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LAZARD SAUDI ARABIA COMPANY
(CLOSED JOINT STOCK COMPANY)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REPORT

Docusign Envelope ID: A9C24428-408A-45BD-9ECD-8BD199696CDE

LAZARD SAUDI ARABIA COMPANY
(CLOSED JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

INDEX	PAGE

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LAZARD SAUDI ARABIA COMPANY [CLOSED JOINT STOCK COMPANY]

RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

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

We have audited the financial statements of the Company, which comprise of the following:

- The statement of financial position as at 31 December 2024;
- The statement of comprehensive income / (loss) for the year then ended;
- The statement of changes in equity for the year then ended;
- The statement of cash flows for the year then ended, and;
- The notes to the financial statements, comprising summary of material accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with Intenational 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants that are 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the 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 the 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 financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company 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 Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LAZARD SAUDI ARABIA COMPANY
[CLOSED JOINT STOCK COMPANY]

RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

PKF Al Bassam
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LAZARD SAUDI ARABIA COMPANY
[CLOSED JOINT STOCK COMPANY]

RIYADH, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

For PKF Al-Bassam Chartered Accountants.

Ahmed A. Mohandis
Certified Public Accountant
License No. 477
Riyadh: 27 Ramadan, 1446H
Corresponding to: 27 March 2025G

شركة بي كي اف البسام
محاسبون ومراجعون قانونيون
C. R. 1010385804
PKF Al Bassam
chartered accountants

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LAZARD SAUDI ARABIA COMPANY (CLOSED JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	**31 December 2024**	31 December 2023
		SR	SR
ASSETS			
Current assets			
Cash and cash equivalents	6	**18,691,459**	29,164,664
Account receivables	7	**36,890,696**	2,159,910
Prepayments and other assets	8	**592,250**	1,929,431
Due from related parties	15	**3,360,064**	3,521,295
Total current assets		**59,534,469**	36,775,300
Non-current assets			
Property and equipment	9	**4,032,743**	291,158
Right of use assets	10	**3,150,129**	3,954,418
Total non-current assets		**7,182,872**	4,245,576
Total assets		**66,717,341**	41,020,876
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Accrued expenses and other liabilities	11	**10,101,612**	9,405,051
Due to related parties	15	**36,072,359**	13,742,829
Lease obligation – Current portion	10	**1,833,581**	781,765
Total current liabilities		**48,007,552**	23,929,645
Non-current liabilities			
Net employee defined benefit liabilities	12	**1,822,110**	1,718,867
Lease obligation – non-Current portion	10	**1,857,174**	2,694,576
Total non-current liabilities		**3,679,284**	4,413,443
Total liabilities		**51,686,836**	28,343,088
EQUITY			
Share capital	13	**20,000,000**	20,000,000
General reserve	14	**61,754**	61,754
Actuarial loss		**(261,942)**	(744,330)
Accumulated loss		**(4,769,307)**	(6,639,636)
Total equity		**15,030,505**	12,677,788
Total liabilities and equity		**66,717,341**	41,020,876

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Chairman of the Board Directors	**Chief Executive Officer**	**Chief Financial Officer**

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

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LAZARD SAUDI ARABIA COMPANY (CLOSED JOINT STOCK COMPANY)
STATEMENT OF COMPREHENSIVE INCOME / (LOSS)
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	**31 December 2024**	31 December 2023
		SR	SR
Fees Income	17	**63,605,977**	9,829,840
Cost of revenue		**(35,326,507)**	(3,460,926)
Gross Income		**28,279,470**	6,368,914
General and administrative expenses	18	**(36,553,156)**	(30,088,882)
Finance Cost	10	**(214,413)**	(20,107)
Other income / (expenses)	19	**10,358,428**	(281,307)
Loss for the year before income tax		**1,870,329**	(24,021,382)
Income tax	20	**-**	-
Net income/ (loss) for the year		**1,870,329**	(24,021,382)
Other comprehensive income/ (loss)			
Items that will not be reclassified to statement of profit or loss in subsequent years			
Net actuarial gain / (loss) on re-measurement of defined benefit obligation	12	**482,388**	(505,846)
Total comprehensive income / (loss) for the year		**2,352,717**	(24,527,228)

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Chairman of the Board Directors	**Chief Executive Officer**	**Chief Financial Officer**

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

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LAZARD SAUDI ARABIA COMPANY (CLOSED JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital	Additional contribution from shareholders	General reserve	Remeasurement of net defined benefit liability	Accumulated (loss) / earnings	Total equity
	SR	SR	SR	SR	SR	SR
2024						
Balance as at 1 January 2024	**20,000,000**	**-**	**61,754**	**(744,330)**	**(6,639,636)**	**12,677,788**
Net income for the year	**-**	**-**	**-**	**-**	**1,870,329**	**1,870,329**
Actuarial gain (note 12)	**-**	**-**	**-**	**482,388**	**-**	**482,388**
Total comprehensive income	**-**	**-**	**-**	**482,388**	**1,870,329**	**2,352,717**
Balance as at 31 December 2024	**20,000,000**	**-**	**61,754**	**(261,942)**	**(4,769,307)**	**15,030,505**
2023						
Balance as at 1 January 2023	7,500,000	-	61,754	(238,484)	(118,254)	7,205,016
Capital increase	12,500,000	-	-	-	-	12,500,000
Net loss for the year	-	-	-	-	(24,021,382)	(24,021,382)
Actuarial loss (note 12)	-	-	-	(505,846)	-	(505,846)
Total comprehensive loss	-	-	-	(505,846)	(24,021,382)	(24,527,228)
Transaction with owners Additions	-	17,500,000	-	-	-	17,500,000
Loss absorbed by the shareholders	-	(17,500,000)	-	-	17,500,000	-
Balance as at 31 December 2023	20,000,000	-	61,754	(744,330)	(6,639,636)	12,677,788

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Chairman of the Board Directors

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Chief Executive Officer

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Robert Rountree
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Chief Financial Officer

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

LAZARD SAUDI ARABIA COMPANY (CLOSED JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	**31 December 2024 SR**	31 December 2023 SR
CASH FLOWS FROM OPERATING ACTIVITIES			
Income / (loss) for the year before income tax		**1,870,329**	(24,021,382)
Adjustments for:			
Depreciation	9	**256,889**	99,548
Depreciation of Right of use assets	10	**804,289**	67,024
Finance Cost	10	**214,414**	20,108
Employees' end of service benefits charged	12	**585,631**	167,849
Changes in operating assets and liabilities:			
Receivables, prepayments and other assets		**(33,393,605)**	13,712,108
Due from related parties		**161,233**	(3,521,295)
Accrued expenses and other liabilities		**696,561**	3,696,870
Due to related parties		**22,329,528**	(15,246,642)
Payment of employees' end of service benefits	12	**-**	(9,000)
Net cash used in operating activities		**(6,474,731)**	(25,034,812)
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of property and equipment	9	**(3,998,474)**	(172,361)
Net cash used in investing activity		**(3,998,474)**	(172,361)
CASH FLOWS FROM FINANCING ACTIVITY			
Shareholders' contribution		**-**	17,500,000
Proceeds from capital increase		**-**	12,500,000
Finance Lease Paid		**-**	(565,208)
Net cash generated from financing activity		**-**	29,434,792
Net (decrease) / increase in cash and cash equivalents		**(10,473,205)**	4,227,619
Cash and cash equivalents at the beginning of year		**29,164,664**	24,937,045
Cash and cash equivalents at the end of the year	6	**18,691,459**	29,164,664

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Chief Financial Officer

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

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1. LEGAL STATUS AND ACTIVITY

Lazard Saudi Arabia Company (the "Company") is a closed joint stock company subject to the Regulations for Companies in the Kingdom of Saudi Arabia. The Company operates under Royal Decree No. M/6 dated 22/3/1385H (corresponding to 22 July 1965G), and in accordance with the Foreign Investment Regulations, issued under Royal Decree No. M/1 dated 5/1/1421H and license of the Saudi Arabian General Investment Authority No. 102031098747 dated 20/09/1431H (corresponding to 30 August 2010G). The Company's commercial registration number is 1010297437 which was issued in Riyadh on 04/12/1431H (corresponding to 10 November 2010G). The Company's is registered with the Capital Market Authority "CMA" license No. 10145-10 dated 29/6/1431H (corresponding to 12 June 2010G).

The Company has obtained approval from CMA to assume additional business activity of asset management services, and change the name from Lazard Saudi Arabia Limited (Limited Liability Company) to Lazard Saudi Arabia Company (Closed Joint Stock Company) and obtained revised commercial registration certificate dated 04/08/1440H (corresponding to 09 April 2019G). The Company has amended its Bylaws accordingly.

The objective of the Company is to perform arranging in financial securities activities, managing private non-real estate funds, and managing sophisticated investor portfolios.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the employees' end of service benefits, that is recognized at the present value of future obligations and other financial assets and liabilities at fair value or amortized cost. In these financial statements, except for the cash flow statement, all the transactions have been accounted for on accrual basis and following going concern assumption. To ensure

2.3 Functional and presentation currency

The financial statements of the Company are presented in Saudi Riyals (SR), which is the functional and presentational currency of the Company.

Docusign Envelope ID: A9C24428-408A-45BD-9ECD-8BD199696CDE

3. MATERIAL ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of these Financial Statements in accordance with applicable accounting standards and policies requires the use of judgments, estimates and assumptions that affect the values of income, expenses, assets, liabilities and notes attached herewith including contingent liabilities. Uncertainties about these assumptions and estimates may result in a material adjustment to the carrying amounts of the assets and liabilities affected in future periods.

The principal assumptions and estimates affecting the future and other key sources of uncertainty at the statement of financial position date, which pose high risks, may result in material adjustments to the carrying amounts of assets and liabilities during the current and next financial years.

3.1 Judgements

- Going concern

The Company's management has made an assessment of Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on Company's ability to continue as a going concern. Accordingly, the financial statements have been prepared on the basis of the going concern principle.

- Actuarial valuation of employee benefits liabilities

The cost of the employees end of service benefit ("employee benefits") under defined benefit plan is determined using actuarial valuation. 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 mortality rates. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed on an annual basis or more frequently, if required.

3.2 Key source of estimation uncertainty

- Estimated useful life of equipment and others

The cost of equipment and others is depreciated / amortized over the estimated useful life of the asset. Factors influencing the useful life estimation include the asset maintenance schedule, technical obsolescence, and residual value. Management of the Company has not calculated the residual value of its assets considering it is insignificant.

- Determining the lease term for contracts with the option of renewal and termination - the Company as a lessee

The Company defines the term of the lease as the non-cancellable term in relation to the contract, with any periods including the option to extend the contract if the Company is certain to practice the option to extend, or any periods including the option to terminate the lease if the Company is certain, it will not practice the option to terminate the contract reasonably. Generally, the company has several lease contracts that include extension and termination options. The Company applies the provisions in assessing whether or not it has reasonable certainty that it will practice the option to renew or terminate. Therefore, it takes into account all relevant factors that create an economic incentive to practice either the renewal or termination option. After the start date, the Company reevaluate the lease term and whether there is a significant event or change in circumstances within its control that affects its ability to practice (or not practice) the option to renew or terminate.

4. NEW AMENDED STANDARDS AND INTERPRETATIONS

4.1 A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Company's Financial Statements.

New amendments to standards issued and applied effective January 1, 2024

Docusign Envelope ID: A9C24428-408A-45BD-9ECD-8BD199696CDE

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 1	Classification of liabilities as current or non-current	January 1, 2024	The amendment has clarified - what is meant by a right to defer settlement, - that a right to defer must exist at the end of the reporting period, - that classification is unaffected by the likelihood that an entity will exercise its deferral right, and - that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification.
IFRS 16	Leases on sale and leaseback	January 1, 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024	These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

4. NEW AMENDED STANDARDS AND INTERPRETATIONS(CONTINUED)

4.2 The Company has not applied the following amendment to IFRS that have been issued but are not yet effective:

Docusign Envelope ID: A9C24428-408A-45BD-9ECD-8BD199696CDE

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of amendment
IAS 21	Lack of Exchangeability	January 1, 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026	These amendments clarify financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date. They also provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG)-linked features. Additionally, these amendments introduce new disclosure requirements and update others.
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	IFRS 18 replaces IAS 1, which sets out presentation and base disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss and profit or loss before financing and income taxes. Further, operating expenses are presented directly on the face of the income statement – classified either by nature (e.g. employee compensation), by function (e.g. cost of sales) or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature. IFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures (MPMs)* and eliminates classification options for interest and dividends in the statement of cash flows.

4. NEW AMENDED STANDARDS AND INTERPRETATIONS(CONTINUED)

4.2 The Company has not applied the following amendment to IFRS that have been issued but are not yet effective(continued):

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of amendment
IFRS 19	Subsidiaries without Public Accountability	January 1, 2027	IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Management anticipates that these amendment will be adopted in the Company's financial statements as and when it is applicable and adoption of this amendments may have no material impact on the financial statements of the Company in the period of initial application.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES

These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks.

5.2 Prepayments and other assets

Prepayments and other assets are recognized initially at the transaction price and expensed over the period of economic benefits associated with such assets flowing to the Company.

5.3 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment if any. Cost includes expenditure that is directly attributable to the acquisition of the asset and initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognized in the statement of comprehensive income when incurred.
Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated rates of depreciation of the principal classes of assets are as follows:

	Rates of depreciation
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Computer equipment	20%

Gain or loss on disposal of property and equipment represents the difference between the sale proceeds on the carrying amount of these assets and is recognized in the statement of comprehensive income.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES(CONTINUED)

5.4 Impairment

The Company reviews annually the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than it carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit), is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

5.5 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5.6 Employee benefits

Defined contribution scheme

Retirement benefit in the form of General Organization for Social Insurance (GOSI) is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the GOSI. The Company recognizes contribution payable to the GOSI as an expense when due.

Employees' end of service benefits

Short Term employee defined benefits

Salary liabilities and any other short-term benefits expected to be fully settled within 12 months of the end of the period during which employees provide the relevant service in respect of employees' services are recognized until the end of the reporting period, and measured by the amounts expected to be paid upon settlement of liabilities. Current employee benefit liabilities are presented under " Accruals and other liabilities" in the statement of financial position.

Employee defined benefit liabilities

The company has an eligible end of service benefit scheme as a defined benefit scheme. Employees are entitled to benefits based on the length of service and the last salary withdrawn, calculated under the terms and conditions of the Saudi labour laws and company policy.

The employees defined benefits, as it is a non-funded plan is determined using the projected unit credit method with actuarial valuations being made at the end of financial years. The respective obligation recognized in the statement of financial position is only the present value of the end-of-service benefit obligation at the end of the financial year.

The discount rate applied in reaching at the present value of the defined benefits obligation represents the return on government bonds, and by applying a single discount rate that roughly reflects the estimated timing and amount of benefit payments.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES(CONTINUED)

5.6 Employee benefits (continued)

Employee defined benefit is classified as follows:

Docusign Envelope ID: A9C24428-408A-45BD-9ECD-8BD199696CDE

- The cost of the current service (the increase in the present value of the obligation resulting from the service provided by the employee during the current year).
- Interest expense (calculated by applying the discount rate at the beginning of the year to the end-of-service benefits obligation); and
- Re-measurement

The current cost of service and interest expense for end-of-service benefit obligations are included in the same items as the income statement in which the related cost of compensation is included.

Re-measurement of defined benefit liability, which comprise of actuarial gains and losses during the year in which it happened in its entirety are recognized in the other comprehensive income without being reclassified to profit or loss in the subsequent year. Recognized amounts of other comprehensive income are charged directly to retained earnings.

5.7 Share capital

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

5.8 Operating lease

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the operating lease after including the impact of escalations if any.

5.9 Revenue from contracts with customers

The Company recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company. The revenue is recognized in point of time when the Company transfers the services to customers at an amount that the Company expects to be entitled to in exchange for those services.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as a principal in its revenue arrangements since it has exposure to the significant risks and rewards.
The details of the Company's revenues and the method of their recognition in accordance with IFRS 15 are as follows:

a) Advisory fee income

Income from advisory services includes transaction fee and retainer fee:

- Transaction fee is recognized when the Company has rendered all services, based on milestones set under the contract for delivery of service, to the customer and is entitled to collect the fee from the customer with no contingencies associated with the fee.
- Retainer fee is recognized over time as the services are rendered.

b) Asset Management

- Fees received on asset management, if any, are recognized over the period when the service is provided.

5.10 Income tax

The Company is subject to income tax in accordance with the Regulations of the General Authority of Zakat and Tax ("ZATCA'') in the Kingdom of Saudi Arabia. Income tax is computed based on adjusted net income.

Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is amended.

5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.11 Deferred income tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax amounts used for taxation purposes. Deferred tax

Docusign Envelope ID: A9C24428-408A-45BD-9ECD-8BD199696CDE

liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

5.12 Foreign currencies

Transactions in foreign currencies are initially recorded at the spot rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on translation are recognized in the statement of comprehensive loss.

5.13 Financial Instruments

5.13.1 Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument.

At initial recognition, the company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost, which results in an accounting loss being recognized in the statement of comprehensive income when an asset is newly originated.

5.13.2 Classification and measurement of financial assets

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual profit in the issuer's net assets.

The company classifies its financial assets at fair value through profit or loss (FVTPL). The company subsequently measures all equity investments at fair value through profit or loss, except where the company Manager has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade

When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to the statement of comprehensive income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in the statement of comprehensive income / (loss) when the company's right to receive payments is established.

5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED

5.13 Financial Instruments(continued)

5.13.2 Classification and measurement of financial assets(continued)

Debt instruments

Docusign Envelope ID: A9C24428-408A-45BD-9ECD-8BD199696CDE

Debt instruments are those instruments that meet the definition of a financial liability form the issuer's perspective, such as Murabaha contracts and Sukuks.
Classification and subsequent measurement of debt instruments depend on:

- The company's business model for managing the asset; and
- The cash flow characteristics of the asset.

Based on these factors, the company classifies its debt instruments into one of the following three measurement categories:

***Amortized cost*:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured as described in Note 5.3, Profit earned from these financial assets is recognized in the statement of comprehensive income using the effective commission rate method.

***Fair value through profit or loss (FVTPL)*:** If debt instrument's cash flows do not represent solely SPPI or if it not held within the held to collect or the held to collect and sell business model, or if it is designated at FVTPL, then it is measured at FVTPL. A gain or loss on a debt investment measured at FVTPL is recognized in the statement of comprehensive income, within "Net gain / (loss) in investments mandatorily measured at FVTPL", in the period in which it arises. A gain or loss from debt instruments that were designated at fair value or which are not held for trading are presented separately from debt investments that are mandatorily measured at fair value through profit or loss, within "Net gain / (loss) in investments designated at FVTPL". Commission income earned from these financial assets is recognized in the statement of comprehensive using the effective commission rate method.

Business model: The business model reflects how the company manages the assets in order to generate cash flows. That is, whether the company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is internally evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in 'other' business model and measured at FVTPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent solely payment of principal and interest (the "SPPI" test). In making this assessment, the company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., profit includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.
The company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

5.13.3 Impairment of financial assets

The company assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its financial assets, carried at amortised cost, the ECL is based on a 12-month ECL and lifetime ECL. The 12-month ECL is the portion of lifetime the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED

5.13 Financial Instruments(continued)

5.13.4 Derecognition

Docusign Envelope ID: A9C24428-408A-45BD-9ECD-8BD199696CDE

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired, or the company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the company has:

(a) Transferred substantially all of the risks and rewards of the asset or

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the company's continuing involvement in the asset. In that case, the company also recognized an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

5.13.5 Financial liabilities

The company classifies its financial liabilities at amortized cost unless it has designated liabilities at FVTPL. The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

6 CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
	SR	SR
Cash in hand	**-**	592
Cash at bank	**18,691,459**	29,164,072
	18,691,459	29,164,664

6.1 The Company does not earn profits on current accounts with banks in accordance with Sharia rules and principles.

7 ACCOUNT RECEIVABLES

	31 December 2024	31 December 2023
	SR	SR
Account Receivable	**36,890,696**	2,159,910
	36,890,696	2,159,910

The ages of the account receivables are as follows:

	From 0 to 30 days	**From 31 to 60 days**	**From 61 to 90 days**	**From 91 to 120 days**	**More than 120 days**	**Total**
2024	**34,010,455**	**2,842,468**	**-**	**37,773**	**-**	**36,890,696**
2023	-	1,820,228	-	-	339,682	2,159,910

At the date of financial statement, the company has assessed the Expected Credit Loss for financial assets and concluded that the effect is not material.

8 PREPAYMENTS AND OTHER ASSETS

	31 December 2024	31 December 2023
	SR	SR
Prepayments	**433,467**	1,715,985
Security deposits	**151,781**	109,781
Withholding Tax Receivables	**5,514**	12,793
Vat Receivables	**-**	89,384
Others	**1,488**	1,488
	592,250	1,929,431

Docusign Envelope ID: A9C24428-408A-45BD-9ECD-8BD199696CDE

9 PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and office equipment	Computer equipment	Total
	SR	SR	SR	SR
2024				
Cost				
Balance at 1 January 2024	**526,508**	**204,949**	**359,426**	**1,090,883**
Additions	**358,047**	**3,385,605**	**254,822**	**3,998,474**
Balance at 31 December 2024	**884,555**	**3,590,554**	**614,248**	**5,089,357**
Accumulated depreciation				
Balance at 1 January 2024	**361,796**	**141,426**	**296,503**	**799,725**
Charge for the year	**128,168**	**106,280**	**22,441**	**256,889**
Balance at 31 December 2024	**489,964**	**247,706**	**318,944**	**1,056,614**
Carrying amount at 31 December 2024	**394,591**	**3,342,848**	**295,304**	**4,032,743**
2023				
Cost				
Balance at 1 January 2023	414,382	157,944	346,196	918,522
Additions	112,126	47,005	13,230	172,361
Balance at 31 December 2023	526,508	204,949	359,426	1,090,883
Accumulated depreciation				
Balance at 1 January 2023	292,398	123,374	284,405	700,177
Charge for the year	69,398	18,052	12,098	99,548
Balance at 31 December 2023	361,796	141,426	296,503	799,725
Carrying amount at 31 December 2023	164,712	63,523	62,923	291,158

10 RIGHT OF USE ASSETS AND LEASE LIABILITY

<u>**Right of Use Assets**</u>	**31 December 2024**	31 December 2023
Cost:		
Balance at the beginning of the year	**4,021,442**	-
Additions during the year	**-**	4,021,442
Balance at the end of the year	**4,021,442**	4,021,442
Accumulated depreciation:		
Balance at the beginning of the year	**(67,024)**	-
Charge for the year	**(804,289)**	(67,024)
Balance at the end of the year	**(871,313)**	(67,024)
The book balance as of 31 December	**3,150,129**	3,954,418

<u>**Lease Liabilities**</u>	**31 December 2024**	31 December 2023
Current-portion		
Lease liabilities	**1,833,581**	781,765
Non-current portion		
Lease liabilities	**1,857,174**	2,694,576
	3,690,755	3,476,341

Docusign Envelope ID: A9C24428-408A-45BD-9ECD-8BD199696CDE

10 RIGHT OF USE ASSETS AND LEASE LIABILITY(CONTINUED)

Maturity dates of lease obligations

	Lease payments	
Year 1	**996,179**	996,179
Year 2	**1,003,597**	1,003,597
Year 3	**1,011,387**	1,011,387
Year 4	**1,019,565**	1,019,565
Total lease liabilities	**4,030,728**	4,030,728
Less: Finance cost	**(339,973)**	(554,387)
	3,690,755	3,476,341

	31 December 2024	31 December 2023
Balance as at the opening of the period	**3,476,341**	-
Additions during the period	**-**	4,021,442
Less: Payments during the period	**-**	(565,208)
Add: Finance cost charged	**214,414**	20,107
Balance as at 31 December	**3,690,755**	3,476,341

Amount Recognize in statement of income:

	31 December 2024	31 December 2023
-Depreciation of right of use assets	**804,289**	**67,024**
- Finance cost	**214,414**	**20,108**

11 ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2024 SR	31 December 2023 SR
Accrued employees' bonus	**8,129,816**	8,702,834
Accrued professional fees	**526,459**	572,239
VAT Payable	**1,326,366**	-
Others	**118,971**	129,978
	10,101,612	9,405,051

12 NET EMPLOYEE DEFINED BENEFIT LIABILITIES

During the year the actuarial valuations of the employee's end of service benefit were carried out under the Projected Unit Credit Method using the following significant assumptions:

	As at 31 December	
	31 December 2024	31 December 2023
The present value of the employees' defined benefits	**1,822,110**	1,718,867

The following tables summarize the components of the employees' defined benefits recognized in the profit or loss statement:

Benefits expenses (recognized in the profit or loss statement)	**31 December 2024**	31 December 2023
Current service cost	**487,938**	119,364
Interest cost on benefit obligation	**97,693**	48,485
Net Employee defined benefits Expenses	**585,631**	167,849

12 NET EMPLOYEE DEFINED BENEFIT LIABILITIES (CONTINUED)

Amount recognized in the statement of other comprehensive income for the year ended

	2024	2023
Re-measurements Actuarial (gain) / loss on obligation	**(482,388)**	505,846
Amount charged to Other Comprehensive Income	**(482,388)**	505,846

Movement in the present value of the employee's end of service benefit

	31 December 2024	31 December 2023
	SR	SR
At the beginning of the year	**1,718,867**	1,054,172
Charge for the year	**585,631**	167,849
Paid during the year	**-**	(9,000)
Net actuarial (gain) / loss on re-measurement	**(482,388)**	505,846
	1,822,110	1,718,867

Actuarial valuation was done for the aforesaid defined benefit plan using the following assumption

	31 December 2024	31 December 2023
Discount rate	**4.89%**	5.05%
Salary escalation:		
Staff	**5%**	7%
Executive	**6%**	5%
Mortality	**Mortality Rate Table**	Mortality Rate Table

Sensitivity Analysis of significant actuarial assumptions

	Change in assumption	**Impact on employee's end of service benefit**	
		2024	2023
Discount rate	**+0.5%**	**(86,341)**	(88,146)
	-0.5%	**93,078**	95,011
Salary increase rate	**+0.5%**	**95,173**	94,843
	-0.5%	**(89,111)**	(88,920)

13 SHARE CAPITAL

The authorized, issued and fully paid share capital as of 31 December 2024 comprises 20,000,000 shares of SR 1 each (2023: 20,000,000 shares of SR 1 each). The structure of Company shareholding is as follow:

	2024	2023	**2024**	2023	**2024**	2023
Name	**Shareholding %**		**Number of shares**		**Share capital (SR)**	
Lazard Group LLC	**95**	95	**19,000,000**	19,000,000	**19,000,000**	19,000,000
Lazard Funding Limited LLC	**5**	5	**1,000,000**	1,000,000	**1,000,000**	1,000,000
	100	100	**20,000,000**	20,000,000	**20,000,000**	20,000,000

The country of registration of shareholders is the United States of America (USA).

14 GENERAL RESERVE

Previously, in accordance with the Company's By-laws, 10% of the net income for the year was allocated to the general reserve. However, pursuant to the provisions of the new Companies Law, the requirement for a statutory reserve has been abolished. Accordingly, the Company has amended its By-laws to align with the new regulatory framework.

Docusign Envelope ID: A9C24428-408A-45BD-9ECD-8BD199696CDE

15 RELATED PARTY TRANSACTIONS AND BALANCES

In the ordinary course of its activities, the Company transacts business with related parties as per the terms approved by the management of the Company. The following is a summary of the transactions with related parties that took place during the year to 31 December 2024 and the outstanding balances that remained at 31 December 2024.

Related parties	Relationship
Lazard Group LLC	Shareholder
Lazard Funding Limited LLC	Shareholder
Lazard & Co Limited	Affiliate
Lazard Freres & Co LLC	Affiliate
Lazard & Co Services Limited	Affiliate
Lazard Gulf Limited	Affiliate
Lazard Strategic Coordination Company LLC (LSCC)	Affiliate
Lazard Freres SAS	Affiliate
Lazard Asset MGMT UK	Affiliate
Lazard & Co. GmbH	Affiliate
Lazard Asesores Financieros SA	Affiliate
Maison Lazard SAS	Affiliate

Transactions

Names of Related Party	Nature of Relationship	Nature of transactions	2024	2023
Lazard Freres SAS	Affiliate	Intercompany expenses transactions	**8,852,631**	18,147,870
Lazard Freres & Co. LLC	Affiliate	Intercompany expenses transactions	**2,448,803**	(49,853)
Maison Lazard SAS	Affiliate	Intercompany expenses transactions	**1,802,719**	-
Lazard & Co. GmbH	Affiliate	Intercompany expenses transactions	**1,310,521**	-
Lazard Asset management UK	Affiliate	Intercompany expenses transactions	**76,312**	(37,077)
(LSCC)	Affiliate	Intercompany expenses transactions	**20,534**	(16,372)
Lazard Gulf LTD	Affiliate	Intercompany expenses transactions	**1,097,318**	3,585,569
Lazard Asesores Financieros SA	Affiliate	Intercompany expenses transactions	**936,086**	-
Lazard & Co Limited	Affiliate	Intercompany expenses transactions	**5,447,166**	(20,808)
Lazard & Co Services Limited	Affiliate	Intercompany expenses transactions	**71,515**	25,271
Lazard Group LLC	Shareholder	Intercompany expenses transactions	**2,340,394**	(2,866,667)
		Absorption of Loss	**-**	(17,500,000)
		Increase Share Capital	**-**	(12,500,000)

Docusign Envelope ID: A9C24428-408A-45BD-9ECD-8BD199696CDE

15 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Compensation to key management personnel

Related Party	**Nature of transactions**	**Amount of transaction during the year**		**Balance Payable**	
		31 December 2024	31 December 2023	**31 December 2024**	31 December 2023
Key personnel management	Salaries and other short-term benefits*	**7,548,057**	8,239,042	**3,948,204**	4,841,840

*Salaries, Benefits and Incentives due to related parties are included in the statement of financial position under Accruals and other current liabilities.

Balances

Balances	**31 December 2024**	31 December 2023
	SR	SR
Due to Related Parties		
Lazard Group LLC	**7,475,020**	5,134,626
Lazard & Co Limited	**12,310,736**	6,863,570
Lazard Freres SAS	**10,460,233**	1,607,600
Lazard Freres & Co. LLC	**2,522,733**	73,930
Maison Lazard SAS	**1,802,719**	-
Lazard & Co. GmbH	**1,310,521**	-
Lazard Asset management UK	**113,389**	37,077
Lazard & Co Services Limited	**71,515**	-
(LSCC)	**5,493**	26,026
Total	**36,072,359**	13,742,829

	31 December 2024	31 December 2023
	SR	SR
Due From Related Parties		
Lazard Gulf LTD	**2,423,978**	3,521,295
Lazard Asesores Financieros SA	**936,086**	-
Total	**3,360,064**	3,521,295

The above outstanding balances carry no interest and have no fixed repayment date.

Docusign Envelope ID: A9C24428-408A-45BD-9ECD-8BD199696CDE

16 EQUITY-BASED INCENTIVE COMPENSATION AWARDS

The Company has allotted equity-based incentive compensation awards to its key management. Under the award, the Company provides Restricted Stocks Units (RSUs) of its ultimate Parent Company, Lazard LTD. The stocks are vested subject to completion of vesting period. The plan of Lazard LTD under which RSUs are awards is termed as Company's 2008 plan. Ultimate vestment of RSUs will be in the form of Class A common stock.

RSUs generally require future service as a condition for the delivery of the underlying shares of Class A common stock. The grant date fair value of the RSUs, net of an estimated forfeiture rate, is amortized over the vesting periods or requisite service periods (generally one-third after two years, and the remaining two-thirds after the third year) and is adjusted for actual forfeitures over such period. RSUs generally include a dividend participation right that provides that during vesting periods each RSU is attributed additional RSUs (or fractions thereof) equivalent to any dividends paid on Class A common stock during such period.

	31 December 2024	31 December 2023
	SR	SR
Number of RSUs issued-units	**21,848**	**37,235**
Charges to salaries-SR	**2,487,804**	**3,074,863**
Liability for RSUs-SR	**7,968,866**	**5,489,057**

	Units	Weighted average price of shares (SR)
Balance at 1 January 2023	**-**	-
Granted	**37,235**	38.62
Forfeited	**-**	-
Vested	**(12,415)**	93.99
Balance at 31 December 2023	**24,820**	37.93
Granted	**22,922**	38.99
Forfeited	**-**	-
Vested	**(1,894)**	39.99
Balance at 31 December 2024	**45,848**	38.38

Docusign Envelope ID: A9C24428-408A-45BD-9ECD-8BD199696CDE

17 FEES INCOME

	31 December 2024	31 December 2023
Advisory Fees Income	**58,150,978**	5,974,073
Asset Management Fees Income	**5,454,999**	3,855,767
	63,605,977	9,829,840

2024	**Advisory Fees Income**	**Asset Management**
Nature and timing of revenue recognition:		
At point in time	**58,150,978**	**-**
Over a period	**-**	**5,454,999**
	58,150,978	**5,454,999**

2023		
Nature and timing of revenue recognition:		
At point in time	5,974,073	-
Over period	-	3,855,767
	5,974,073	3,855,767

18 GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	31 December 2024	31 December 2023
		SR	SR
Salaries and related expenses		**23,620,617**	25,814,023
Allocated administrative and support costs		**5,354,424**	134,524
Legal and professional fees		**1,513,678**	2,089,324
Personnel Recruitment Expenses		**1,758,028**	-
Business travel expenses		**1,033,381**	908,329
Depreciation of right of use assets	9	**804,289**	67,024
Withholding tax		**344,921**	12,028
Communication and internet expenses		**319,654**	160,454
Outsourced services		**259,220**	94,047
Depreciation	8	**256,889**	99,548
Insurance expenses		**247,454**	116,180
Printing, courier and stationery		**231,154**	61,243
Maintenance		**161,363**	-
Rent		**294,000**	377,659
Others expenses		**354,084**	154,499
		36,553,156	30,088,882

19 OTHER INCOME

	Note	31 December 2024	31 December 2023
Tax refund	20	**10,243,513**	-
Exchange gain / (loss)		**114,915**	(281,307)
		10,358,428	(281,307)

Docusign Envelope ID: A9C24428-408A-45BD-9ECD-8BD199696CDE

20 INCOME TAX

Income tax has been calculated in accordance with the Saudi Arabian Zakat and Income Tax Regulations and charged to the statement of income. The provision for income tax is calculated at the rate of 20% based on the adjusted taxable income. The significant tax adjustments made to accounting net income relate to depreciation, employees' termination benefits and provision against doubtful receivables. Management believes that impact of deferred tax, if any, is not material to the financial statements.

As at 31 December 2024, the Company has adjusted taxable loss, therefore, no provision for income tax has been recorded for the year.

The Company has filed income tax and withholding tax declarations for the years up to and including the year ended 31 December 2024 with the Zakat, Tax and Customs Authority ("ZATCA").

ZATCA inspected previous years' taxes in the year and issued final assessments for 2015 and 2016 to 2018, assessing additional corporate tax amounting to SAR 10,124,348 which was paid by the Company in 2022.

As at 31 December 2024, the Company recovered an amount of SAR 10,243,513 from the ("ZATCA").

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

21.1 Financial risk factors

The objective of the Company is to safeguard the Company's ability to continue as a going concern so that it can continue to provide optimum returns to its shareholders and to ensure reasonable safety to the shareholders. The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Company Manager is responsible for identifying and controlling risks. The Company Board supervises the Company Manager and is ultimately responsible for the overall management of the Company.

Monitoring and controlling risks are primarily set up to be performed based on the limits established by the Company Board. The Company has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

The Company uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below:
Financial assets of the Company comprise cash and cash equivalents, due from related parties and other assets while financial liabilities of the Company comprise due to related parties, accrued expenses and other liabilities

a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency.

The financial instruments of the Company are denominated in Saudi Riyals and Dollar American.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.
The following table shows the company's maximum exposure to credit risk for components of the statement of financial position:

	2024
Cash and cash equivalents	**18,691,459**
Account receivables	**36,890,696**
Due from related parties	**3,360,064**
	58,942,219

Docusign Envelope ID: A9C24428-408A-45BD-9ECD-8BD199696CDE

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

21.1 Financial risk factors(continued)

b) Credit risk (continued)

At each reporting date, bank balances are assessed to have low credit risk as they are held with reputable and high credit rating domestic banking institutions and there has been no history of default with any of the bank balance. Therefore, the probability of default based on forward looking factors and any loss given default are considered negligible. The credit rating of the Bank is A+ based on Fitch credit agency.

Receivables and other assets are unsecured, yield free and have no fixed repayment. Receivable balance at the reporting date is due for less than 120 days. Taking into account the historical default experience and the future prospects of the counterparty, the management considers that Receivable and other assets balances are not impaired.

The company's policy to enter into contracts for financial instruments with reputable parties. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

(c) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with the financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Financial assets of the Company as at period-end mainly included balances with bank and investments measure at FVTPL which can be utilized to meet changing liquidity requirements. Management monitors forecasted cash flow on a regular basis and ensures that positive cash flows from operating activities are maintained to fund the Company's future commitments.

The table below summarizes the maturity profile of significant assets and liabilities of the company based on expected maturities:

	31 December 2024	
	Less than 1 year	**More than one year**
Cash and cash equivalents	**18,691,459**	-
Account receivables	**36,890,696**	-
Prepayments and other assets	**592,250**	
Due from related parties	**3,360,064**	-
TOTAL ASSETS	**59,534,469**	**-**
Accrued expenses and other liabilities	**10,101,612**	**-**
Due to related parties	**36,072,359**	**-**
Lease obligation – Current portion	**1,833,581**	**-**
Employees' defined benefits	**-**	**1,822,110**
Lease obligation – non-Current portion	**-**	**1,857,174**
TOTAL LIABILITIES	**48,007,552**	**3,679,284**

21.2 Capital Risk Management

It is the policy of the Board of Directors to maintain an adequate and strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board of Directors monitors the return on capital employed.

Docusign Envelope ID: A9C24428-408A-45BD-9ECD-8BD199696CDE

22. Regulatory requirement and capital adequacy ratio

The Capital Market Authority (the "CMA") has issued Prudential Rules (the "Rules") dated 30 December 2012 (corresponding to 17 Safar 1434H). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under these Rules. In accordance with this methodology.

The Company has calculated its capital adequacy ratios as follows:

	(Thousands of Saudi Riyals)	
	31 December 2024	31 December 2023
Capital Base:		
Tier 1 capital	**12,677**	12,678
Tier 2 capital	**-**	-
Total Capital Base	**12,677**	12,678
Capital Adequacy Ratio (times)	**123%**	120.68%

23. Assets under management

Assets under management represents:
The investment assets being managed by the Company as at 31 December 2024 are valued at SR 721,015,575 (31 December 2023: Nil).

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

24 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments exist at reporting date.

25 SUBSEQUENT EVENTS

There have been no significant subsequent events since the year ended 31 December 2024 that would have a material impact on the financial position of the Company as reflected in these financial statements.

26 RECLASSIFICATIONS OF COMPARATIVE FIGURES

During the year, the Company has made certain reclassifications in the comparative financial statements to conform to current period presentation**.**

27 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 24 March 2025 G corresponding to 24 Ramadan 1446 H.