

ARBAH CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024**

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(A Saudi Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
ARBAH CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
Al Khobar, Kingdom of Saudi Arabia**

Qualified Opinion

We have audited the consolidated financial statements of **Arbah Capital Company (the "Company")** and its subsidiary (**together "the Group"**) which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 Qualified Opinion

As at 31 December 2024, the Group's investment in financial instruments includes investments in shares of certain foreign companies with a net book value of SR 17.45 million (2023: SR 22.10 million), which includes an unrealized gain of SR 0.65 million (2023: unrealized loss of SR 13.5 million) and a realized gain during 2024 amount of SR 0.7 million (2023: nil). These investments are accounted for at fair value through profit or loss, (note 27 to the consolidated financial statement). We were unable to obtain sufficient appropriate audit evidence about the fair value of these investments as at December 31, 2024 and December 31, 2023 and related unrealized gain of SR 0.65 million (2023: unrealized loss of SR 13.5 million) and a realized gain during 2024 amount of SR 0.7 million (2023: nil). Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Bylaws 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.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE SHAREHOLDERS OF
ARBAH CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (Continued)

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

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- **Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.**
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE SHAREHOLDERS OF
ARBAH CAPITAL COMPANY
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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

Baker Tilly Professional Services Co.
Al Khobar, Kingdom of Saudi Arabia

Bader Hatim Al Tamimi
License No. 489
2 Shawwal 1446H
Corresponding to 31 March 2025



ARBAH CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	<u>Note</u>	<u>2024</u>	<u>2023</u>
		<i>SR</i>	<i>SR</i>
ASSETS			
Cash and cash equivalents		2,439,092	10,115,930
Investment in financial instruments	4	51,950,492	68,177,443
Accounts receivables and other assets	5	5,932,823	5,404,873
Due from related parties	6	28,486,550	19,199,442
Prepayments	7	615,955	811,565
Right-of-use assets	8	1,247,196	1,746,074
Properties for development	9	19,093,000	19,093,000
Investment property	10	39,795,040	42,299,263
Property and equipment	11	1,836,674	2,096,307
Intangible assets	12	34,269	41,938
TOTAL ASSETS		151,431,091	168,985,835
LIABILITIES AND EQUITY			
LIABILITIES			
Lease liabilities	8	1,428,925	1,884,852
Accounts payable, accruals and other liabilities	13	6,253,240	6,005,351
Bank credit facilities	14	13,125,000	15,750,000
Zakat provision	15	7,165,097	10,638,867
Employees' defined benefit liabilities	16	4,711,294	4,705,663
TOTAL LIABILITIES		32,683,556	38,984,733
EQUITY			
Share capital	17	142,780,000	142,780,000
Statutory reserve	18	5,145,454	5,145,454
Accumulated losses		(28,662,464)	(17,527,302)
Fair value reserve of financial assets at FVOCI	4	(515,455)	(397,050)
TOTAL EQUITY		118,747,535	130,001,102
TOTAL LIABILITIES AND EQUITY		151,431,091	168,985,835

The accompanying notes form an integral part of these consolidated financial statements.

ARBAH CAPITAL COMPANY

(A Saudi Closed Joint Stock Company)

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

	Note	2024 <i>SR</i>	2023 <i>SR</i>
Asset management income	19	15,959,289	21,288,436
Investment banking services revenue		9,562,500	5,945,646
Realised gain on financial assets at FVTPL	4	1,267,767	2,284,259
Unrealised loss on financial assets at FVTPL	4	(16,136,708)	(22,709,135)
Brokerage commission		936,167	1,017,896
Dividends income	4	1,081,009	1,211,547
Gain on disposal of properties for development	6,9	-	4,208,750
Rental and hospitality income	10	4,189,437	3,812,126
Advisory fees income		675,000	359,783
Total revenue		17,534,461	17,419,308
EXPENSES			
Employees' cost		(15,233,998)	(16,597,610)
General and administration expenses	20	(6,716,004)	(10,016,806)
Cost of rental and hospitality income	10, 23	(4,805,629)	(3,964,791)
Marketing expenses		(45,643)	(547,882)
Loss from operations		(9,266,813)	(13,707,781)
Finance costs	21	(1,731,599)	(2,027,547)
Finance income		80,005	81,358
Other income / (expense) -net	22	1,042,441	(168,649)
Loss before zakat		(9,875,966)	(15,822,619)
Zakat	15	(1,800,000)	(6,558,887)
LOSS FOR THE YEAR		(11,675,966)	(22,381,506)
Other Comprehensive Income / (Loss) :			
<i>OCI loss that will not be reclassified to profit or loss in subsequent years:</i>			
Remeasurements gain on employees' defined benefits liabilities	16	540,804	84,083
Net change in fair value of investments classified as fair value through other comprehensive income	4	(118,405)	(191,765)
Other comprehensive gain / (loss) for the year		422,399	(107,682)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(11,253,567)	(22,489,188)
Loss per share			
Basic and diluted loss per share from loss for the year attributable to shareholders' of the Company	24	(0.82)	(1.57)

The accompanying notes form an integral part of these consolidated financial statements.

ARBAH CAPITAL COMPANY

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

	<i>Share capital</i>	<i>Statutory</i>	<i>Accumulated</i>	<i>Fair value</i>	
	<i>SR</i>	<i>reserve</i>	<i>losses</i>	<i>reserve of</i>	
		<i>SR</i>	<i>SR</i>	<i>financial</i>	
				<i>assets at</i>	
				<i>FVOCI</i>	<i>Total equity</i>
				<i>SR</i>	<i>SR</i>
Balance as at 1 January 2023	142,780,000	5,145,454	4,770,121	(205,285)	152,490,290
Loss for the year	-	-	(22,381,506)	-	(22,381,506)
Other comprehensive loss	-	-	84,083	(191,765)	(107,682)
Total comprehensive loss	-	-	(22,297,423)	(191,765)	(22,489,188)
As at 31 December 2023	142,780,000	5,145,454	(17,527,302)	(397,050)	130,001,102
Loss for the year	-	-	(11,675,966)	-	(11,675,966)
Other comprehensive gain	-	-	540,804	(118,405)	422,399
Total comprehensive loss	-	-	(11,135,162)	(118,405)	(11,253,567)
As at 31 December 2024	142,780,000	5,145,454	(28,662,464)	(515,455)	118,747,535

The accompanying notes form an integral part of these consolidated financial statements.

ARBAH CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 SR	2023 SR
OPERATING ACTIVITIES			
Loss before zakat		(9,875,966)	(15,822,619)
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation of property and equipment	11	504,426	471,901
Depreciation of right-of-use assets	8	498,878	498,878
Depreciation of investment property	10	2,504,223	1,460,797
Gain on disposal of property and equipment	22	(1,003)	(3,500)
Gain on disposal of properties for development	9	-	(4,208,750)
Amortization of intangible assets	12	7,669	7,669
Finance costs	21	1,731,599	2,027,547
Finance income		(80,005)	(81,358)
Unrealised loss on financial assets at FVTPL	4	16,136,708	22,709,135
Realised gains on financial assets at FVTPL	4	(1,267,767)	(2,284,259)
(Reversal) / provision of Impairment of accounts receivables and other assets	22	(321,264)	321,264
Reversal of other accrued expenses	22	(325,000)	(366,301)
Current service cost for employees' defined benefit liabilities	16	495,903	635,143
		10,008,401	5,365,547
Working capital adjustments:			
Proceeds from disposal of properties for development		-	24,218,500
Acquisition of investments in financial assets at FVTPL	4	(15,658,806)	(33,721,239)
Proceeds from sale of investments in financial assets at FVTPL	4	16,898,411	29,592,048
Due from related parties		(9,287,108)	(5,109,638)
Prepayments		195,610	4,912
Accounts receivable and other assets		(126,681)	(600,815)
Accounts payable, accruals and other liabilities		657,311	(818,086)
Cash flows generated from operations		2,687,138	18,931,229
Zakat paid	15	(5,273,770)	(4,791,513)
Employees' defined benefit liabilities paid	16	(164,094)	(637,977)
Finance cost paid		(1,433,622)	(1,663,496)
Net cash (used in) / generated from operating activities		(4,184,348)	11,838,243
INVESTING ACTIVITIES			
Purchase of property and equipment	11	(246,816)	(221,786)
Proceeds from disposal of property and equipment		3,026	3,500
Net cash flows used in investing activities		(243,790)	(218,286)
FINANCING ACTIVITIES			
Net movement in bank credit facilities		(2,625,000)	(3,848,753)
Payment of lease liabilities	8	(623,700)	(623,700)
Dividend paid		-	(16,459,193)
Net cash used in financing activities		(3,248,700)	(20,931,646)
Net change in cash and cash equivalents		(7,676,838)	(9,311,689)
Cash and cash equivalents, 1 January		10,115,930	19,427,619
CASH AND CASH EQUIVALENTS, 31 DECEMBER		2,439,092	10,115,930

ARBAH CAPITAL COMPANY

(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024	2023
		<i>SR</i>	<i>SR</i>
Non-cash transactions:			
Accounts payable, accruals and other liabilities transferred to zakat provision	13, 15	-	4,562,264
Accounts receivable and other assets transferred to investment properties	5, 10	-	<u>3,782,279</u>

The accompanying notes form an integral part of these consolidated financial statements.

ARBAH CAPITAL COMPANY

(A Saudi Closed Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1 - COMPANY INFORMATION

Arbah Capital Company (the "Company") is a Saudi Closed Joint Stock Company, registered in Khobar, Kingdom of Saudi Arabia under Commercial Registration number 2050059020 dated 4 Rabi' Al Awwal 1429H (corresponding to 12 March 2008). The Company is mainly engaged in conducting the securities business under CMA license No. 7083-37 dated 1 Sha'ban 1428H such as dealing in securities, arranging for securities, providing advice in securities and custody in securities. The registered office of the company is situated in (Noura Tower), Building no 6311, Prince Turki Road, Al Kurnaish District, Al Khobar, Kingdom of Saudi Arabia.

The consolidated financial statements comprise of the Company and its subsidiary (collectively referred to as the "Group"). As at 31 December 2024 and 31 December 2023, the Company had investment in the following subsidiary:

<u>Name of the subsidiary</u>	<u>Country of incorporation</u>	<u>Effective Ownership Interest %</u>	
		<u>2024</u>	<u>2023</u>
Sorouh Al Arbah Real Estate Company	Saudi Arabia	100	100

2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs as endorsed in KSA").

Basis of measurement

These consolidated financial statements are prepared under the historical cost convention except where IFRSs as endorsed in KSA requires other measurement basis as disclosed in the accounting policies below.

Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals which is also the functional currency of the Group and all values are rounded to the nearest Saudi Riyal.

Basis of consolidation

The Company is an investment entity, therefore, it holds its investments in subsidiaries at fair value rather than consolidating them. Investments in subsidiaries are classified as fair value through profit or loss in accordance with IFRS 9. The Company only consolidates a subsidiary when the subsidiary does not qualify as an investment entity and the purpose of the subsidiary is to provide services related to the Company's investment activities.

Intercompany transactions, balances and unrealised gains on transactions between the Company and its subsidiary, are eliminated in full upon consolidation.

Presentation of the statement of financial position

The Group presents assets and liabilities in the consolidated financial statements based on liquidity classification where this provides information that is reliable and more relevant since the Group is a financial institution that does not supply goods or services within a clearly identifiable operating cycle. Group presents all assets and liabilities in order of liquidity.

Group disclose the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:

- no more than twelve months after the reporting period, and
- more than twelve months after the reporting period.

ARBAH CAPITAL COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024**

2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)**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 Group.

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 by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within fair value hierarchy, described as follows, based on the lowest level input that is material 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 material to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is material to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is material to the fair value measurement as a whole) at the end of each reporting period. The policies and procedures for both recurring fair value measurement and for non-recurring measurement are evaluated periodically.

For the purpose of fair value disclosures, the Group 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.

Revenue

The Group recognises revenue from managing mutual funds, providing consultation and safekeeping services for securities business, murabaha income on deposits over the time when service is provided, and dividend income is recognized when the right to receive dividend is established.

ARBAH CAPITAL COMPANY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024

2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

Revenue (Continued)

- Assets management fees are recognised based on a fixed percentage of net assets under management ("asset-based"), or a percentage of returns from net assets ("returns-based") 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 clawback, the management does not expect any material reversal of revenue previously recognised.
- Investment banking services revenue is recognised based on services rendered under the applicable service contracts, and including arrangement fees for investments.
- Revenue from subscription fees is recognised upon subscription to the fund, revenue is recognized at a point of time (subscription time).
- Revenue from Custody fees is recognised based on the applicable management agreements and recognised as they are earned over time. Custody fees is earned on daily basis for an annual percentage of the Net Assets Value (NAV) of the funds managed by the Group.
- Dividends income from investments are recognised when the right to receive dividends is established.
- Brokerage income is recognised when the related transactions are executed on behalf of the customers at the price agreed in the contract with the customers, net of discounts and rebates. The performance obligation of the Group is satisfied when the Group carries out the transaction, which triggers immediate recognition of the revenue, as the Group will have no further commitments.
- Murabaha income is recognised on an accrual basis. Profit earned on murabaha financing is recognised as unearned income and amortised into the profit and loss account over the term of the Murabaha financing.
- Rental and hospitality income comprises of revenue from rooms, food and beverages and other associated services provided. The revenue is recognized net of discount, applicable taxes and municipality fees on an accrual basis when the services are rendered. Performance obligations are satisfied over time for rental income / at a point in time for hospitality, and revenue from hotel services is recognized on a daily basis, as the rooms are occupied, and services are rendered to the extent of Group's share in investment property.

Expenses

All the Group's expenses except for cost of rental and hospitality income, finance costs, marketing expenses, employee's cost are classified as general and administrative expenses in accordance with consistent allocation factors determined as appropriate by the Group.

Zakat and indirect tax

Zakat

Zakat is provided in accordance with the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia and on accruals basis. The provision is charged to profit or loss.

Differences that may arise at the finalization of an assessment are accounted for when the assessment is finalized with ZATCA.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024**

2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)***Zakat and indirect tax (Continued)******Value added tax (VAT)***

Assets and expenses are recognised net of amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the Zakat, Tax and Customs Authority ("ZATCA"), in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from, or payable to, ZATCA is included as part of other receivables or other payables on consolidated statement of financial position.

Withholding tax

The Company withhold taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Laws.

Foreign currencies***Transactions and balances***

Transactions in foreign currencies are initially recorded by the Group at their respective spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Cash dividend distribution to equity holders

The Group recognises a liability to pay a dividend to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per provisions of Companies' Law, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in consolidated statement of changes in equity.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term projects if the recognition criteria are met. When material parts of property and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. Capital work in progress is not depreciated. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Motor vehicles	4 years
Furniture, fixtures and office equipment	4-10 years
Computers	5 years

An item of property and equipment and any material part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

ARBAH CAPITAL COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024**

2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)**Property and equipment (Continued)**

Assets in the course of construction or development are capitalized in the capital work-in-progress ("CWIP") account. The asset under construction or development is transferred to the appropriate category in property and equipment (depending on the nature of the project), once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of capital work in progress comprises its purchase price, construction / development cost and any other cost directly attributable to the construction or acquisition of an item of CWIP intended by management.

Earnings per share

The Group shows basic and diluted earnings per share information for its common stock. Basic earnings per share is calculated by dividing the Group's net profit or loss by the weighted average number of ordinary shares outstanding during the period, and the special shares held. Diluted earnings per share are determined by adjusting the Group's net profit or loss and the weighted average number of ordinary shares outstanding, and special shares held, for the effects of all diluted potential ordinary shares.

Properties for development

Properties for development are initially measured at acquisition cost and subsequently measured and accounted for lower of cost and net realizable value. Properties for development principally consists of projects under progress and land parcels for development and sale in the ordinary course of business, rather than to be held for rental or capital appreciation. Cost comprises all directly attributable cost including land cost, direct material cost, direct labor costs, borrowing costs and those overheads that have been incurred in bringing the development properties to their present location and condition. Impairment is tested comparing with net realizable value, which represents the estimated selling price less all estimated costs to complete and selling costs to be incurred.

The operating cycle of development properties is either the property will be sold within a 12 month period or held for longer period.

Investment property

Investment property is non-current assets held either to earn rental income or for capital appreciation or for both, as well as those held for undetermined future use but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and impairment loss, if any. Investment property is depreciated on a straight-line basis over the estimated useful life of the respective assets. No depreciation is charged on land and capital work-in-progress.

Investment property is derecognized either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the profit or loss in the period of derecognition.

Expenses incurred for replacing component of investment property items, which are accounted for separately are capitalized, and carrying value of replaced component is written off. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of the related investment property. All other expenses are recognized in profit or loss when incurred.

Assets in the course of construction or development are capitalized in the capital work-in-progress ("CWIP") account. The asset under construction or development is transferred to the appropriate category in investment properties (depending on the nature of the project), once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of capital work in progress comprises its purchase price, construction / development cost and any other cost directly attributable to the construction or acquisition of an item of CWIP intended by management.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2024**

2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)**Investment property (Continued)**

Transfers are made from investment property to properties for development only when there is a change in use evidenced by commencement of development with a view to sell. Such transfers are made at the carrying value of the properties at the date of transfer. The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

The Group determines at each reporting date whether there is any objective evidence that the investment properties are impaired. Whenever the carrying amount of an investment property exceeds their recoverable amount, an impairment loss is recognized in profit or loss. The recoverable amount is the higher of investment property's fair value less cost to sell and the value in use.

Reversal of impairment losses recognized in the prior years is recorded when there is an indication that the impairment losses recognized for the investment property no longer exist or have reduced.

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

Building	40 years
Electrical Infrastructure	8 - 15 years
Equipments	10 years
Furniture and fixtures and other Assets	5 years

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at 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 depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets is being depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance 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 a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses the average borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term and low value assets' leases

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Company's capitalisation threshold and are considered to be immaterial for the statement of financial position for the Group as a whole. Payments for short-term leases and leases of low-value assets are recognised on a straight-line basis in the profit or loss.

Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate consideration under the contract to each component.

Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

Disclosures for significant assumptions Note 3

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

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

Impairment losses of continuing operations are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Financial instruments - initial recognition, subsequent measurement and derecognition

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.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts receivable that do not contain a material financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Amounts due from related parties that do not contain a material financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

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

- (i) Financial assets at amortised cost (debt instruments)
- (ii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- (iii) Financial assets at fair value through profit or loss

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments - initial recognition, subsequent measurement and derecognition (continued)

Financial assets (continued)

Financial assets at amortised cost (debt instruments)

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

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or materially reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Financial assets designated at fair value through OCI

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

Derecognition

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

- 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 (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments - initial recognition, subsequent measurement and derecognition (continued)

Financial assets (continued)

Derecognition (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

Disclosures for significant assumptions	Note 3
Financial assets	Note 4 and 27

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

ECLs are recognised in two stages. For credit exposures for which there has not been a material increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a material increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

For other financial assets measured at amortized cost, the impairment provision assessment is made by the management based on the general approach allowed by IFRS 9, where applicable.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments - initial recognition, subsequent measurement and derecognition (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, bank credit facilities, accounts payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of bank credit facilities and accounts payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable, lease liabilities, accrued finance cost on borrowings, bank credit facilities and other financial liabilities.

Subsequent measurement

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

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group does not designate any financial liability as at fair value through profit or loss.

(ii) Financial liabilities at amortised cost

After initial recognition, interest-bearing bank credit facilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

This category applies to accounts payable, lease liabilities, accrued finance cost on borrowings, bank credit facilities and other financial liabilities

Derecognition

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

Offsetting of financial instruments

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024**

2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)**Cash and cash equivalents**

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks, which is subject to immaterial risk of change in value. As at 31 December 2024 and 2023, cash and cash equivalents include cash at bank only.

Employees' benefits*Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare and child education allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position under account payable, accruals and other liabilities.

Employees defined benefit obligation

The Group operates a non-funded employee end-of-service benefit plan, which is classified as defined benefit obligation under IAS 19 'Employee Benefits'. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets at that date. The defined benefit obligation is re-measured by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that have terms to maturity approximating to the estimated term of the post employment benefit obligations. In countries where there is no deep market in such bonds, the market rates on government bonds are used. Net interest cost is calculated by applying the discount rate to the net balance of the DBO and the fair value of plan assets. This cost is included in employee benefit expense in the profit or loss. Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in equity through other comprehensive income in the period in which they arise. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognised immediately in the profit or loss as past service costs. In KSA, for the liability for employees' end of service benefits, the actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor and Workmen Law as well as the Group policy.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-zakat rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024

2 - BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, they are recorded in the consolidated statement of financial position under accounts payable, accruals and other liabilities. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

3 - SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Other disclosures relating to the Group's exposure to risk and uncertainties' includes:

- Financial instruments risk management and policies *Note 27*
- Sensitivity analysis disclosures *Notes 16 and 27*

Judgements

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

- *Revenue from contracts with customers*

The Group's revenue from contract with customers variable as the contracts are based on variable consideration, the Group estimates the amount of consideration to which it will be entitled in exchange for rendering its services. The variable consideration is estimated at contract inception and constrained until it is highly probable that a material revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

- *Consideration of material financing component in a contract*

Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a material financing component if it expects, at contract inception, that the period between the transfer of the promised service to the customer and when the customer pays for that service will be one year or less. The Group concluded that there is no material financing component for those contracts where the customer elects to pay in advance considering the length of time between the customer's payment and the transfer of services to the customer.

- *Determining the lease term of contracts with renewal and termination options - Group as lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

- *Determining the classification of properties between property and equipment and investment properties*

Management exercises judgment in determining whether a property is classified as property and equipment or investment property, based on its intended use. Properties held for rental income or capital appreciation are classified as investment properties, while those used in operations are classified as property and equipment. As the hotel's primary income is derived from rental income rather than hospitality services, it has been classified as an investment property.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024

3 - SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued) Judgements (continued)

- Control of a fund

The Group's acts as a fund manager for certain funds, the Group assess the control over each fund based on variability of returns.

Control over subsidiary

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group directly or indirectly has:

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

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

- Any contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Company's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The Group starts consolidation of the subsidiaries from the date on which control is transferred to the Group. They are derecognized from the date that control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Loss of control over subsidiary

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

- Qualification as an investment entity

Group management has made material judgments when determining that the Company qualifies as an investment entity.

Company has the following characteristics of an investment entity:

- It has more than one investment;
- It has more than one investor;
- It has investors that are not related parties;
- It has ownership in the form of equity or similar interests.

Group's purposes are to invest its capital solely for returns from capital appreciation and investment income. To meet this objective, Group has built a strategy on two pillars: the direct investments and the investment funds. The direct investments are made with a medium to long-term perspective. Each of our pillars has an exit strategy designed by the Board of Directors, who is composed by a majority of independent members and who will take the decision in the best interest of Company.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024

3 - SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Judgements (Continued)

- *Qualification as an investment entity (Continued)*

An essential element of the definition of an investment entity is that it measures and evaluates the performance of substantially all of its investments on a fair value basis, because using fair value results in more relevant information than, for example, consolidating its subsidiary or using the equity method for its interests in associates or joint ventures. In order to demonstrate that it meets this element of the definition, an investment entity:

- (a) provides investors with fair value information and measures substantially all of its investments at fair value in its financial statements whenever fair value is required or permitted in accordance with IFRSs; and
- (b) reports fair value information internally to the entity's key management personnel (as defined in IAS 24), who use fair value as the primary measurement attribute to evaluate the performance of substantially all of its investments and to make investment decisions.

In order to meet these requirements, an investment entity would:

- (a) elect to account for any investment property using the fair value model in IAS 40 Investment Property if permitted to use fair value model by law;
- (b) elect the exemption from applying the equity method in IAS 28 for its investments in associates and joint ventures; and
- (c) measure its financial assets at fair value using the requirements in IFRS 9.

Applying judgment for exception of investment in subsidiary

Group has applied material judgment for applying the exception of consolidation of a subsidiary in an investment Company. As described in IFRS 10, the below circumstances which allows the Company to exercise the exception:

- If an investment entity has a subsidiary that is not itself an investment Company.
- Subsidiary's main purpose and activities are providing services that related to the Group's main investment activities.

- *Component parts of investment property*

The Group's assets classified within investment property, are depreciated on a straight line basis over the economic useful lives. When determining the economic useful life an asset, it is broken down into significant component parts such that each significant component part is depreciated separately. Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of the component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption and its replacement cycle/maintenance schedule.

- *Lease classification*

Leases for which the Group is lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. The Group uses judgement while deciding whether the lease is operating or finance lease.

Estimates and assumptions

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

3 - SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

- Estimates and assumptions (Continued)

- *Impairment of non-financial assets*

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities to which the Group is not yet committed to or material future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

- *Valuation of unquoted investments*

Fair value of unquoted investments is determined using valuation techniques, including discounted cash flow analysis and market comparables, where applicable. Significant inputs such as discount rates, projected cash flows, and market assumptions are based on management's best estimates and available data. Given the inherent uncertainty in such valuations, fair value estimates may differ from actual transaction prices.

- *Valuation of defined benefit obligations*

The cost of the defined benefit pension plan and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and other assumptions. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

- *Provision for expected credit losses*

The Group uses a provision matrix to calculate ECLs for receivables at amortised costs. The provision rates are based on days past due for groupings of customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a material estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. For detailed information, please refer note 5 and 27.

- *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 usage of the asset, duration of contract with the customer and physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

- *Provisions*

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

3 - SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

- Estimates and assumptions (Continued)

- *Properties for development*

Development properties are stated at the lower of cost and net realisable value ("NRV"). NRV is estimated selling prices in the ordinary course of business less estimated cost of completion and estimated cost to make the sale. NRV is assessed with reference to market conditions, planned future mode of disposal and recoverable value of the properties at the reporting date under planned mode of disposal. NRV for these properties are assessed internally by the Group in the light of recent market transactions. Estimated selling price of land parcels is assessed with reference to market prices at the reporting date for similar properties after adjustment for differences in location, size, development status and quality. Estimated costs to complete development are deducted from the estimated selling price to arrive at NRV.

- *Fair value of investment property*

The fair value of investment property is determined by real estate valuation experts for disclosure purposes by using valuation techniques and the principles of IFRS 13 Fair Value Measurement. The material methods and assumptions used by valuers in estimating the fair value of investment property are set out in note 10.

- *Impairment of investment property and properties for development*

An assessment of fair value of investment property and properties for development is carried out at each reporting date by an external valuation firm who hold recognized and relevant professional qualifications and has recent experience in the location and category of the asset being valued. In determining the valuation, the valuer used the market valuation methodology or discounted cashflow methodology that are based on material assumptions and estimates. Valuation is considered for impairment testing of investment property and net realisable value testing for properties for development.

- *Determination of the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a material event or a material change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The Group as a lessee, measures the lease liabilities at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. Incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in similar economic environment. The Group determines its incremental borrowing rate with reference to its existing and historical cost of borrowing adjusted for the term and security against such borrowing.

- *Uncertain zakat position*

The Group's current zakat payable relates to management's assessment of the amount of zakat payable on open zakat positions where the liabilities remain to be agreed with the Zakat, Tax and Customs Authority (ZATCA). Due to the uncertainty associated with such zakat items, it is possible that, on finalization of open zakat assessments at a future date, the final outcome may differ significantly. Note 15 describes the status of zakat assessments.

- *Useful lives of investment properties*

Management determines the estimated useful lives of investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset, duration of contract with the customer and physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2024****4 - INVESTMENT IN FINANCIAL INSTRUMENTS**

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
		<i>SR</i>	<i>SR</i>
Investments at FVTPL - non current	4.1	46,115,952	61,441,116
Investments at FVTPL - current	4.1	3,147,818	3,931,200
Investments at FVTPL		49,263,770	65,372,316
Investments at FVOCI	4.2	2,686,722	2,805,127
Investment in financial instruments		51,950,492	68,177,443

4.1 This represents investment in quoted and unquoted investment. All these investments are classified as fair value through profit or loss. A summary of the movements in investments at FVTPL is presented below:

	<u>2024</u>	<u>2023</u>
	<i>SR</i>	<i>SR</i>
At 1 January	65,372,316	81,668,001
Addition	15,658,806	33,721,239
Disposals	(16,898,411)	(29,592,048)
Realised gain	1,267,767	2,284,259
Unrealised loss	(16,136,708)	(22,709,135)
At 31 December	49,263,770	65,372,316

During the year 2024, the Group earned dividend income amounts to SR 1,081,009 (2023: SR 1,211,547).

4.2 This represents investment in a private sector securities. Such investment is classified as fair value through other comprehensive income. The Group holds less than 1 % of such company and such investment is irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature. The investment is in GCC. A summary of the movements in investment at FVOCI is presented below:

	<u>2024</u>	<u>2023</u>
	<i>SR</i>	<i>SR</i>
At 1 January	2,805,127	2,996,892
Changes in fair values	(118,405)	(191,765)
At 31 December	2,686,722	2,805,127

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2024****5 - ACCOUNTS RECEIVABLES AND OTHER ASSETS**

	2024	2023
	<i>SR</i>	<i>SR</i>
Investment banking service fees receivable	2,229,351	651,594
Advances	1,665,338	1,643,921
Receivables from customers*	1,063,925	1,163,925
Management fee receivable from foreign investments	331,721	652,985
Accrued rent	268,448	308,515
Dividends receivable	174,052	170,482
Management fee receivable from local investments	80,852	845,088
Other receivable	119,136	289,627
	5,932,823	5,726,137
Impairment of accounts receivables and other assets	-	(321,264)
	5,932,823	5,404,873

Movement of provision for impairment of accounts receivables and other assets is as follows:

	2024	2023
	<i>SR</i>	<i>SR</i>
At 1 January	321,264	-
(Reversal) / addition (note 22)	(321,264)	321,264
At 31 December	-	321,264

*During the year 2023, receivable from customer amounted to SR 3,782,279 is transferred to investment property as increased in the Group's share in investment property (note 10).

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6 - RELATED PARTY TRANSACTIONS AND BALANCES

The Group entered into transactions with the related parties based on terms and conditions approved by the management of the Group for the years ended 31 December 2024 and 2023:

Name	Relationship	Nature of transactions	Amount of transaction	
			2024	2023
			SR	SR
Arbah Tharawa Town Residential Fund	Fund managed by the Group	Structuring fee	5,750,000	-
Arbah KSA Infrastructure Fund 4 - Al Taif	Fund managed by the Group	Structuring fee	3,450,000	-
Luxury Beach Fund - Al Khobar	Fund managed by the Group	Structuring fee	1,150,000	-
Arbah Infrastructure Fund 3 - Alhasa	Fund managed by the Group	Disposal of properties for development	-	24,218,500
Marsa 2 Fund	Fund managed by the Group	Expenses paid on behalf of the Fund	150	4,373,473
Arabah Direct Financing Fund	Fund managed by the Group	Management and administration fees income	2,397,615	2,427,915
Araka Al-Diriyah Fund	Fund managed by the Group	Management fees Income	2,393,138	1,417,720
Arabah Direct Financing Fund II	Fund managed by the Group	Management and administration fees income	2,711,699	630,625
Arbah Daily Liquidity Fund (Formerly "Arabah GCC Liquidity Fund")	Fund managed by the Group	Management and administration fees income	290,446	366,850

In addition of above, one of the fund (Marsa 2) under the Group management has obtained a loan through the Company with an outstanding amount of SR 26,571,428 as at 31 December, 2024 (31 December, 2023: SR 30,428,571), the loan is secured by some assets of the group. This is an off balance sheet balance, such balances are not included in the Group's consolidated financial statements (note 31).

Pricing policies and terms of these transactions with related parties are approved by the Group's management.

Amounts due from related parties as follows:

	2024	2023
	SR	SR
Marsa 2 Fund	18,114,838	18,114,688
Arbah Tharawa Town Residential Fund	5,750,000	-
Arbah KSA Infrastructure Fund 4 - Al Taif	3,450,000	-
Luxury Beach Fund - Al Khobar	1,150,000	-
Arabah Direct Financing Fund II	-	234,252
Arbah Daily Liquidity Fund (Formerly "Arabah GCC Liquidity Fund")	21,712	27,551
Araka Al-Diriyah Fund	-	620,771
Arabah Direct Financing Fund	-	202,180
	28,486,550	19,199,442

Management believes that related parties have sound financial position and these balances are fully recoverable. Amounts due from related parties does not bear finance cost and has no repayment schedule.

Key management personnel

Key management personnel include Chief executive officer and Board of Directors of the Company.

	2024	2023
	SR	SR
Short term employee benefits	3,717,343	3,387,000
Board of directors' compensation and bonus	697,500	667,500
Employees' benefits	155,821	253,160
	4,570,664	4,307,660

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2024****7 - PREPAYMENTS**

	<u>2024</u>	<u>2023</u>
	<i>SR</i>	<i>SR</i>
Prepaid operating expenses	182,803	342,877
Prepaid medical insurance	249,280	308,329
Others	183,872	160,359
	<u>615,955</u>	<u>811,565</u>

8 - LEASES**Group as a lessee**

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

	<u>Office</u>
	<i>SR</i>
As at 1 January 2023	2,244,952
Depreciation expense	(498,878)
As at 31 December 2023	1,746,074
Depreciation expense	(498,878)
As at 31 December 2024	<u>1,247,196</u>

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

	<u>2024</u>	<u>2023</u>
	<i>SR</i>	<i>SR</i>
As at 1 January	1,884,852	2,300,526
Interest expense on lease liabilities	167,773	208,026
Payments	(623,700)	(623,700)
As at 31 December	<u>1,428,925</u>	<u>1,884,852</u>
Current	<u>521,650</u>	<u>415,090</u>
Non-current	<u>907,275</u>	<u>1,469,762</u>

The undiscounted maturity analysis of lease liabilities is as follows:

	<u>2024</u>	<u>2023</u>
	<i>SR</i>	<i>SR</i>
Less than one year	645,975	623,700
Greater than one but less than five years	1,002,375	1,648,350
	<u>1,648,350</u>	<u>2,272,050</u>

The following are the amounts recognized in profit or loss:

	<u>2024</u>	<u>2023</u>
	<i>SR</i>	<i>SR</i>
Depreciation expense of right-of-use assets (note 20)	498,878	498,878
Interest expense on lease liabilities (note 21)	167,773	208,026
	<u>666,651</u>	<u>706,904</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024****9 - PROPERTIES FOR DEVELOPMENT**

The movement in the properties for development is summarized as follows:

	<u>2024</u>	<u>2023</u>
	<i>SR</i>	<i>SR</i>
As at 1 January	19,093,000	39,102,750
Disposal to a related party	-	(20,009,750)
As at 31 December	<u>19,093,000</u>	<u>19,093,000</u>

The fair value of property for development at 31 December 2024 amounted to SR 22.6 million (properties for development as at 31 December 2023: SR 22.5 million) are as per valuation reports conducted by Century 21 (evaluator), an independent valuer accredited by The Saudi Authority for Accredited Valuers (TAQEEM) and has the membership number 1210000038. The appraisal was carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land and buildings in question, including plots size, location, encumbrances and current use. The properties for development have been valued using Level 3 valuation technique.

During the year 2023, Group sold properties for development to a related party and recognized gain on disposal of properties for development amounted to SR 4,208,750 (note 6).

All properties for development are located in Kingdom of Saudi Arabia.

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10 - INVESTMENT PROPERTY

	<i>Capital work in process</i>	<i>Land</i>	<i>Building</i>	<i>Electrical Infrastructure</i>	<i>Equipments</i>	<i>Furniture and fixtures and other Assets</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cost:							
At 1 January 2023	34,036,441	5,941,340	-	-	-	-	39,977,781
Additions (note 5)	3,782,279	-	-	-	-	-	3,782,279
Transfer	(37,818,720)	-	22,011,729	4,542,917	5,604,667	5,659,407	-
At 31 December 2023	-	5,941,340	22,011,729	4,542,917	5,604,667	5,659,407	43,760,060
At 31 December 2024	-	5,941,340	22,011,729	4,542,917	5,604,667	5,659,407	43,760,060
Accumulated depreciation:							
At 1 January 2023	-	-	-	-	-	-	-
Charge for the year	-	-	287,584	215,850	327,273	630,090	1,460,797
At 31 December 2023	-	-	287,584	215,850	327,273	630,090	1,460,797
Charge for the year	-	-	493,002	370,028	561,039	1,080,154	2,504,223
At 31 December 2024	-	-	780,586	585,878	888,312	1,710,244	3,965,020
Net book value:							
At 31 December 2024	-	5,941,340	21,231,143	3,957,039	4,716,355	3,949,163	39,795,040
At 31 December 2023	-	5,941,340	21,724,145	4,327,067	5,277,394	5,029,317	42,299,263

Investment property represents property a jointly owned hotel property jointly owned by the Group and the third party with respective share of 73.23% and 26.77%, it is located in Kingdom of Saudi Arabia. Intended use for the property is to earn rental income, and the investment property was available for indented used in 2023. The third party has provided during prior years the land and transferred the ownership to the Group as a guarantee for the managing of the building activities. The Group recognised in the consolidated financial statements its portion from the cost.

The fair value of investment property at 31 December 2024 amounted to SR 40.94 million (31 December 2023: SR 52.36 million) as per revaluation reports conducted by Century 21 (evaluator), an independent valuer accredited by The Saudi Authority for Accredited Valuers (TAQEEM) and has the membership number 1210000038. The appraisal was carried out using a discounted cash flow approach that reflects observed prices for rental revenue and related costs and incorporates adjustments for factors specific to the operation of the property in question, including expected growth in prices and discount rate. The investment property have been valued using Level 3 valuation technique.

During the year 2022, The Group has obtained a medium term bank credit facility (Bai Al Ajal) amounted to SR 15.75 million at market rates from a local commercial bank, bank credit facility is repayable in 4.5 years after 1.5 year grace period. Outstanding bank credit facilities amount as at 31 December 2024 is SR 13.12 million (31 December 2023 is SR 15.75 million). This facility is principally secured by a mortgage on the investment property with a minimum 200% coverage of the facility amount (note 14).

During the year 2024, the rental and hospitality income amounted to SR 4,189,437 (2023 : SR 3,812,126) from the investment property.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2024****11 - PROPERTY AND EQUIPMENT**

	<i>Motor vehicles</i>	<i>Furniture, fixtures and office equipment</i>	<i>Computers</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cost:				
At 1 January 2023	127,283	2,115,997	1,210,418	3,453,698
Additions	-	137,729	84,057	221,786
Disposal	(82,000)	-	-	(82,000)
At 31 December 2023	45,283	2,253,726	1,294,475	3,593,484
Additions	-	211,517	35,299	246,816
Disposal	-	-	(4,786)	(4,786)
At 31 December 2024	45,283	2,465,243	1,324,988	3,835,514
Accumulated depreciation:				
At 1 January 2023	97,849	191,207	818,220	1,107,276
Charge for the year	11,321	330,988	129,592	471,901
Disposal	(82,000)	-	-	(82,000)
At 31 December 2023	27,170	522,195	947,812	1,497,177
Charge for the year	11,321	360,527	132,578	504,426
Disposal	-	-	(2,763)	(2,763)
At 31 December 2024	38,491	882,722	1,077,627	1,998,840
Net book value:				
At 31 December 2024	6,792	1,582,521	247,361	1,836,674
At 31 December 2023	18,113	1,731,531	346,663	2,096,307

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024****12 - INTANGIBLE ASSETS**

	Softwares	
	2024	2023
	<i>SR</i>	<i>SR</i>
Cost:		
At 1 January	76,675	76,675
At 31 December	76,675	76,675
Accumulated amortization:		
At 1 January	34,737	27,068
Charge for the year	7,669	7,669
At 31 December	42,406	34,737
Net book value	34,269	41,938
Useful life (year)	10	10

Software represents acquired softwares from third parties for operational use.

13 - ACCOUNTS PAYABLE, ACCRUALS AND OTHER LIABILITIES

	2024	2023
	<i>SR</i>	<i>SR</i>
Employee related expenses	1,707,007	998,283
Value added tax	1,633,808	396,016
Accrued expenses	1,405,007	764,681
Dividend payable	640,563	640,563
Accounts payable	493,081	1,957,553
Accrued finance cost on borrowings (note 14)	203,911	288,333
Unearned custody fee	169,863	-
Accrued bonus	-	727,602
Advance from a customer related to management fees	-	232,320
	6,253,240	6,005,351

14 - BANK CREDIT FACILITIES

The movement during the year is analysed as follows:

	2024	2023
	<i>SR</i>	<i>SR</i>
Non-current portion	9,625,000	13,125,000
Current portion	3,500,000	2,625,000
Total	13,125,000	15,750,000

During the year 2022, The Group has obtained a medium term bank credit facility (Bai Al Ajal) amounted to SR 15.75 million at market rates from a local commercial bank, bank credit facility is repayable in 4.5 years after 1.5 year grace period. Outstanding bank credit facilities amount as at 31 December 2024 is SR 13.12 million 31 December 2023 is SR 15.75 million. This facility is principally secured by a mortgage on the investment property (note 10) with a minimum 200% coverage of the facility amount.

15 - ZAKAT**Charge for the year**

The Group is subject to zakat at the approximate rate of 2.5% (2023: 2.5%) of zakat base calculated in accordance with zakat regulations enforced in the Kingdom of Saudi Arabia by ZATCA.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024****15 - ZAKAT (Continued)****Movement in zakat provision**

The movement in the zakat provision was as follows:

	<u>2024</u>	<u>2023</u>
	<u>SR</u>	<u>SR</u>
At the beginning of the year	10,638,867	4,309,229
Provision for the year	1,800,000	1,879,048
Paid during the year	(5,273,770)	(4,791,513)
Transfer from other accrued expenses (note 13)	-	4,562,264
Under provision for the prior years	-	4,679,839
At the end of the year	<u>7,165,097</u>	<u>10,638,867</u>

Status of assessment

The Group has filed the zakat returns and received Zakat certificate for the years up to 2023 with the Zakat, Tax, and Customs Authority ("ZATCA"). Sorouh Al Arbah Real Estate Company (a Subsidiary) submit its Zakat return within the Group return.

In 2019 ZATCA has issued the final assessment for the years from 2014 to 2017 with additional zakat liability of SR 9,274,439. The Group filed an appeal against the assessments raised by the ZATCA.

During the year 2023, the Group received a revised Zakat assessments for the years from 2014 to 2017 in which additional zakat liability was revised to SR SR 7,510,942 , Zakat assessments for the years from 2014 to 2017 have been finalized. The Group submitted a request for an installment plan for an amount of SR 7,510,942 as per the zakat regulation 20% of the amount has been paid and the remaining amount SR 6,008,753 has been paid on monthly installments. The Group received an approval as an amount of SR 500,729 shall be paid on 12 installments starting from 18 October 2023, accordingly 3 installments are paid during the year 2023 and remaining 9 installments have been paid in 2024.

During the year 2023, the ZATCA has issued a final assessment for the year 2019 with an additional zakat liability of SR 2,161,473, for which The Group settled an amount of SR 1,245,568 and filed an appeal against the remaining amount of SR 915,905 and an amount of SR 91,591 was paid to ZATCA to submit the appeal. The group has received the initial decision from GSTC for the year 2019 to pay 791,893. The group decided to re-appeal the initial decision. On 10 July 2024, the re-appeal of the initial decision is rejected in formal point of view not in the substance. On 31 July 2024, the group decided to submit a request to cassation of the decision. The management of the group believes it has a sufficient provision in its consolidated statement of financial position, hence, no further provisions were recorded. The appeal is still being considered by the ZATCA until the date of preparing these consolidated financial statements.

Zakat assessments have not yet been issued by the ZATCA for the years from 2020 to 2023.

16 - EMPLOYEES' DEFINED BENEFIT LIABILITIES

The Group has one defined benefit plan (unfunded), which is a final salary plan in line with Labor Law requirement in the Kingdom of Saudi Arabia and require to recognise the provision for employees' end-of-service benefits for the amounts payable at the consolidated statement of financial position date in accordance with the employees' contracts of employment applicable to employees' accumulated periods of service. In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit obligations in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements. The main actuarial assumptions used to calculate the defined unfunded benefit obligation are as follows:

	<u>2024</u>	<u>2023</u>
Discount rate	5.3%	4.6%
Future salary increases	5.0%	6.0%
Mortality rate	WHO SA 19-75%	WHO SA 19-75%
Rate of employee turnover	Heavy	Heavy

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2024****16 - EMPLOYEES' DEFINED BENEFIT LIABILITIES (Continued)**

Break up of net benefit costs charged to profit or loss is as follows:

	<u>2024</u>	<u>2023</u>
	<i>SR</i>	<i>SR</i>
Current service cost	495,903	635,143
Finance cost on defined benefit liabilities	214,626	222,608
Benefit expense	<u>710,529</u>	<u>857,751</u>

Changes in the present value of defined unfunded benefit liabilities is as follows:

	<u>2024</u>	<u>2023</u>
	<i>SR</i>	<i>SR</i>
At the beginning of the year	4,705,663	4,569,972
Current service cost	495,903	635,143
Interest cost	214,626	222,608
Actuarial gain on the obligation recognised in OCI	(540,804)	(84,083)
Benefits paid during the year	<u>(164,094)</u>	<u>(637,977)</u>
At the end of the year	<u>4,711,294</u>	<u>4,705,663</u>

A quantitative sensitivity analysis for material assumptions on the defined benefit liabilities as at 31 December and the impact on the defined benefit liabilities is shown as below:

	<u>2024</u>	<u>2023</u>
	<i>SR</i>	<i>SR</i>
Discount rate:		
0.50% increase	4,609,369	4,578,016
0.50% decrease	4,818,410	4,840,124
Long-term future salary increase:		
0.50% increase	4,786,237	4,845,257
0.50% decrease	4,639,450	4,571,866

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024****17 - SHARE CAPITAL**

The Company operated with a capital of SR 142,780,000 divided into 14,278,000 shares at SR 10 par value each. All of them are ordinary shares.

As at 31 December 2024 and 31 December 2023, the share capital of the Company is divided as follows:

<i>Shareholders</i>	Shareholding	
	%	SR
International Investors Holding Company	15.91	22,715,000
Abdullah Rushaid Al Rushaid & Son Company (Al Rushaid Investment Company)	11.14	15,900,500
Al Kifah Holding Company	10.00	14,278,000
Abdulrazzak bin Mohammed bin Qanbar Al Ansari Trading Company Limited	9.09	12,980,000
Majd Company for Development and Investment	9.09	12,980,000
Abdullah Hamad Ammar Al Ammar	9.09	12,980,000
Abdulahadi Al Qahtani & Partners for Marine and Oil Field Services Company	6.82	9,735,000
Hamad Saleh Salem Al Wabel	4.55	6,490,000
Nasser Mohammed AlNabit & Sons Company	4.55	6,490,000
Abdullah Saleh Aba Hussein	2.27	3,245,000
Abdulmohsen Rashed Abdulrahman Al Rashed	2.27	3,245,000
Salem Balhammer Real Estate Company	2.27	3,245,000
Sons of Abdullah Ahmed Al Mohaish Holding Co.	2.27	3,245,000
Al Amwaj International Company Limited	2.27	3,245,000
Others*	8.41	12,006,500
	100	142,780,000

*Represents shareholders holding individually less than 2% of the share capital.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2024****18 - STATUTORY RESERVE**

The new Saudi Companies law which became effective on 19 January 2023 removed the requirement of maintaining a statutory reserve which existed in the previous law. The Company updated its Bylaws to align it with the new law, however the shareholders have not resolved to transfer the balance of statutory reserve to retained earnings.

19 - ASSET MANAGEMENT INCOME

	<u>2024</u>	<u>2023</u>
	<i>SR</i>	<i>SR</i>
Murabaha income*	5,998,190	14,143,319
Management fees	8,564,416	5,668,841
Admin and registration fees	1,252,612	763,593
Performance fees	16,434	611,185
Custody fees	127,637	54,110
Development fees	-	47,388
	<u>15,959,289</u>	<u>21,288,436</u>

*During the year 2024, the Company earned murabaha income amounts to SR 5,998,190 (2023: SR 14,143,319) at murabaha profit rate of 5% - 6% (2023 of 5% - 6%).

20 - GENERAL AND ADMINISTRATION EXPENSES

	<u>2024</u>	<u>2023</u>
	<i>SR</i>	<i>SR</i>
Professional services	1,153,791	3,217,085
Subscription fees	1,330,458	1,328,043
Compensation of board of directors (note 6)	697,500	667,500
Depreciation of property and equipment (note 11)	504,426	471,901
Depreciation of right-of-use assets (note 8)	498,878	498,878
Travel and accommodation	347,326	826,045
Information technology	302,978	346,126
Utilities	301,769	318,803
Value added tax	260,292	633,800
Communications	213,888	211,221
Insurance	188,942	382,766
Amortisation of intangible assets (note 12)	7,669	7,669
Other	908,087	1,106,969
	<u>6,716,004</u>	<u>10,016,806</u>

21 - FINANCE COSTS

	<u>2024</u>	<u>2023</u>
	<i>SR</i>	<i>SR</i>
Finance cost on bank credit facilities (note 14)	1,349,200	1,596,913
Finance cost on employees' defined benefit liabilities (note 16)	214,626	222,608
Interest on lease obligations (note 8)	167,773	208,026
	<u>1,731,599</u>	<u>2,027,547</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2024****22 - OTHER INCOME / (EXPENSE) -NET**

	<u>2024</u>	<u>2023</u>
	<i>SR</i>	<i>SR</i>
Reversal of other accrued expenses*	325,000	366,301
Reversal / (addition) of provision for impairment of accounts receivables and other assets (note 5)	321,264	(321,264)
Foreign exchange gain	12,213	14,360
Gain on disposal of property and equipment (note 11)	1,003	3,500
Others	382,961	(231,546)
	<u>1,042,441</u>	<u>(168,649)</u>

*During the year, the Group reversed other accrued expenses amounting to SR 325,000 (2023 SR: 366,301) as other income, since the Group has no more obligation against these balances.

23 - COST OF RENTAL AND HOSPITALITY INCOME

	<u>2024</u>	<u>2023</u>
	<i>SR</i>	<i>SR</i>
Depreciation of investment property (note 10)	2,504,223	1,460,797
Hotel operational expenses	919,088	885,438
Salaries of hotel staff	893,196	849,575
Management fee	416,002	363,495
Other expenses	73,120	405,486
	<u>4,805,629</u>	<u>3,964,791</u>

24 - EARNINGS PER SHARE

Basic EPS is calculated by dividing the loss for the year attributable to equity holder of the Group by the weighted average number of ordinary shares outstanding during the year. The following reflects the loss and share data used in the basic and diluted loss per share calculation:

	<u>2024</u>	<u>2023</u>
Loss for the year attributable to shareholders of the Group (SR)	<u>(11,675,966)</u>	<u>(22,381,506)</u>
Weighted average number of ordinary shares outstanding (number of shares)	<u>14,278,000</u>	<u>14,278,000</u>
Basic and diluted loss per share from loss for the year (SR)	<u>(0.82)</u>	<u>(1.57)</u>

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25 - FAIR VALUE MEASUREMENT

25.1 Financial assets of the Group that are measured at fair value on an ongoing basis:

The table below provides information on how to measure the fair value of these financial assets (valuation methods and inputs used)

	Fair Value December 31,		Fair value hierarchy	Valuation method and inputs used	Important intangible inputs	Relationship between important intangible inputs and fair value
	2024	2023				
	<i>SR</i>	<i>SR</i>				
<u>Financial Assets at Fair Value Through Profit and Loss</u>						
Quoted stocks	3,147,818	3,931,200	Level 1	Prices quoted at Financial Markets	Not Applicable	Not Applicable
Unquoted stocks	46,115,952	61,441,116	Level 3	Using the adjusted net asset method and the latest available financial information	Not Applicable	Not Applicable
Total Financial Assets at FVTPL	<u>49,263,770</u>	<u>65,372,316</u>				
<u>Financial Assets at Fair Value Through Other Comprehensive Income:</u>						
Unquoted stocks	2,686,722	2,805,127	Level 3	Using the adjusted net asset method and the latest available financial information	Not Applicable	Not Applicable
Total Financial Assets at FVTOCI	<u>2,686,722</u>	<u>2,805,127</u>				
Total financial instruments	<u>51,950,492</u>	<u>68,177,443</u>				

There were no transfers between Level I and Level III during the year ended 31 December, 2024 and 31 December 2023.

For the above items, the fair value of financial assets for Level III has been determined in accordance with agreed upon pricing models that reflect the credit risk of the parties to be dealt with.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2024****25 - FAIR VALUE MEASUREMENT (continued)****25.2 Financial assets and financial liabilities of the Group that are not measured at fair value on an ongoing basis:**

Management of the Group believe that the carrying amounts of financial assets and financial liabilities denominated in the Group's consolidated financial statements approximate their fair values:

	December 31, 2024		December 31, 2023	
	Amortized Cost	Book Value	Amortized Cost	Book Value
	SR	SR	SR	SR
Financial assets not measured at fair value				
Cash and cash equivalents	2,439,092	2,439,092	10,115,930	10,115,930
Due from related parties	28,486,550	28,486,550	19,199,442	19,199,442
Receivables from customers	1,063,925	1,063,925	1,163,925	1,163,925
Advances	1,665,338	1,665,338	1,643,921	1,643,921
Management fee receivable from foreign investments	331,721	331,721	331,721	331,721
Investment banking service fees receivable	2,229,351	2,229,351	651,594	651,594
Accrued rent	268,448	268,448	308,515	308,515
Dividends receivable	174,052	174,052	170,482	170,482
Other receivable	119,136	119,136	289,627	289,627
Management fee receivable from local investments	80,852	80,852	845,088	845,088
Total Financial assets not measured at fair value	<u>36,858,465</u>	<u>36,858,465</u>	<u>34,720,245</u>	<u>34,720,245</u>
Financial Liabilities not measured at fair value				
Bank credit facilities	13,125,000	13,125,000	15,750,000	15,750,000
Dividend payable	640,563	640,563	640,563	640,563
Accrued expenses	1,405,007	1,405,007	764,681	764,681
Lease liabilities	1,428,925	1,428,925	1,884,852	1,884,852
Employee related expenses	1,707,007	1,707,007	998,283	998,283
Unearned custody fee	169,863	169,863	-	-
Accrued bonus	-	-	727,602	727,602
Accounts payable	493,081	493,081	1,957,553	1,957,553
Accrued finance cost on borrowings	203,911	203,911	288,333	288,333
Total Financial Liabilities not measured at fair value	<u>19,173,357</u>	<u>19,173,357</u>	<u>23,011,867</u>	<u>23,011,867</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2024****26 - ANALYSIS OF THE MATURITIES FOR THE ASSETS AND LIABILITIES**

The following table illustrates the analysis of assets and liabilities according to expected maturity periods:

December 31, 2024	Up to 1 Year	Over 1 Year	Total
	<i>SR</i>	<i>SR</i>	<i>SR</i>
<u>Assets</u>			
Cash and cash equivalents	2,439,092	-	2,439,092
Investment in financial instruments	3,147,818	48,802,674	51,950,492
Accounts receivables and other assets	5,932,823	-	5,932,823
Due from related parties	28,486,550	-	28,486,550
Prepayments	615,955	-	615,955
Right-of-use assets	498,878	748,318	1,247,196
Properties for development	-	19,093,000	19,093,000
Investment property	2,504,223	37,290,817	39,795,040
Property and equipment	504,426	1,332,248	1,836,674
Intangible assets	7,669	26,600	34,269
Total Assets	44,137,434	107,293,657	151,431,091
<u>Liabilities:</u>			
Lease liabilities	645,975	1,002,375	1,648,350
Accounts payable, accruals and other liabilities	6,253,240	-	6,253,240
Bank credit facilities	3,500,000	9,625,000	13,125,000
Zakat provision	7,165,097	-	7,165,097
Employees' defined benefit liabilities	-	4,711,294	4,711,294
Total Liabilities	17,564,312	15,338,669	32,902,981
Net Assets / Equity	26,573,122	91,954,988	118,528,110

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2024****26 - ANALYSIS OF THE MATURITIES FOR THE ASSETS AND LIABILITIES (continued)**

The following table illustrates the analysis of assets and liabilities according to expected maturity periods (continued) :

December 31, 2023	Up to 1 Year <i>SR</i>	Over 1 Year <i>SR</i>	Total <i>SR</i>
<u>Assets</u>			
Cash and cash equivalents	10,115,930	-	10,115,930
Investment in financial instruments	3,931,200	64,246,243	68,177,443
Accounts receivables and other assets	5,404,873	-	5,404,873
Due from related parties	19,199,442	-	19,199,442
Prepayments	811,565	-	811,565
Right-of-use assets	498,878	1,247,196	1,746,074
Properties for development	-	19,093,000	19,093,000
Investment property	2,504,223	39,795,040	42,299,263
Property and equipment	471,901	1,624,406	2,096,307
Intangible assets	7,669	34,269	41,938
Total Assets	42,945,681	126,040,154	168,985,835
<u>Liabilities:</u>			
Lease liabilities	623,700	1,648,350	2,272,050
Accounts payable, accruals and other liabilities	6,005,351	-	6,005,351
Bank credit facilities	2,625,000	13,125,000	15,750,000
Zakat provision	10,638,867	-	10,638,867
Employees' defined benefit liabilities	-	4,705,663	4,705,663
Total Liabilities	19,892,918	19,479,013	39,371,931
Net Assets / Equity	23,052,763	106,561,141	129,613,904

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024****27 - FINANCIAL INSTRUMENTS**

Financial assets measured at fair value	2024	2023
	<i>SR</i>	<i>SR</i>
Financial assets at fair value through profit or loss		
Quoted investments in the Kingdom of Saudi Arabia	3,147,818	3,931,200
Unquoted Investments in the Kingdom of Saudi Arabia	28,661,413	39,339,148
Unquoted Investments outside the Kingdom of Saudi Arabia*	17,454,539	22,101,968
	49,263,770	65,372,316
Financial assets at fair value through OCI		
Unquoted equity investments in the GCC	2,686,722	2,805,127
Financial assets	51,950,492	68,177,443

*The valuation of unquoted investments outside the Kingdom of Saudi Arabia for the year ended 31 December, 2024 and 31 December, 2023 is based on unaudited financial statements.

Financial liabilities

	Interest rate	2024	2023
		<i>SR</i>	<i>SR</i>
Current interest-bearing bank credit facilities			
Bank credit facilities - current portion	SIBOR + 3%	3,500,000	2,625,000
Non - current interest-bearing bank credit facilities			
Bank credit facilities - non current portion	SIBOR + 3%	9,625,000	13,125,000
		13,125,000	15,750,000

Fair values of financial assets at amortized cost

As of reporting date, financial assets at amortised costs consist of cash at banks, amount due from related parties and accounts receivable and other assets. The fair values of financial assets at amortized cost approximate their carrying amounts due to their short-term nature. For non-current bank credit facilities fair value measurement hierarchy, on a non-occurring basis for liabilities, is level 3- material unobservable inputs, the fair value of the bank credit facilities is a reasonable estimate of their carrying value.

Financial instruments risk management objectives and policies

The Group's principal financial assets include investment in financial instruments, amounts due from related parties, accounts receivable and other assets and cash and cash equivalents that is derived directly from its operations.

The Group's activities expose it to both direct and indirect financial risk, including: market risk, foreign currency risk, credit risk equity price risk, liquidity risk and real estate risk. Material direct exposure to financial risk occurs through the impact on profit of movements in funds under management ("FUM") and through its direct investments in quoted equity shares.

Market risk

The key direct risks associated with the Group are those driven by investment and market volatility and the resulting impact on Funds Under Management ("FUM") or a reduction in the growth of FUM. Reduced FUM will directly impact on management fee income and profit because management fee income is calculated as a percentage of the NAV of FUM. FUM can be directly impacted by a range of factors including:

- a) Poor investment performance;
- b) Market volatility;
- c) Sector specific risks such as real estate associated risk;
- d) A loss of key personnel; and
- e) Investor allocation decisions: investors constantly re-assess and re-allocate their investments on the basis of their own preferences. Investor allocation decisions could operate independently from investment performance, such that funds outflows occur despite positive investment performance.

The Group closely monitors the above factors and ensure proper and timely actions.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). Kingdom of Saudi Arabia has a fixed exchange rate regime, with a united states dollar peg, accordingly the risk associated with the united states dollar is minimal. Group has an investment in United Arab Emirates dirham, the risk associated with fluctuation in price of the United Arab Emirates dirham is minimal.

Foreign currency position

The Group manages its foreign currency risk on its financial position and cash flow.
The Group's exposure to foreign currency changes as follow.

	<u>2024</u>	<u>2023</u>
	<i>SR</i>	<i>SR</i>
GBP	<u>174,066</u>	<u>742,502</u>

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in GBP exchange rates, with all other variables held constant. The impact on the Group's profit before Zakat is due to changes in the fair value of monetary assets.

	Change In GBP	<u>2024</u>	<u>2023</u>
		<i>SR</i>	<i>SR</i>
GBP against SR	+/- 0.5%	<u>870</u>	<u>3,713</u>

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 Group is exposed to credit risk from its operating activities, primarily due from related parties and its customers, for which their investment is pledged against the receivables as a collateral. Its Company's policy to enter into financial instrument contracts with reputable counterparties. The Company seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Cash are substantially placed with commercial banks with sound credit ratings the amount of expected credit loss is immaterial.

The maximum exposure to direct credit risk at reporting date is the carrying amount of amounts due from related parties and other debit balances. No assets are past due or impaired except for the amounts where provision is recognised as the ECL in note 5 to the consolidated financial statements.

The Group has determined that balances with related parties and other debit balances are collectible and fully recoverable and that the financial position of the related entities and other debit balances is good except for the amounts where provision is recognised as the ECL in note 5 to the consolidated financial statements. Balances with related parties, gurantees issued on behalf of related parties and other debit balances generally considered to have low credit risk based on history of default and the impairment provision assessment is made by the management based on the general approach allowed by IFRS 9, where applicable.

Equity price risk

The Group's listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2024****27 - FINANCIAL INSTRUMENTS (continued)****Financial instruments risk management objectives and policies (continued)****Equity price risk (continued)***Equity price sensitivity*

The following table demonstrates the sensitivity to a reasonably possible change in Group's listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. With all other variables held constant, the Group's profit before zakat is affected through the impact on change in market price, as follows:

	Increase / decrease in basis point	Effect on profit before Zakat
2024		<i>SR</i>
Investments in listed equity instruments	+100	58,345
	-100	(58,345)
2023		
Investments in listed equity instruments	+100	67,363
	-100	(67,363)

The following table demonstrates the sensitivity to a reasonably possible change in Group's unquoted equity investments are susceptible to fair value risk arising from uncertainties about future values of the investment securities. With all other variables held constant, the Group's profit before zakat is affected through the impact on change in price, as follows:

	Increase / decrease in basis point	Effect on profit before Zakat
2024		<i>SR</i>
Investments in unlisted equity instruments	+100	461,160
	-100	(461,160)
2023		
Investments in unlisted equity instruments	+100	614,411
	-100	(614,411)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowing which expose the Group to cash flow interest rate risk.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of bank credit facilities affected. With all other variables held constant, the Group's profit before zakat is affected through the impact on floating rate borrowings, as follows:

	Increase / decrease in basis point	Effect on profit before Zakat
2024		<i>SR</i>
Bank credit facilities	+100	(131,250)
	-100	131,250
2023		
Bank credit facilities	+100	(157,500)
	-100	157,500

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2024****27 - FINANCIAL INSTRUMENTS (continued)****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 realise financial assets quickly at an amount close to its fair value. The Group manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis, without incurring unacceptable losses or risking damage to the Group's reputation. The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

31 December 2024	less than year	1 to 5 years	> 5 year	Total
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Bank credit facilities	3,500,000	9,625,000	-	13,125,000
Dividend payable	640,563	-	-	640,563
Accrued expenses	1,405,007	-	-	1,405,007
Lease liabilities	645,975	1,002,375	-	1,648,350
Employee related expenses	1,707,007	-	-	1,707,007
Unearned custody fee	169,863	-	-	169,863
Accounts payable	493,081	-	-	493,081
Accrued finance cost on borrowings	203,911	-	-	203,911
	8,765,407	10,627,375	-	19,392,782
31 December 2023	less than year	1 to 5 years	> 5 year	Total
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Bank credit facilities	2,625,000	13,125,000	-	15,750,000
Dividend payable	640,563	-	-	640,563
Accrued expenses	764,681	-	-	764,681
Lease liabilities	623,700	1,648,350	-	2,272,050
Employee related expenses	998,283	-	-	998,283
Accrued bonus	727,602	-	-	727,602
Accounts payable	1,957,553	-	-	1,957,553
Accrued finance cost on borrowings	288,333	-	-	288,333
	8,625,715	14,773,350	-	23,399,065

Changes in liabilities arising from financing activities

The table below summarises the changes in liabilities arising from financing activities:

2024	Opening	Cash outflow	Others / Cash inflow	Closing
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Bank credit facilities	15,750,000	(2,625,000)	-	13,125,000
Lease liabilities	1,884,852	(623,700)	167,773	1,428,925
Dividend payable	640,563	-	-	640,563
Total liabilities from financing activities	18,275,415	(3,248,700)	167,773	15,194,488

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2024****27 FINANCIAL INSTRUMENTS (continued)****Changes in liabilities arising from financing activities (Continued)**

2023	<i>Opening</i>	<i>Cash outflow</i>	<i>Others / Cash</i>	<i>Closing</i>
	<i>SR</i>	<i>SR</i>	<i>inflow</i>	<i>SR</i>
			<i>SR</i>	
Bank credit facilities	19,598,753	(7,293,633)	3,444,880	15,750,000
Lease liabilities	2,300,526	(623,700)	208,026	1,884,852
Dividend payable	17,099,756	(16,459,193)	-	640,563
Total liabilities from financing activities	<u>38,999,035</u>	<u>(24,376,526)</u>	<u>3,652,906</u>	<u>18,275,415</u>

Real Estate Risk

The fair value of real estate properties may increase or decrease based on the assumptions used in the valuation. The Group uses certified real estate appraisers and reviews the assumptions used by the valuers in order to reduce the risks that may arise in the valuation process.

28 - STATUTORY SHARE CAPITAL ADEQUACY REQUIREMENTS

This item is summarised as follows:

	<u>2024</u>	<u>2023</u>
	<u>SR '000</u>	<u>SR '000</u>
Share capital base:		
1st tier of share capital	118,713	129,959
2nd tier of share capital	-	-
Total capital base	<u>118,713</u>	<u>129,959</u>
Risk weighted asset		
Credit risk	614,876	598,381
Market risk	11,398	14,680
Operational Risk	82,941	95,237
Concentration Risk	85,992	83,381
Total risk weighted asset	<u>795,207</u>	<u>791,679</u>
Surplus	<u>55,096</u>	<u>66,625</u>
Tier 1 Capital ratio:	<u>14.93%</u>	<u>16.42%</u>
Total Capital ratio:	<u>14.93%</u>	<u>16.42%</u>

Capital base comprises:

- 1) 1st tier of share capital: 1st tier of share capital comprises paid up capital, retained earnings, all reserves save revaluation reserves less intangible assets and unrealised loss from investments.
- 2) 2nd tier of share capital: 2nd tier of share capital comprises subordinated loan, fixed term debt security and perpetual debt security.
- 3) The surplus and risk weighted asset is calculated for credit, market, operational and concentration risks based on the third foundation of the amended prudential rules issued by Capital Markets Authority (CMA) on 4 January, 2023.
- 4) The Group aims through capital adequacy management to comply with the share capital regulations set forth by CMA to maintain the Group as a going concern and to maintain a resilient capital base.

ARBAH CAPITAL COMPANY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FOR THE YEAR ENDED 31 DECEMBER 2024****29 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)****New and amended IFRS applied with no material effect on the consolidated financial statements**

The accounting policies and methods of computation adopted in the preparation of the consolidated financial statements for the year ended 31 December 2024 are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2023, except for the adoption of certain amendments which became effective for annual periods starting on or after 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, the following amendments:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Non-current liabilities with covenants
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

These new amendments had no material impact on the consolidated financial statements of the Group.

New and revised IFRSs in issue but not yet effective and not early adopted

The Group has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New Standards / Amendment to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 10 and IAS 28	Treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely	The amendment specifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.
IAS 21	The effect of changes in foreign exchange rates.	January 1, 2025	The amendment specifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.
IFRS 9 and IFRS 7	Financial Instruments; Disclosures	January 1, 2026	The amendment specifies the exchange rate to use in reporting financial currency transactions when exchangeability between two currencies is temporarily lacking.
IFRS 19	Subsidiaries without Public Accountability; Disclosures	January 1, 2027	The amendment addresses the matters identified during the post-implementation review of the classification, measurement and certain disclosures requirements.
IFRS 18	Presentation and disclosures in Financial Statements.	January 1, 2027	New standard that addresses the disclosures required for subsidiaries that do not have public accountability.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

29 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

New and revised IFRSs in issue but not yet effective and not early adopted (Continued)

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

30 - EVENTS AFTER THE REPORTING DATE

There were no such events subsequent to the reporting date and occurring before the date of the approval of the consolidated financial statements that are expected to have a material impact on these consolidated financial statements.

31 - CONTINGENCIES AND COMMITMENTS

Contingencies

One of the fund Marsa 2 under the Group management has obtained a loan with an amount of SR 26,571,428 (2023: SR 30,428,571) through the Group, the loan is secured by some assets of the Group. However since the loan is obtained through the Group, Group may be liable for settlement of loan in case of default by the fund (note 6).

32 - ASSETS UNDER MANAGEMENT

The assets under management represents assets being managed by the Group amounting to SR 361 million as at 31 December 2024. (31 December 2023: SR 517 million).

According to the regulations of the Capital Market Authority for authorized persons, and in line with the Group's accounting policy, such balances are not included in the Group's consolidated financial statements.

33 - COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to confirm with the presentation of the current year.

34 - APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were authorised for issue by the Board of Directors on 1 Shawwal 1446 H (corresponding to 30 March 2025).