extension or termination clauses. The Company applies judgments when assessing whether it is reasonably certain to exercise the option to renew or terminate a lease as it considers all relevant factors that would create an economic benefits to exercise the renewal or termination option. The Company reassesses the lease term if a significant event occurs that may affect its ability to exercise or not to exercise the option to renew or terminate the lease.

d. Leases - Estimate the assumption borrowing rate

The Company cannot easily determine the interest rate implicit in the lease agreement, so it uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the rate of interest that a Company would have to pay to borrow, over a similar period and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate is what the Company "has to pay", which requires an estimate when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available.

e. Provision for impairment of financial assets

Loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The Company uses judgement in making these assumptions and determining the inputs to the impairment calculation, based on the Company's past history and existing market conditions, as well as forward looking estimates at the end of each reporting period.

f. Useful lives of property and equipment

Management determines the estimated useful lives of property and equipment for calculating depreciation. This estimate is determined after considering the expected use of the asset. Management annually reviews the residual value and useful lives of these assets and future depreciation is considered when management believes that there is a difference between the useful lives and previous estimates.

5 PROPERTY AND EQUIPMENT

	Electronics and Equipment SR	*Furniture and fixtures SR*	*Leasehold Improvements SR*	*Total SR*
Cost:				
Balance at 1 January 2023	23,323	4,174	3,500	30,997
Additions during the year	3,480	5,528	14,054	23,062
Disposals during the year	-	(870)	-	(870)
At 31 December 2023	26,803	8,832	17,554	53,189
Additions during the year	9,268	29,900	55,750	94,918
Disposals during the year	-	-	(17,554)	(17,554)
At 31 December 2024	**36,071**	**38,732**	**55,750**	**130,553**
Accumulated depreciation:				
Balance at 1 January 2023	5,741	1,264	2,992	9,997
Charge for the period	5,117	1,402	1,340	7,859
Disposals	-	(327)	-	(327)
At 31 December 2023	10,858	2,339	4,332	17,529
Charge for the year	7,641	4,060	4,346	16,047
Disposals	-	-	(7,150)	(7,150)
At 31 December 2024	**18,499**	**6,399**	**1,528**	**26,426**
Net book value:				
As 31 December 2024	**17,572**	**32,333**	**54,222**	**104,127**
As 31 December 2023	15,945	6,493	13,222	35,660

6 RIGHT OF USE ASSETS

The right-of-use assets represent a building leased for a period of three years, and the following is the movement during the year:

	2024 SR	2023 SR
Cost		
Balance at the beginning of the year	**146,742**	-
Additions during the year	**254,470**	146,742
Disposal during the year	**(146,743)**	-
Balance at the end of the year	**254,469**	146,742
Accumulated depreciation		
Balance at the beginning of the year	**(24,457)**	-
Depreciation charged for the year	**(69,547)**	(24,457)
Disposal during the year	**73,372**	-
Balance at the end of the year	**(20,632)**	(24,457)
Net book value at 31 December 2024	**233,837**	122,285

7 CASH AND CASH EQUIVALENTS

	2024 *SR*	2023 SR
Bank balance	**3,688,421**	2,885,136
Cash in hand	**-**	3,917
Short-term deposit (i)	**-**	1,000,000
	3,688,421	3,889,053

(i) A term deposit deposited with a local bank with an original maturity of three months period from 31 December 2023 to 31 March 2024 at the annual interest rate of 5.3%.

8 ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

	2024 *SR*	*2023* *SR*
Accounts receivable (i)	**21,890**	-
Contract assets (ii)	**2,018**	2,018
Provision for expected credit losses	**(2,018)**	
	21,890	2,018

(i) As at 31 December 2024, the impact of Expected Credit Losses (ECL) has been assessed to be negligible. This conclusion is based on the fact that only two invoices, issued in November and December 2024 respectively, were outstanding at the year-end and were subsequently settled in January 2025. Additionally, these invoices were not past due for more than 90 days. Therefore, no significant ECL provision is required for these receivables as of 31 December 2024.

(ii) This represents balances related to the performance completed against operation and maintenance contracts and constructions projects that were not billed as at 31 December.

- Provision for expected credit losses

The movement on the expected credit losses provisions during the year was as follows:

	2024 *SR*	2023 SR
Balance at the beginning of the year	**-**	-
Provision for expected credit losses	**2,018**	-
Balance at the end of the year	**2,018**	-

9 PREPAID EXPENSES AND OTHER ASSETS

	2024 *SR*	2023 SR
Prepaid regulatory fees	**84,265**	69,644
Prepaid medical and indemnity insurance	**44,731**	30,400
Prepaid expense	**15,775**	14,418
Security Deposit	**7,500**	7,500
Staff Advance	**2,000**	6,000
Others	**16,003**	46,883
	170,274	174,845

10 SHARE CAPITAL

The authorized, issued and paid-up capital of the Company as at 31 December 2024 consisted of 4,550,006 shares (31 December 2023: 2,833,287 shares) of SR 1 par value. The following is a statement of shareholding as of 31 December 2024:

Shareholders	Value of shares at the beginning (SR)	Increase by transfer from share premium (SR)	Value of shares at the year end (SR)	Percentage of shareholding
Mohammed Alswaied	1,136,027	688,331	1,824,358	40%
Mansoor Alzoqabee	424,873	257,435	682,308	15%
Riyan Alqarawee	424,873	257,435	682,308	15%
Adel Mallawi	169,694	102,820	272,514	6%
Waleed Alhowlail	162,999	98,763	261,762	6%
Bander Albabtien	90,373	54,758	145,131	3%
Faisal Alzaharani	85,845	52,014	137,859	3%
Osama Bin Saleh	82,885	50,221	133,106	3%
Abdullah Alsaeed	73,211	44,359	117,570	3%
Ali Alrosseni	70,265	42,574	112,839	2%
Mohammad Alzharani	65,889	39,923	105,812	2%
Abdulaziz Alqatie	46,353	28,086	74,439	2%
	2,833,287	**1,716,719**	**4,550,006**	**100%**

11 SHARE PREMIUM

The Company's General Assembly approved in its Extraordinary General Assembly meeting held on 3 Sha'ban 1445 AH (Corresponding to 13 February 2024) to increase's the Company's Share capital from SR 2,833,287 to SR 4,550,006 by capitalizing the Share Premium balance of SR 1,716,719. At 31 December 2024 the share premium balance is nil.

12 EMPLOYEE DEFINED BENEFIT OBLIGATIONS

The Company is required to pay post-employment benefits to all employees in accordance with Saudi Labor and Employment Regulations upon termination of their services. During the year 2024 the Company engaged professional actuarial valuers to calculate the estimate of the cost of employees' defined benefits obligations using the actuarial valuation and the projected unit credit method. The Company in the prior year 2023 and historically before 2023 calculated its employees' defined benefits obligations by estimating the future benefits payments that employees have earned in return for their service using the projected unit credit method.

a) Reconciliation of the present value of employees' defined benefits obligations

	2024 *SR*	*2023* *SR*
Balance at the beginning of the year	**21,453**	19,489
Service costs-net	**14,511**	1,964
Finance Costs (Note 17)	**1,378**	-
Total recognized in profit and loss	**15,889**	1,964
Actuarial re-measurement loss	**15,240**	-
Total recognized in other comprehensive income	**52,582**	21,453
Paid during the year	**(3,500)**	-
Balance at the end of the year	**49,082**	21,453

12 EMPLOYEE DEFINED BENEFIT OBLIGATIONS (CONTINUED)

b) Key actuarial assumptions

	2024 *SR*	*2023* *SR*
Discount rate	**5.40%**	-
Future salary growth rate	**5.40%**	-

c) Sensitivity analysis of key actuarial assumptions

The effect of changes in key actuarial assumptions on the present value of the employees' defined benefits obligations is as follows:

		2024 *SR*	2023 SR
Discount rate	0.5%	46,865	-
	-0.5%	51,456	-
Future salary growth rate	0.5%	51,323	-
	-0.5%	46,966	-

- The sensitivity analysis described above has been determined based on a method that infers the impact on employees' final benefit obligations as a result of reasonable changes in key assumptions that occurred as at 31December 2024.
- Sensitivity analysis is based on a change in significant assumptions, while keeping all other assumptions constant.
- The sensitivity analysis may not be representative of any actual change in the defined benefits obligation because it is unlikely that changes in the assumptions will occur in isolation from one another.

The following payments are expected to be made against the defined benefit obligation to future years:

	2024 *SR*	*2023* *SR*
Within the next twelve months	**2,336**	-
Between 2 to 5 years	**29,378**	-
More than 5 years but less than 10 years	**84,181**	-

13 ACCRUED EXPENSES AND OTHER PAYABLES

	2024 *SR*	2023 SR
Accrued services	**300,000**	-
Bonus accrual	**75,000**	-
Legal services	**59,570**	-
Withholding tax provision	**51,658**	4,377
Value added tax	**27,588**	36,474
Advance from customer	**13,000**	1,500
Payable to General Organization for Social Insurance (GOSI)	**9,270**	4,990
Others	**7,272**	7,547
	543,358	54,888

14 LEASE LIABILITY

The lease liability relates to the leased building for a period of three years, and the following is the movement during the year:

	2024 *SR*	2023 SR
Balance at the beginning of the year	**110,474**	-
Additions during the year	**254,470**	146,742
Finance cost (Note 17)	**5,407**	1,732
Disposal*	**(75,110)**	-
Paid during the year	**(83,251)**	(38,000)
Balance at the end of the year	**211,990**	110,474
Non-current lease liabilities	**121,490**	34,474
Current lease liabilities	**90,500**	76,000
	211,990	110,474

* The company had vacated its old office premises and cancelled the lease agreement of two years lease term on 30 September 2024 and entered into a new lease agreement of 3 years starting from 1 October 2024 and ending on 30 September 2027.

15 PROVISION FOR ZAKAT

15.1 Zakat provision

	2024 *SR*	2023 SR
At the beginning of the year	**48,379**	26,025
Provisions		
Provided for current year	**67,396**	48,379
Payments	**(48,379)**	(26,025)
At the end of the year/period	**67,396**	48,379

15.2 Zakat charge

	2024 *SR*	2023 SR
Adjusted net loss for the year	**(618,795)**	(250,926)
Total shareholders equity and internal financing sources	**3,564,222**	2,278,166
Long term assets in excess of internal financing sources	**(337,964)**	(157,945)
	2,607,463	1,869,295
Zakat base before adjusted net loss for the year	**3,226,258**	2,120,221
Adjusted net loss for the year	**(618,795)**	(250,926)
Zakat base	**2,607,463**	1,869,295

Zakat is payable at 2.5% of higher of the approximate zakat base and adjusted net loss.

15.2 Status of assessments

The Company has filed the zakat return for the years till 31 December 2023, however, no zakat assessment has been raised by ZATCA.

16 GENERAL AND ADMINISTRATIVE EXPENSES

	2024 ***SR***	2023 SR
Service & professional fees	**461,272**	246,277
Subscriptions	**472,609**	182,012
Depreciation of right-of-use assets (Note 6)	**69,547**	24,457
Withholding tax	**51,093**	3,585
Indemnity insurance	**41,448**	41,345
Government licenses and fees	**21,429**	27,646
Government fees	**20,411**	20,246
Depreciation of property and equipment (Note 5)	**16,047**	7,859
Hospitality and cleaning	**7,761**	8,118
Rent	**2,250**	32,939
Advertisement	**2,115**	275
Bank charges	**852**	872
Stationary	**283**	1,271
Other	**72,612**	37,753
	1,239,729	634,655

17 FINANCE COST

	2024 ***SR***	2023 SR
Interest on lease liabilities (note 14)	**5,407**	1,732
Interest on employees' defined benefit obligations (note 12)	**1,378**	-
	6,785	1,732

18 OTHER EXPENSES

	2024 ***SR***	2023 SR
Loss on disposal of property and equipment	**10,404**	543

19 OTHER INCOME

	2024 ***SR***	2023 SR
Compensation from HRDF Fund	**44,832**	-
Interest on time deposit (Note 7)	**14,626**	1,546
Gain on disposal of right of use assets	**1,739**	-
Employees' defined benefit obligations reversal	**-**	13,789
	61,197	15,335

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

a) Financial assets carried at amortized cost

	2024 *SR*	*2023* *SR*
Cash and cash equivalents	**3,688,421**	3,889,053
Accounts receivable and contract assets	**21,890**	2,018
Total financial assets carried at amortized cost	**3,710,311**	3,891,071

b) Financial liabilities carried at amortized cost

	2024 *SR*	2023 SR
Contract liability	**698,160**	3,356
Lease liability	**211,990**	110,474
Total financial liabilities carried at amortized cost	**910,150**	113,830

c) Fair value measurement

Financial assets consist of cash and cash equivalents, trade receivables. Financial liabilities consist of Accrued expenses and other payable balances and lease liabilities. The fair values of financial assets and financial liabilities approximate their carrying values at the reporting date mainly due to the short-term maturities and frequent repricing of these instruments and are classified as level 2.

As at 31 December 2024 and 2023, there were no financial instruments measured at fair value.

21 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise contract liabilities and other liabilities. While the principal financial assets include cash and cash equivalents, and other financial assets at amortised cost that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

21 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk applicable to the Company comprises two types of risk: Interest rate risk and foreign currency risk.

Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The sensitivity to a reasonably possible change in interest income on financial instruments affected with all other variables held constant is negligible.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue and expense are denominated in a foreign currency).

The Company did not undertake any transactions in currencies other than Saudi Riyals during the reporting year, hence is not exposed to foreign currency risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its investing activities, including deposits with banks.

The table below shows the Company's maximum exposure to credit risk for the components of the statement of financial position:

	2024 ***SR***	*2023* *SR*
Cash and cash equivalents	**3,688,421**	3,889,053
Accounts receivable and contract assets	**21,890**	2,018

The Company applies simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for its financial assets measured at amortised cost. Therefore, the Company does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

As at 31 December 2024 and 2023, management considers the probability of default to be very low as the counterparties have a strong credit ratings. As a result, no loss allowance has been recognised as any such impairment would be insignificant to the Company.

21 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realise financial assets quickly at an amount close to its fair value. The Company manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis. The Company limits its liquidity risk by ensuring that sufficient funds are available from its shareholders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments in case of contract liability and contractual discounted payments in case of lease liability:

31 December 2024	*Less than one year SR*	*From one to three years SR*	*Total SR*	*Net book value SR*
Contract liability	**698,160**	**-**	**698,160**	**698,160**
Lease liability	**90,500**	**140,698**	**231,198**	**211,990**
Total	**788,660**	**140,698**	**929,358**	**910,150**
31 December 2023				
Contract liability	643,944	-	643,944	643,944
Lease liability	76,000	36,112	112,112	110,474
Total	719,944	36,112	756,056	754,418

22 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued and paid-up capital. The primary objective of the Company's capital management is to maximise the shareholders' value.

The Company's policy is to maintain a strong capital base to maintain creditor and market confidence and to sustain future development of the business. Management periodically monitors the growth of business, asset quality risks and profit margin. Further, the Board of Directors also ensures that the Company has sufficient capital to meet the Company's external liabilities.

23 COMPARATIVE FIGURES

Certain comparative figures from annual financial statements for 31 December 2023 have been reclassified to conform with the current period presentation as follows:

Reclassified from	***Reclassified to***	**(SAUDI RIYAL)**
Deposit income	Other income	1,546

24 CONTINGENCIES AND COMMITMENTS

There have been no contingencies and commitments as of 31 December 2024 and 2023.

25 SUBSEQUENT EVENTS

In the opinion of the Company's management, there have been no significant events after the reporting period end that would have a material impact on the financial statements of the Company.