الخبير المالية
Alkhabeer Capital

Annual Report 2025

بسم الله الرحمن الرحيم

In the name of Allah, the merciful, the compassionate

King Salman bin Abdulaziz Al Saud
Custodian of the Two Holy Mosques

HRH Prince
Mohammed bin Salman bin Abdulaziz Al Saud
Crown Prince and Prime Minister

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CORPORATE OVERVIEW

Alkhabeer Capital is a Saudi asset manager and investment firm offering Shari'ah-compliant investment products and solutions across private equity, real estate, capital markets, brokerage and corporate finance.

In 2025, Alkhabeer Capital launched Alkhabeer Brokerage, one of its latest strategic growth initiatives, providing clients with broader access to local and international markets through technology-driven brokerage services. The platform further strengthens the Company's multi-asset capabilities and reflects its continued focus on disciplined execution, expanding client access, and the thoughtful adoption of technology to enhance service quality.

Alkhabeer Capital is headquartered in Jeddah, with a branch in Riyadh, and is regulated by the Capital Market Authority of the Kingdom of Saudi Arabia under License No. 07074-37.

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Our Vision

To shape our industry by offering innovative investment solutions that will accelerate the financial well-being of all stakeholders.

Our Values

Integrity. Take pride in upholding the highest ethical standards and placing the interests of our clients first.

Thought Leadership. Anticipate the changing needs of our stakeholders and creatively explore solutions to meet those needs.

Passionate Ownership. Empower people to embrace responsibility and own our commitments to shareholders and clients.

Teamwork. Encourage teamwork and collaboration to maximize the potential of our team.

Citizenship. Assume responsibility and commitment toward communities in which we work.

Awards

The Company received several prestigious awards in 2025, highlighting its achievements and the professionalism and dedication of its employees. The Company also earned recognition from prominent industry specialists for its strong performance and unique investment opportunities. These accolades were based on comprehensive evaluations across multiple dimensions and sectors.

HISTORY OF ACHIEVEMENTS

2025

Launch of Alkhabeer Platform

- Implementation of a marketing campaign to promote the Alkhabeer Tadawul Platform.
- Launch of Alkhabeer FinTech Income Fund.
- Signing of a strategic partnership agreement with FASANARA Capital.
- Signing of an agreement for the Company's acquisition of a 60% stake in Al Fajr Medical Services Company.
- Signing of a strategic partnership agreement with Sindbad. Tech.

2024

Listing of Alkhabeer Diversified Income Traded Fund 2030

- Alkhabeer Diversified Income Traded Fund 2030 was successfully listed with an initial capital of SAR 305.5 million.
- Alkhabeer Murabaha Sukuk Certificate Issuance Programme was launched with a total size of SAR 350 million.
- Alkhabeer Saudi Private Equity Fund 1 successfully acquired a 51% stake in Hanaa Group Trading Company, a renowned catering business.
- The company ranked 24th in terms of trading value among 33 brokerage firms for the Main Market equities.
- The company ranked 18th among 26 brokerage firms for Main Market equities - Internet trading.

2023

A New Age of Trading

- Alkhabeer Capital generated operating profits in excess of SAR 100 million.
- Almujtama Alraida Medical Company, the underlying asset of Alkhabeer Saudi Private Equity Fund 2, was listed on the Nomu - Parallel Market.
- Launched trading services in global markets.
- Launched Margin Trading Service.
- Launched Alkhabeer Murabaha Fund.
- Increased the capital of Saudi Innova Healthcare, an underlying asset of Alkhabeer Saudi Private Equity Fund I, for the second consecutive year.

2022

Alkhabeer Capital joined the group of licensed brokerage firms operating in the market to offer brokerage services.

- Alkhabeer Capital signed an agreement with Wamid as part of its preparations to launch the Alkhabeer Brokerage Platform.
- Listed Alkhabeer Growth and Income Traded Fund on the Saudi Exchange.
- Listed AME Company for Medical Supplies Limited on the Nomu - Parallel Market, to become the first listed company owned by a private equity fund managed by Alkhabeer Capital.

2021

The Company's strategic transformation

- Implementing the Company's strategic transformation plan, which is based on an acquisition approach aimed at increasing offerings in the capital market.
- Offering additional Units in Alkhabeer Real Estate Investment Traded Fund (Alkhabeer REIT).
- Listing of Alkhabeer Diversified Income Traded Fund.

2020

Establishment of the Brokerage Department

- Launched a traded income fund, the first of its kind in the Kingdom.
- Established the Brokerage Department in the Company.
- Exited from a real estate fund.

2019

Income-Generating Funds

- Launched a public Waqf fund and exited from 4 funds.
- Won first place as the Best Workplace within the financial services sector.

2018

Real Estate Traded Funds

- Launched the first real estate investment traded fund, "Alkhabeer REIT", with total assets exceeding one billion SAR.
- Won first place as Best Workplace within the financial sector.
- Won two awards: Best Private Equity Investment Company and Best Asset Manager.

2017

Investing in Hospitality Sector

- Coinciding with the launch of the Saudi Vision 2030, we continued to focus on implementing our strategy targeting investment opportunities in the hospitality sector.
- Exited a private equity fund that invests in the industrial sector.

2016

Income Generating Real Estate Assets

- Launched the first real estate investment income-generating fund and the first fund in the Hospitality sector.
- Exited a real estate fund.
- Won two awards, Best Workplace in Saudi Arabia and Best Workplace in Asia.

2015

Investing in the Education Sector

- Launched the first private equity fund that invests in the education sector.
- Exited from a real estate investment fund.
- Won first place for Best Workplace within the financial sector.

2014

Investing in the Health Sector

- Launched the first private equity fund that invests in the health sector.
- Launched the first real estate investment fund in the United States.
- First exit from a fund.

2013

Portfolio Management

- Began providing portfolio management services to the Company's clients through the Capital Markets Department.
- Won the "Best Employers in the Middle East" award.

2012

The First Private Equity Fund

- Launched the first private equity investment fund (industrial) and the first real estate investment fund in London, United Kingdom.
- Won the "Best Company for Islamic Portfolio Management" award.

2011

Entered the Capital Markets

- Launched two funds to invest in the capital markets, namely, Alkhabeer GCC Equity Fund and Alkhabeer Global Commodity Fund.

2010

First Real Estate Fund

- Entered the real estate investment field by launching 4 real estate investment funds in the Kingdom of Saudi Arabia.

2008

The Beginning

- The Company obtained a license from the Capital Market Authority to deal in securities as an underwriter, manage investments, arrange, advise, and provide custody services, and became known as Alkhabeer Capital.

2004

Incorporation

- In 2004, a group of professional bankers established a consulting firm specializing in the development of Sharia-compliant investment products, as well as financial advisory and offering services, including debt and equity securities offerings.

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Earnings

Saudi Riyals (in thousands)	2025	Change	Percentage	2024	2023	2022	2021
Total Operating Income	**333,141**	24,201	7.83%	308,940	289,080	262,056	237,578
Operating Expenses	**(149,880)**	7,702	5.42%	(142,178)	(136,433)	(127,634)	(119,130)
Murabaha and Financing Expenses	**(49,560)**	2,288	4.84%	(47,272)	(45,426)	(40,112)	(38,119)
Net Income After Zakat and Income Tax	**129,291**	15,011	13.14%	114,280	102,859	91,391	73,271
Earnings per Share (SAR)	**1.45**	0.17	13.28%	1.28	1.15	1.02	0.82

Revenues 333.1
(SAR million)

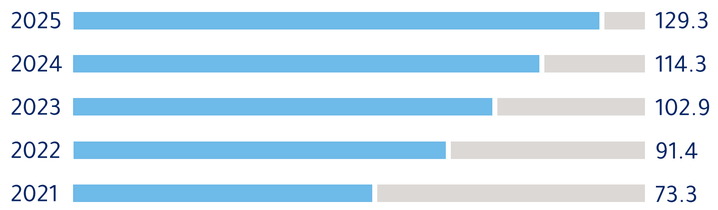
Total revenue in 2025 increased by 8% to SAR 333.1 million compared to 2024.

Financial Position

Saudi Riyals (in thousands)	2025	Change	Percentage	2024	2023	2022	2021
Shareholder's Equity	**1,237,632**	76,478	6.59%	1,161,154	1,096,312	1,038,267	982,871
Total Assets	**2,147,926**	145,292	7.26%	2,002,634	1,966,629	1,893,477	1,842,370
Investments	**1,805,797**	188,268	11.64%	1,617,529	1,635,500	1,586,811	1,409,203
Total Liabilities	**910,294**	68,814	8.18%	841,480	870,317	855,210	859,499
Assets Under Management	**9,705,039**	123,288	1.28%	9,581,751	8,175,594	8,083,517	7,076,747

Net income after Zakat and income tax 129.3
(SAR million)

Net income after Zakat and income tax increased by 13.14% compared to 2024, reaching SAR 129.3 million.

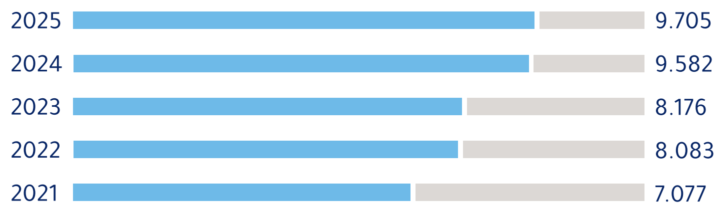


Profitability

	2025	Change	Percentage	2024	2023	2022	2021
Operating Expenses-to-Income ratio	**45.0%**	1.0%	2.24%	46.0%	47.20%	49%	50%
Net Income Margin	**40.5%**	1.4%	3.61%	39.1%	37.53%	36.4%	34.3%
Return on Average Assets	**6.5%**	0.4%	6.85%	6.1%	5.62%	5.1%	4.3%
Return on Equity	**10.8%**	0.7%	6.47%	10.1%	9.64%	9.0%	7.7%
Return on Capital invested **	**15.9%**	1.8%	13.14%	14.1%	12.65%	11.2%	9.0%
Share Value based on inception date	**15.22**	0.9	6.59%	14.28	13.48	12.77	12.09

Assets Under Management 9.705
(SAR billion)

Total assets under management reached SAR 9.705 billion as of 31 December 2025, representing an increase of 1.28% compared to the end of 2024.



* Value and percentage change between 2024 and 2025.
** Based on the initial capital.

INVESTMENT PORTFOLIO 2025

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CURRENT INVESTMENTS

	PRODUCT NAME	TYPE	INCEPTION DATE	GEOGRAPHY	TARGETED EXIT YEAR	AUM SIZE*
REAL ESTATE						
1	Alkhabeer Real Estate Opportunity Fund I		7-Dec-14	Saudi Arabia	2026	456.30
2	Alkhabeer Real Estate Residential Development Fund II		31-Dec-14	Saudi Arabia	2026	37.67
3	Alkhabeer Hospitality Fund I		22-Dec-16	Saudi Arabia	2026	0.97
4	Alkhabeer GCC Opportunity company		27-Dec-17	Saudi Arabia	2026	304.60
5	Alkhabeer Real Estate Opportunity Fund II		28-Dec-17	Saudi Arabia	2028	0.19
6	Alkhabeer REIT Fund		16-Dec-18	Saudi Arabia	NA	1,910.78

	PRODUCT NAME	TYPE	INCEPTION DATE	GEOGRAPHY	TARGETED EXIT YEAR	AUM SIZE*
PRIVATE EQUITY						
1	Alkhabeer Education Private Equity Fund 1		31-Dec-15	Saudi Arabia	2026	264.47
2	Alkhabeer Education Private Equity Fund 2		30-Dec-18	GCC	2026	319.73
3	Alkhabeer Education Private Equity Fund 3		31-Dec-18	GCC	2026	299.83
4	Alkhabeer Education Private Equity Fund 4		31-Dec-18	GCC	2026	274.78
5	Alkhabeer Education Private Equity Fund 5		15-Oct-20	GCC	2026	322.78
6	Alkhabeer Education Private Equity Fund 6		28-Dec-20	GCC	2026	430.80
7	Alkhabeer Education Private Equity Fund 7		27-Dec-20	GCC	2026	249.40
8	Alkhabeer Industrial Private Equity Fund 4		14-Nov-21	GCC	2026	614.97
9	Alkhabeer Saudi Private Equity Fund 1		29-Dec-21	Saudi Arabia	2026	1,006.67
10	Alkhabeer Car Rental Private Equity Fund		21-Dec-22	Saudi Arabia	2027	374.09
11	Alkhabeer Primary Care Private Equity Fund		14-Dec-25	Saudi Arabia	2027	393.00

	PRODUCT NAME	TYPE	INCEPTION DATE	GEOGRAPHY	TARGETED EXIT YEAR	AUM SIZE*
CAPITAL MARKET						
1	Alkhabeer Diversified Income Traded Fund		07-Jan-21	International	NA	431.42
2	Alkhabeer Private Multi Asset Income Fund I		05-Dec-21	International	2026	347.78
3	Alkhabeer Growth & Income Traded Fund		27-Apr-22	International	NA	706.23
4	Alkhabeer Saudi Riyal Murabaha Fund		1-Jun-23	Saudi Arabia	NA	93.91
5	Alkhabeer Diversified Income 2030 Traded Fund		17-Jul-24	International	NA	318.19
6	Alkhabeer Fintech Income Fund		1-Dec-25	International	NA	32.35

Public Funds - Close-Ended | Public Funds | Public Funds - Open-Ended | Traded Funds

* (SAR millions as of 31 Dec 2025, unless otherwise stated)

EXITED INVESTMENTS

	PRODUCT NAME**	TYPE	INCEPTION DATE	GEOGRAPHY	EXIT DATE	TOTAL DISTRIBUTIONS (⃁ MILLIONS)	RETURN ON INVESTMENT
REAL ESTATE							
1	Alkhabeer Land Development Fund I		01-Jul-10	Saudi Arabia	10-Mar-14	306.5	85.10%
2	Alkhabeer Real Estate Fund I		1-Nov-10	Saudi Arabia	19-Oct-15	121.2	40.54%
3	Alkhabeer Real Estate Fund II		1-Nov-10	Saudi Arabia	30-May-16	165.6	65.65%
4	Alkhabeer Central London Residential Fund I		19-Nov-12	UK	19-Nov-18	101.8	***
5	Alkhabeer Saudi Real Estate Income Fund I		8-Dec-16	Saudi Arabia	20-Mar-19	40.40	-2.27%
6	Alkhabeer Land Development Fund II		7-Dec-11	Saudi Arabia	31-Jul-19	164.80	44.66%
7	Alkhabeer Residential Real Estate Development Fund I (MASAKEN I)		29-Dec-12	Saudi Arabia	29-Dec-20	71.40	***
8	Alkhabeer US Real Estate Income Fund		2-Jul-14	US	30-Jun-22	81.17	-34.4%
PRIVATE EQUITY							
1	Alkhabeer Industrial Private Equity Fund II		29-Dec-13	UAE	24-Dec-17	201.1	54.72%
2	Alkhabeer Industrial Private Equity Fund I		31-Dec-12	UAE	31-Dec-19	140.51	8.08%
3	Alkhabeer SME Fund I		28-Dec-14	Saudi Arabia	31-Dec-19	2.39	***
4	Alkhabeer Healthcare Private Equity Fund I		31-Dec-14	Saudi Arabia	10-Jan-22	18.86	26.66%
5	Alkhabeer Industrial Private Equity Company III		26-Dec-17	GCC	02-Apr-23	--	***
6	Alkhabeer Saudi Private Equity Fund 2		01-Dec-21	Saudi Arabia	31-Dec-24	186.4	20.26%

	PRODUCT NAME	TYPE	INCEPTION DATE	GEOGRAPHY
CAPITAL MARKETS				
1	Alkhabeer GCC Equity Fund		03 Jul 2011	GCC
2	Alkhabeer Liquidity Fund "Hasseen"		12 Feb 2012	GCC
3	Alkhabeer Saudi Equity Fund		01 Jul 2013	Saudi Arabia
4	Alkhabeer IPO Fund		03 Dec 2015	GCC, MENA
5	Alkhabeer Waqf Fund I		14 Jan 2020	Saudi Arabia

Public Funds - Close-Ended | Public Funds | Public Funds - Open-Ended | Traded Funds

* These are Closed-Ended investment products which are established and offered by way of private placement, in compliance with the implemented regulations issued by the CMA.

** The Fund remains under liquidation.

BOARD OF DIRECTORS REPORT SUMMARY

BOARD OF DIRECTORS REPORT SUMMARY

Dear Shareholders of Alkhabeer Capital,

By the grace of Allah, Alkhabeer Capital continued to deliver solid performance throughout 2025, reflecting the strength of its strategy and the effectiveness of its execution. The Company achieved notable growth supported by several financial and operational accomplishments that reinforced its journey toward maximizing shareholder value and strengthening its market position.

On my own behalf and on behalf of the Board of Directors, I am pleased to present the Company's Annual Report for 2025, which highlights the key financial results, operational developments, and governance advancements achieved during the year.

Financial Performance

The Company achieved positive results in 2025, reflecting the continued success of its business model and sustained investor confidence. Operating revenues increased by 7.83% compared to 2024, reaching SAR 333.1 million, while the Company's investments grew by 11.67% year-on-year to SAR 1.8 billion. Net income before Zakat also increased by 12%, reaching SAR 135 million, while net income after Zakat rose by 13.14% to SAR 129.291 million.

Shareholders' equity increased by 6.59% from 2024 to SAR 1.24 billion. Earnings per share rose 13.28% year-on-year to SAR 1.45 by the end of 2025.

Based on this strong financial performance, and reflecting the Board's confidence in the Company's future performance, the Board of Directors resolved during Meeting No. (83), held on 11 March 2026, to recommend to the General Assembly the distribution of cash dividends for the finical year 2025 totaling SAR 53 million, equivalent to 5.925% of the Company's capital, representing an increase of 0.95% compared to the previous year.

Business Results

During 2025, the Company achieved several milestones across its various divisions, further strengthening its market position and supporting its sustainable growth objectives.

Within the Private Equity Department, the "Alkhabeer Primary Healthcare Private Equity Fund" was launched and acquired a 60% stake in Fajr Medical Services Complex Company.

The Capital Markets Department continued to strengthen collaboration with global investment managers to develop innovative investment products, resulting in the successful launch of the "Alkhabeer Fintech Income Fund."

As part of its commitment to developing high-quality investment products and enhancing revenue diversification and asset management efficiency, the Real Estate Investments Department submitted two real estate development fund projects to the Capital Market Authority in Riyadh and Jeddah.

The Brokerage Department achieved a 38.95% increase in client count compared to the previous year. The Company also acquired a stake in Sindbad.Tech to invest in algorithmic automated trading services.

To support financing activities, the Corporate Finance Department restructured facilities amounting to SAR 475 million and arranged sukuk issuances and private placements totaling SAR 469 million.

By the end of 2025, the Business Development and Placement Department delivered strong performance, with recurring services accounting for 31% of total funds raised, reflecting high levels of client satisfaction. The Department also succeeded in raising a record total of SAR 1.24 billion.

As part of the Company's commitment to fostering an outstanding workplace culture, Alkhabeer Capital maintained its leadership as the "Best Workplace" in the financial sector in Saudi Arabia and the Middle East for the fourteenth consecutive year. In 2025, the Company ranked first among financial companies and thirteenth overall in Saudi Arabia's Best Workplaces ranking, reaffirming its dedication to building a motivating work environment that supports talent and drives excellence.

These achievements were accomplished despite several operational challenges during the year, including matters related to closing the outcomes of the Capital Market Authority's inspection review, reduced market liquidity, delays in certain offering procedures pending regulatory approvals, and financing cost pressures. While these factors resulted in the postponement of some operational targets, the Company continued to execute its plans with institutional discipline and integrated coordination between management and the Board of Directors.

Corporate Governance

Through periodic governance reviews conducted in collaboration with executive management, the Company identified several opportunities to further strengthen its corporate governance framework. These efforts positively contributed to operational efficiency and reinforced the confidence of investors and strategic partners.

In this context, the Company's Thirteenth Ordinary General Assembly, held on 25 December 2024, approved the election of the new Board of Directors for a term commencing on 3 January 2025. The Board composition includes five non-executive members, three independent members, and one executive member, reflecting an appropriate balance to enhance oversight and governance effectiveness. Additionally, the Eleventh Extraordinary General Assembly, held on 26 June 2025, approved extending the Board term from three to four calendar years, with the term ending on 2 January 2029, thereby supporting governance stability and long-term strategic execution.

Following the formation of the Board and its committees, the Nomination and Remuneration Committee approved a comprehensive framework for evaluating the performance of the Board and its committees throughout the Board cycle, based on best practices and recognized governance standards. This framework includes a self-assessment conducted this year, as well as periodic independent evaluations in future years. The Board also continued developing its governance and oversight practices in line with financial market developments. This included reviewing the implementation plan for measuring customer satisfaction and brand awareness, while the Risk Committee oversaw the review of the Risk Appetite Report methodology. The Board directed management to further develop the report using an updated methodology that reflects current developments, in preparation for approval during the current Board cycle.

As part of the Company's commitment to transparency and cooperation with regulatory authorities, executive management continued to fully cooperate with the Capital Market Authority regarding the outcomes of its previous inspection review. The measures taken during the year strengthened constructive dialogue with the Authority and reflected the Company's commitment to full regulatory compliance. By the grace of Allah, the matter was fully resolved in early 2026, as disclosed in the accompanying notes to the Company's audited financial statements for 2025.

It is also worth noting that, in accordance with approved governance procedures and pursuant to delegation from the Nomination and Remuneration Committee, the Board renewed an advisory services agreement with a related party during the year. The Chairman of the Board abstained from participating in the deliberations related to this matter in compliance with conflict-of-interest governance requirements.

Future Outlook

Building on the successes achieved during the previous cycle, the Board continues to adopt a balanced strategic direction focused on sustainable growth and maximizing shareholder value by supporting executive management in achieving ambitious targets through 2028. These targets include increasing net profit before Zakat by more than 60% to exceed SAR 200 million, achieving a return on capital exceeding 17%, and increasing assets under management by more than 55% to reach SAR 15 billion.

The Board also remains committed to sustaining cash dividend distributions targeting approximately 5% of capital, reflecting the Company's balanced approach between growth and shareholder returns. At the same time, the Company continues progressing toward its planned listing on the Saudi financial market. Al Dakhil Financial Company has been appointed as financial advisor for the registration and listing process, and preparations are proceeding according to the approved timeline, with management working to complete all regulatory requirements in preparation for submission to the relevant authorities during 2026.

The Board also acknowledges the evolving regional geopolitical environment and heightened military tensions. Despite the resilience of the Saudi economy, supported by a strong financial position and diversified hydrocarbon production and export capabilities, ongoing regional uncertainty may affect local market liquidity and delay certain operational targets and planned product listings in 2026.

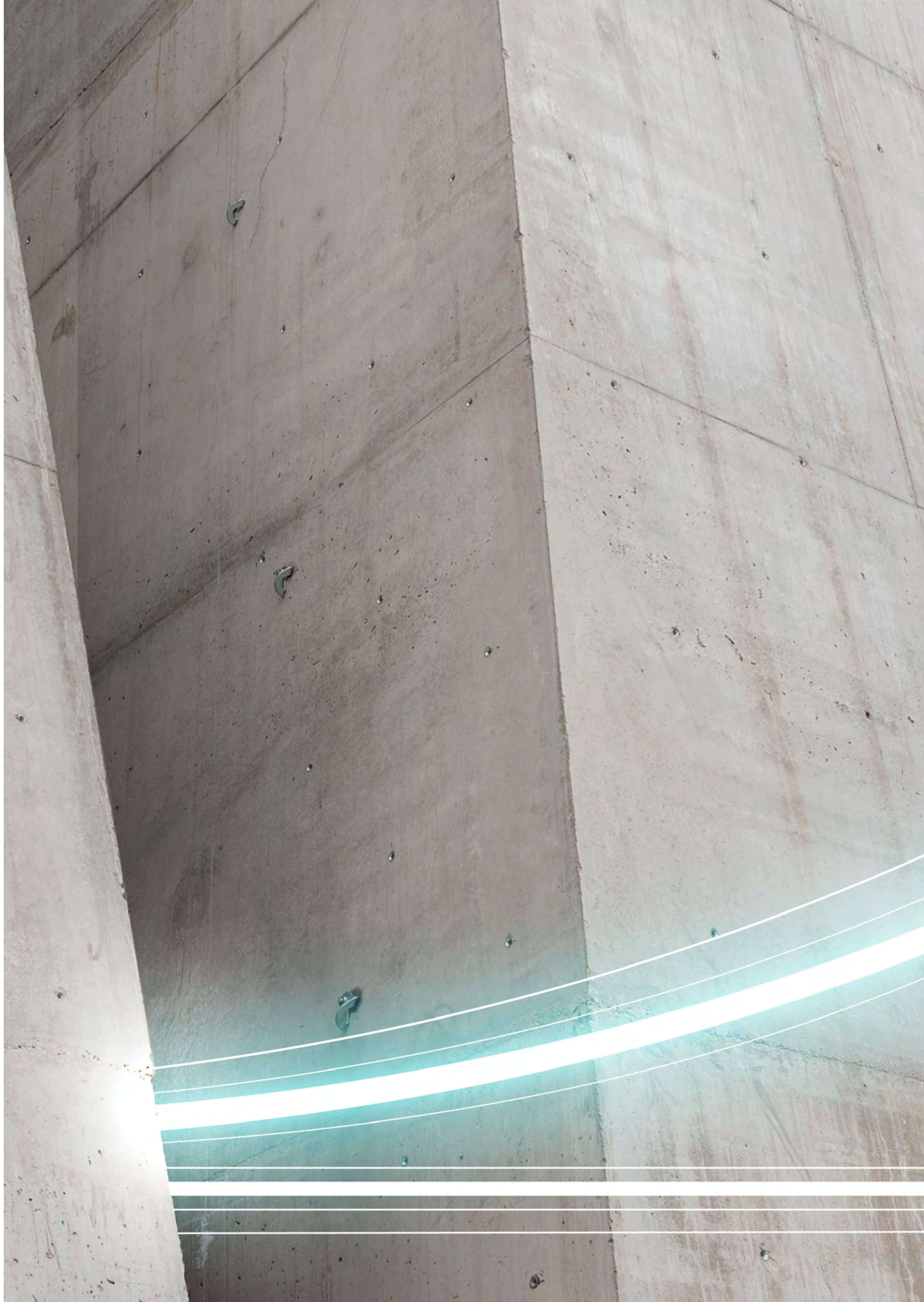
Accordingly, the Board recognizes that 2026 represents a pivotal stage in the Company's journey, presenting both promising growth opportunities and the need for disciplined institutional caution. Management will therefore continue to operate with flexibility and prudence while maintaining appropriate strategic reserves in liquidity and execution timing to safeguard shareholder interests and ensure continuity in achieving the Company's objectives.

The Board reaffirms its commitment to strengthening integration with executive management and to continuing to enhance the governance framework to improve decision-making quality, reinforce institutional discipline, and enable the Company to achieve its strategic objectives efficiently and sustainably amid ongoing economic and regulatory developments.

Appreciation and Gratitude

In closing, on behalf of the Board of Directors, I would like to express our sincere appreciation to the Custodian of the Two Holy Mosques' Government for its continued support of economic development. I also extend our gratitude to the Company's shareholders and all stakeholders for their trust and continued support. I would further like to recognize the tremendous efforts of the executive management team and all Company employees, whose dedication has played a fundamental role in strengthening performance and achieving the Company's objectives. This institutional commitment reflects the strength of the Company's approach toward continued growth and sustainable value creation.

Ammar Ahmed Saleh Shata
Chairman of the Board of Directors



CHIEF EXECUTIVE OFFICER'S REPORT

CHIEF EXECUTIVE OFFICER'S REPORT

By the grace of Allah, the Company continued to achieve distinguished performance and sustained growth throughout 2025, driven by the effective execution of its strategy. This positively reflected on its financial results and strengthened its competitive position in the market. Below is an overview of the Company's key performance highlights and achievements during the year.

Financial Results

During 2025, the Company achieved an 8% increase in operating revenues, reaching SAR 333 million, up from SAR 309 million in 2024. This growth was accompanied by a 5% increase in total expenses, to SAR 149.9 million from SAR 142.2 million in the previous year. Net income before Zakat increased by 12% to reach SAR 135 million, while net income after Zakat increased by 13% to SAR 129.3 million, compared to SAR 114.3 million in the previous year. Assets under management increased to SAR 9.7 billion, while the Company's investments grew by 12% to SAR 1.8 billion, compared to SAR 1.6 billion in the previous year. Earnings per share increased by 13.28% to SAR 1.45, compared to SAR 1.28 in the previous year. In addition, total assets increased to SAR 2.147 billion.

Business Results

The Company's businesses witnessed notable progress during 2025, driven by its innovative approach and diversified investment solutions, which positively impacted its various divisions.

In this context, the Private Equity Department continued its efforts. It achieved several milestones, most notably the launch of the "Alkhabeer Primary Healthcare Private Equity Fund," through which it acquired a 60% stake in Fajr Medical Services Complex Company. The company is a well-established and rapidly growing player in Saudi Arabia's primary healthcare sector, with an integrated operational platform delivering high-quality medical services.

The Department also commenced preparations for the listing file of Innova Company, one of the assets of the "Alkhabeer Saudi Private Equity Fund (1)," on the Main Market of the Saudi Exchange (Tadawul). In addition, work is underway to update the listing application for Integrated Development Company for Education and Training on the Main Market in response to the Capital Market Authority's comments, including updated financial information.

Meanwhile, the Capital Markets Department continued its collaboration with global investment managers, resulting in the successful launch of the "Alkhabeer FinTech Income Fund" during the fourth quarter of 2025. The Fund is an open-ended Shariah-compliant fund designed to invest in income-generating private credit opportunities within the financial technology sector, with quarterly income distributions.

The Real Estate Department continued to implement its strategy focused on developing income-generating real estate products managed to high professional standards. During 2025, cash dividends amounting to SAR 59.2 million were distributed to the unitholders of "Alkhabeer REIT Fund," maintaining stable distributions over the past three years. The Department also submitted two applications to the Capital Market Authority to launch two real estate development funds: one in Jeddah, valued at SAR 2.8 billion, to support infrastructure development, and another residential development fund in Riyadh, valued at SAR 100 million.

As part of the Brokerage Department's efforts to enhance investment services and customer experience, the Company became the first financial institution to adopt the Co-Location hosting service provided by Wamid, the technology arm of Saudi Tadawul Group. This provides direct access to market infrastructure and supports the launch and development of advanced initiatives and services. During 2025, the Company activated stop-loss and take-profit features on Alkhabeer Tadawul platform, enabled trading in Shariah-compliant options contracts in U.S. markets, expanded trading channels to 16 channels, launched the Awraaq Digital platform to manage private deal requests and offers through an integrated electronic platform, and launched the TickerChart platform offering advanced analytics and market data tools. Additionally, the Company acquired a 25% stake in Automated Economy Holding Company, owner of Automated Support for Financial Technology, known as Sindbad.Tech, which will serve as the Company's technology arm in providing AI-supported investment advisory services. Reflecting strong growth momentum, the Company's client base expanded by 39% compared to 2024.

The Business Development and Placement Division contributed to expanding the investor base, including individuals and corporates, by 5%, while recurring services accounted for 31% of total funds raised, reflecting stronger client relationships. The Division also successfully raised a record SAR 1.24 billion through multiple offering transactions.

The Corporate Finance Department restructured and arranged Shariah-compliant financing facilities for Alkhabeer Capital and certain investment funds totaling SAR 475 million.

Driven by its continued commitment to governance and compliance, the Company made cybersecurity and digital transformation key priorities in developing its technological infrastructure, in line with the guidance issued by the Capital Market Authority, Saudi Tadawul Group, and the National Cybersecurity Authority.

During 2025, infrastructure readiness was enhanced through migrating core investment platforms to an advanced operating environment, ensuring service continuity and operational efficiency. The Company also streamlined the digital account-opening journey for clients and launched several technology initiatives. Furthermore, the Company continued to develop its data governance framework and strengthen information protection to support decision-making and reinforce reliability and security standards.

Believing that human capital is the cornerstone of sustainable growth, the Company continued to invest in developing national talent and fostering a motivating work environment that supports skills development and empowers Saudi professionals. As a result, Saudization reached 85% of total employees in 2025, reflecting the Company's commitment to making localization a core pillar of its corporate culture.

Further reinforcing its success in promoting a positive work culture and institutional excellence at both local and regional levels, the Company maintained its position among the "Best Workplaces" in the financial sector in Saudi Arabia and the Middle East for the fourteenth consecutive year. In 2025, the Company ranked first among financial institutions, thirteenth among all companies in Saudi Arabia, and twenty-third across the Middle East.

Future Outlook

The Company views the upcoming phase with confidence, supported by its institutional standing, accumulated expertise, and operational capabilities that enable continued growth and long-term value creation for shareholders and clients. In this context, the Company adopted its four-year strategic plan (2025-2028) to achieve several strategic objectives, most notably enhancing business growth, diversifying income sources, improving operational efficiency, and accelerating digital transformation. These initiatives support ambitious financial targets, including increasing net profit before Zakat by more than 60% to exceed SAR 200 million and increasing assets under management by over 55% to exceed SAR 15 billion.

The Company also seeks to sustain stable cash dividend distributions in a manner that balances growth with the maximization of shareholder returns. Building on these foundations, the Company continues to execute its strategy to expand its business scope and strengthen its competitiveness in line with industry developments and investor expectations. Within this framework, the Company continues to develop and expand brokerage services to strengthen its presence in financial markets and provide clients with access to innovative investment opportunities locally, regionally, and globally, supported by advanced technological solutions, including digital analytics and artificial intelligence tools, to enhance service quality and the efficiency of investment decision-making. The Company also remains focused on developing diversified investment products and financing solutions that contribute to income diversification and business resilience.

On the investment front, the Company will continue adopting a disciplined investment approach focused on asset diversification and maximizing risk-adjusted returns. The Real Estate Investments Department will continue developing real estate investment fund programs, while the Company will also continue to identify and develop private equity opportunities in preparation for potential listing on the Main Market of the Saudi Exchange (Tadawul) or the Nomu - Parallel Market.

The Capital Markets Department also continues to develop innovative investment solutions and expand investment fund offerings to support long-term growth opportunities and provide diversified investment choices. At the same time, the Company will continue investing in its technological infrastructure and strengthening information technology and cybersecurity capabilities, while leveraging artificial intelligence and data analytics to improve operational efficiency and service quality, alongside continued investment in human capital as a key enabler of growth.

In conclusion, I extend my sincere appreciation to our valued clients for their trust, to the Board of Directors for their guidance and support, and to the executive team and all Company employees, whose dedication forms the foundation of the Company's achievements and continued growth. We reaffirm our commitment to continuing our efforts to achieve our strategic objectives in accordance with the highest standards of governance and corporate responsibility.

Ahmed Saud Hamzah Gouth
Chief Executive Officer

MARKET OVERVIEW

ECONOMY AND LOCAL MARKETS OVERVIEW

In 2025, Saudi Arabia continued to advance its economic transformation under Vision 2030, supported by strong non-oil growth, ongoing structural reforms, and sustained investment across strategic sectors. Despite continued volatility in global oil markets, the Kingdom demonstrated marked resilience, with real GDP expanding 4.5% over the year. Non-oil activities remained the principal engine of growth, contributing 2.8 percentage points to overall expansion versus 1.4 points from oil, underscoring the continued progress of economic diversification. Underpinned by fiscal discipline and deepening private-sector participation, Saudi Arabia preserved a strong sovereign credit profile, with both S&P and Fitch reaffirming an A+ rating and stable outlook.

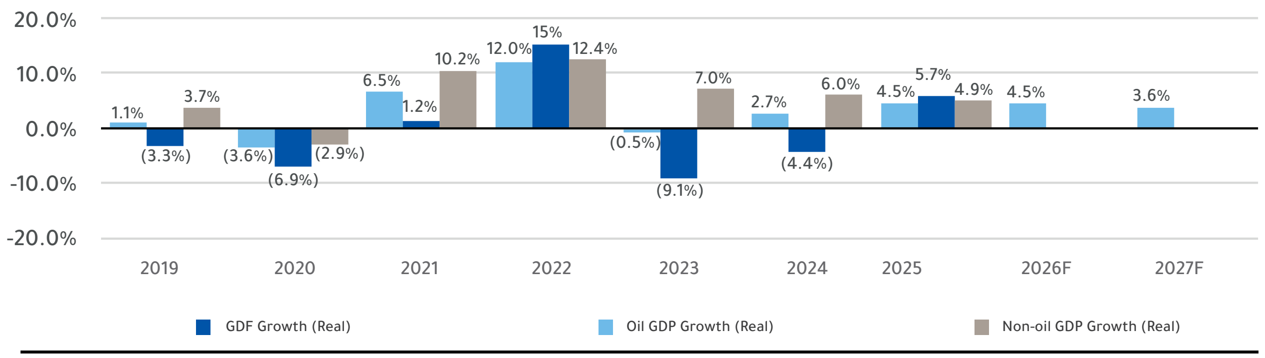
GDP GROWTH IN 2025: THE IMPACT OF OIL RECOVERY AND ECONOMIC DIVERSIFICATION

According to GASTAT, real GDP grew 4.5% in 2025, with oil activities up 5.7%, non-oil activities up 4.9%, and government activities up 0.9%. Growth strengthened sequentially through the year, from 3.7% in the first quarter to 4.5% in the second, 4.8% in the third, and 5.0% year-on-year in the fourth, as the gradual unwinding of OPEC+ production cuts lifted oil output while non-oil activity held firm and remained the largest contributor to full-year expansion. Looking ahead, in its April 2026 World Economic Outlook, the International Monetary Fund (IMF) revised Saudi Arabia's 2026 GDP growth forecast downward to 3.1% from 4.5% in its January projections, reflecting the impact of geopolitical tensions on oil markets, global financial conditions, and regional disruptions linked to the Iran conflict.

Despite this moderation, Saudi Arabia is expected to be better positioned than several regional peers, supported by alternative export routes and relatively resilient energy and transport infrastructure. Although the near-term outlook has softened amid heightened uncertainty and oil market volatility, the Kingdom's diversified non-oil economy continues to provide an important buffer. The IMF also expects growth to rebound to 4.5% in 2027, contingent on a normalization of energy production and transport activity, underscoring Saudi Arabia's capacity to recover as regional conditions stabilize.

BUDGET 2026 FOCUSES ON ECONOMIC DIVERSIFICATION AND FISCAL STABILITY

Saudi Arabia's fiscal position came under pressure in 2025 as lower oil revenues weighed on government receipts. Total revenues fell 13.3% to SAR 1,091 billion, while expenditure rose around 4.0% above budget to SAR 1,336 billion, producing a deficit of SAR 245 billion, equivalent to 5.3% of GDP; public debt is projected at SAR 1,457 billion, or 31.7% of GDP. Saudi Arabia's FY26 budget reinforces the continued pivot toward non-oil diversification under Vision 2030, helping strengthen the economy's resilience amid an uncertain external and oil-market environment. Policy focus remains on enabling the private sector as a growth and employment engine, with fiscal reforms and strengthening non-oil activity supporting revenue resilience. Revenues are guided to SAR 1,147 billion, up 5.1% following the sharp 2025 reset, while expenditure is set to ease to SAR 1,313 billion, implying a deficit of about SAR 165 billion.

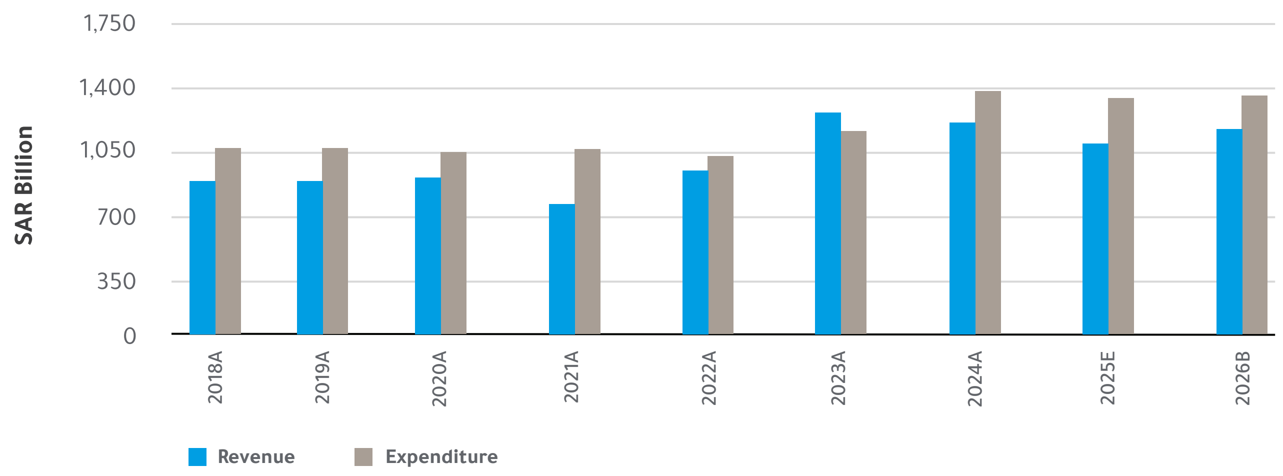


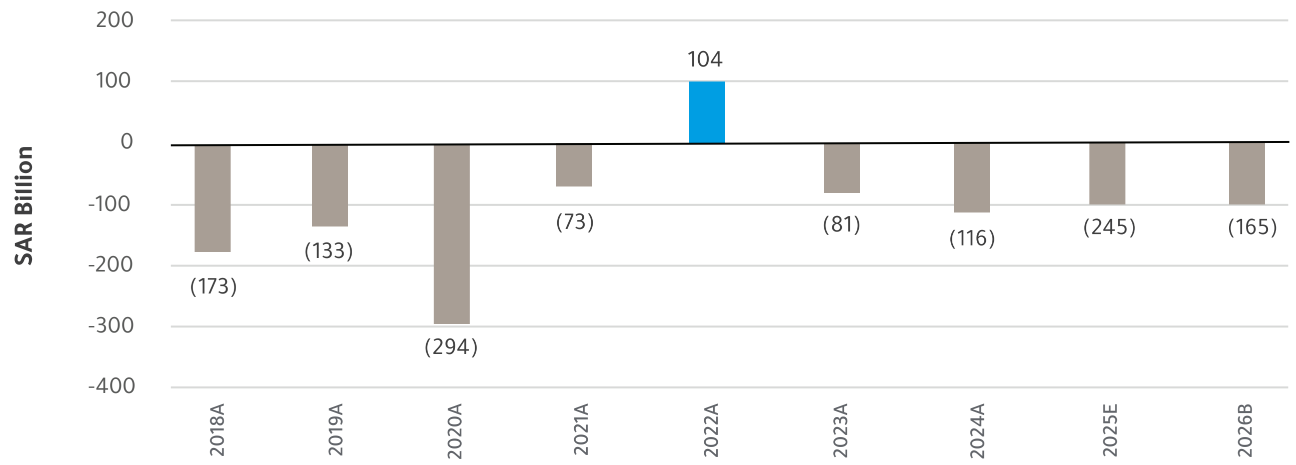
Source: General Authority for Statistics (GASTAT), and IMF Forecasts (Jan 2026)

E - Estimate, F - Forecast, 2025 data based on GASTAT

BUDGETED REVENUE AND EXPENDITURE

Approved Budgeted Revenue and Expenditure

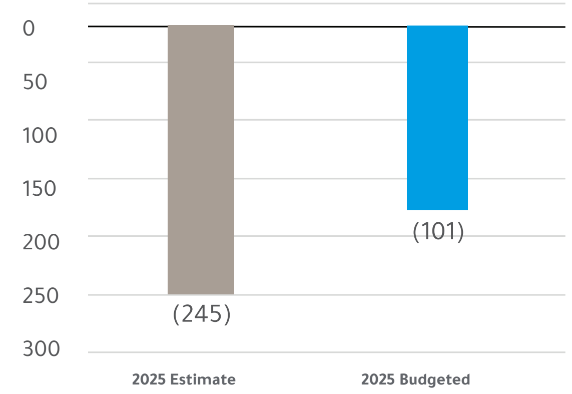




SAUDI ARABIA'S NON-OIL ECONOMY: FROM RAPID EXPANSION TO SCALED, INVESTMENT-LED MATURITY

Saudi Arabia's non-oil private sector closed 2025 in clear expansionary territory, albeit with signs of late-cycle moderation. The Riyad Bank PMI stood at 57.4 in December, easing from 58.5 in November but remaining well above its long-run average, as new orders cooled only marginally and sentiment moderated toward a more competitive, mature footing. Venture capital reached a record USD 1.66 billion across 254 deals, roughly a 25-fold increase since 2018 and a third consecutive year of regional leadership, while the Biban Forum drew more than 100,000 participants and over USD 10 billion in agreements. Active commercial registrations

Estimated vs Budgeted Surplus/Deficit in 2025



Source: Ministry of Finance

surpassed 1.86 million, led by Riyadh, Makkah, and the Eastern Province; the SAR 10 billion Standard Incentives Program advanced manufacturing localization; and more than 700 multinationals established regional headquarters in the Kingdom, reinforcing Riyadh's standing as a regional decision-making hub and supporting the non-oil growth base.

MONETARY EASING AND STABLE INFLATION OUTLOOK

Saudi Arabia navigated a pivotal monetary transition in 2025, shifting from a restrictive setting to a measured easing cycle. In line with the US Federal Reserve, SAMA delivered three consecutive 25 basis-point cuts in September, October, and December, taking the repo rate to 4.25% by year-end, down from its 6.00% peak of July 2023. The easing supported non-oil liquidity, lowered the cost of capital for the Vision 2030 pipeline, and reinforced the riyal's peg. Inflation remained well contained, averaging 2.0% and peaking at 2.3% in August on a 7.6% rise in residential rents, before closing the year at 2.1% in December; mid-year, GASTAT rebased the CPI to 2023 and expanded the basket to 582 items. Looking ahead, Saudi Arabia's FY2026 Budget Statement continues to signal a benign inflation outlook, with headline inflation projected at around 2.0% in 2026, easing to 1.8% in 2027 and 1.9% in 2028.

BANKING SECTOR: SYSTEMIC RESILIENCE AND STRATEGIC CREDIT EXPANSION

The Saudi banking sector in 2025 demonstrated resilience, serving as a key financial engine for the Kingdom's Vision 2030 acceleration. According to the IMF's 2025 Article IV Consultation, the sector remained robust, characterized by high capitalization, profitability, and its lowest non-performing loan (NPL) ratio since 2016. Total banking assets rose 10.3% to SAR 4.96 trillion and deposits reached SAR 2.93 trillion, while credit to the private sector grew 10.2% to SAR 3.15 trillion and the M3 money supply expanded to SAR 3,168 billion from SAR 2,921 billion a year earlier. The sector's asset quality remained exceptional, with the NPL ratio standing at just 1.0%. The sector's resilience, liquidity, and capitalization leave it well positioned to support future investment and infrastructure financing.

OIL MARKETS: FROM VOLATILITY TO OVERSUPPLY

Global oil markets were volatile through the first half, as recurring geopolitical headlines sustained risk premia, before shifting to a surplus-driven regime by year-end. Brent and WTI fell roughly 18% and 19% respectively, both posting their lowest average annual prices since 2020. Supply growth of about 3.0 mb/d materially outpaced demand gains near 0.85 mb/d, and global inventories built by 470 million barrels over the year, with stock builds accelerating into the fourth quarter. OPEC+ remained central to market balancing, executing a calibrated unwind of its 2.2 mb/d of voluntary cuts from April, approving increases of 547 kb/d for September and 137 kb/d for December, while retaining flexibility to pause or reverse; Saudi Arabia raised output in line with higher quotas. The EIA projects Brent to average USD 95 per barrel in 2026 before easing to USD 79 in 2027, as the temporary risk premium associated with Strait of Hormuz tensions gradually dissipates amid improving supply conditions.

CAPITAL MARKETS: WEAKNESS AMID CONTINUED STRUCTURAL PROGRESS

Saudi equity markets had a challenging year. The Tadawul All-Share Index fell 12.8%, its steepest annual decline in a decade, with the fourth quarter alone down 8.8% amid US-China trade tensions and softer commodity prices. Market capitalization declined 13.6% to SAR 8.8 trillion (USD 2.35 trillion), and trading activity moderated, with the value of shares traded down by 30.2%. Telecommunications and information technology were the only sectors to advance, up 11%, while media and entertainment, utilities, and consumer durables fell sharply; heavyweight bellwethers Saudi Aramco and SABIC declined 15% and 23%, weighing on index performance.

Capital formation nonetheless remained robust, with 13 Main Market and 24 Nomu listings anchored by Flynas's SAR 4.1 billion offering, the year's largest IPO, even as retail demand cooled into year-end. The year closed with a landmark reform: the Capital Market Authority's decision to open the Main Market to all categories of non-resident foreign investors from 1 February 2026, moving beyond the Qualified Foreign Investor framework, building on around SAR 590 billion of existing international holdings to deepen liquidity, price discovery, and resilience.

REAL ESTATE: TRANSITION TOWARD A MORE INSTITUTIONAL MARKET

Saudi Arabia's real estate market marked a clear inflection in 2025, shifting from rapid price appreciation toward a more regulated, yield-oriented framework. Authorities introduced a five-year rent freeze in Riyadh in September, covering residential and commercial leases, and revised the White Land law from a flat ~2.5% levy to a tiered structure of up to 10% of land value to accelerate development of vacant land. Investment momentum stayed strong, with agreements at Cityscape Global exceeding SAR 161.2 billion (USD 42.3 billion), while the Real Estate General Authority projects the market to reach USD 101.6 billion by 2029. Riyadh's Grade A office occupancy reached 99% and the Regional Headquarters program surpassed 780 licences; in residential, around 70,000 new units expected over two years began to moderate price growth. Market deepening also advanced through the Kingdom's first Residential Mortgage-Backed Securities, while the Law of Real Estate Ownership by Non-Saudis and the "Saudi Properties" portal position the sector for a more institutional, globally investable phase aligned with the USD 100 billion annual FDI ambition by 2030.

LABOR MARKET REFLECTED LOW UNEMPLOYMENT AND CONTINUED REFORM EFFORTS

Labor-market conditions began from a position of strength, softened mid-year, and improved again by year-end. Saudi unemployment ended at 7.2%, having touched a record-low 6.3% in the first quarter, while unemployment across the total population remained low at 3.5%. The overall labor-force participation rate rose to 67.4% in the fourth quarter, and female participation recovered to 34.5%, comfortably above the original Vision 2030 benchmark of 30%, as unemployment among Saudi women fell 1.8 percentage points to 10.3%. A new skills-based work-permit classification for expatriates and Labor Law amendments effective February reinforced workforce quality, job stability, and labor-market efficiency.

SAUDI TOURISM REMAINED STRONG IN 2025, SUPPORTED BY SUSTAINED DEMAND

Tourism remained one of the strongest contributors to non-oil growth. Saudi Arabia welcomed approximately 30 million inbound tourists and generated more than SAR 172 billion in inbound spending, close to 30% of the regional market, with the summer season alone drawing over 32 million domestic and international visitors. Tourism employment surpassed one million jobs, up from around 750,000, and the sector's GDP contribution rose to 5%, from 3.5% in 2019, advancing toward the 10% long-term target. The inaugural TOURISE Summit in November catalyzed investment portfolios totaling USD 113 billion, supporting the ambition to attract more than 150 million visitors annually. On the destination front, Red Sea Global (PIF) announced the opening of its first resorts and attractions on Shura Island, marking another milestone in the Kingdom's premium coastal proposition. Overall, 2025 signaled a shift in tourism from expansion-led growth to a more structured, regulated, and integrated pillar of the non-oil economy.

STRATEGIC PILLAR: SPORTS AS AN ECONOMIC AND SOCIAL CATALYST

Saudi Arabia continued to develop its sports sector as a pillar of diversification, with market value rising to SAR 32 billion (USD 8.5 billion). Growth was supported by SURJ Sports Investment's USD 1 billion stake in DAZN, the opening of the first phase of Riyadh's Sports Boulevard, and the hosting of marquee events including the WTA Finals. The Kingdom further advanced preparations for the 2034 FIFA World Cup through an official program of 15 proposed stadiums across five host cities, alongside a national target of 100,000 sports-sector jobs by 2030.

PIF DRIVING SCALE, GROWTH, AND STRATEGIC IMPACT ACROSS THE SAUDI ECONOMY

The Public Investment Fund remained a central driver of the Kingdom's transformation. PIF rose to the world's fifth-largest sovereign wealth fund as assets increased by USD 226 billion to USD 1.15 trillion, and it ranked as the most active fund globally by investment spending, deploying USD 36.2 billion, up 81% year-on-year, across technology, tourism, entertainment, media, AI, logistics, and infrastructure. Landmark transactions included the USD 55 billion take-private of Electronic Arts, expected to close in the first quarter of 2027; a controlling 54% stake in MBC Group for SAR 7.47 billion; and an AI partnership between Aramco and PIF-backed Humain. The Fund also launched Expo 2030 Riyadh Company to develop the 6 million square-meter site and established a new commercial paper program with top-tier short-term ratings, broadening its funding toolkit.

2026 OUTLOOK: RESILIENT GROWTH AMID EXTERNAL RISKS

Saudi Arabia's near-term economic outlook will depend heavily on the trajectory of the Middle East conflict. The IMF's April 2026 reference scenario projects growth of 3.1% in 2026, assuming the conflict remains relatively contained. The Kingdom is relatively well placed to absorb external shocks, supported by fiscal buffers, relatively low public debt, and alternative export infrastructure via Yanbu and the East West Pipeline. Continued public spending and ongoing Vision 2030 implementation should also help sustain domestic demand and non-oil activity. While prolonged disruption in the Strait of Hormuz, weaker oil export volumes, and softer regional confidence remain the main downside risks, Saudi Arabia's strong policy buffers and reform momentum leave it well positioned to benefit once conditions stabilize, supporting a firmer recovery in growth, investment, and capital market activity.

REVIEW OF ACTIVITIES AND OPERATIONS

ASSET MANAGEMENT DIVISION

The Company's Asset Management Division continuously monitors economic conditions and available investment opportunities in the markets, while consistently assessing clients' needs to develop new investment solutions that cater to the evolving requirements of managing clients' investments. This is carried out in compliance with the principles of Islamic Sharia and the highest standards of governance.

The Division aims to achieve strong investment performance and generate competitive, attractive long-term returns for all of the Company's investment products, including our public and private investment funds and discretionary management portfolios. Alkhabeer Capital's current portfolio is comprised of 22 investment funds and a company.

During 2025, assets under management increased by 1.7% to SAR 9.705 billion, up from SAR 9.582 billion at the end of the previous year. This growth was driven by the establishment of new funds and by increases in the values of several funds during 2025.

2025 HIGHLIGHTS

- During 2025, the Asset Management Division achieved several significant milestones that supported the diversification of investment products and the growth of assets under management. In the private equity sector, Innova Company, an asset owned by the Alkhabeer Saudi Private Equity Fund 1, commenced preparations to file its application for listing on the Saudi Main Market. In addition, the Alkhabeer Primary Healthcare Private Equity Fund was established and acquired a 60% stake in Fajr Medical Services Complex Company. Work also continued updating the listing application file for Integrated Development Company for Education and Training on the Main Market of the Saudi Exchange (Tadawul).
- Within the Real Estate Department, two real estate development funds were submitted to the Capital Market Authority. In addition, the banking facilities of Alkhabeer REIT Fund, amounting to SAR 150 million, were fully settled, while SAR 59.2 million was distributed to its unitholders. Procedures related to the expropriation of land owned by the Al Sulaymaniyah Fund were also completed, alongside enhancement works on the Al Malqa and Palazzo properties to improve operational efficiency and increase returns.
- On the Capital Markets front, the Alkhabeer FinTech Income Fund was launched, alongside the continued development of the Murabaha Sukuk Certificates Program. In addition, several memoranda of understanding were signed to establish new investment funds, which are expected to deliver positive outcomes in 2026.

CAPITAL MARKETS DEPARTMENT

The Department witnessed several major developments during 2025, as it continued collaborating with leading global investment managers to develop innovative investment products. This was reflected in the successful launch of Alkhabeer FinTech Income Fund during the fourth quarter of 2025. During the year, the Murabaha Sukuk Certificates Program also achieved healthy growth, supported by sustained investor interest.

Assets under management within the Department declined to SAR 3.2 billion, compared to SAR 3.9 billion in 2024. This decrease was primarily attributable to the transfer of discretionary portfolio exposure to private equity, totaling approximately SAR 500 million, into direct investments in private equity funds, as well as the maturity of approximately SAR 200 million from Alkhabeer Murabaha DPM.

2025 HIGHLIGHTS

The Department launched a new product, Alkhabeer FinTech Income Fund, an open-ended Shariah-compliant fund designed to generate periodic income for investors. The Fund achieves this objective by investing in private credit opportunities generated by income-producing financial technology companies, structured in compliance with Shariah principles. The Fund Manager distributes investment returns to unitholders every quarter. The Fund is sub-managed by a leading global asset manager specializing in this asset class, with a successful track record spanning more than ten years.

PRIVATE EQUITY DEPARTMENT

The Department continued to play a key role in supporting and strengthening the Company's position through investing in promising opportunities across multiple sectors. These efforts culminated in several milestones in 2025.

Assets under management within the Private Equity Department are estimated at more than SAR 4.55 billion, spread across 11 investment funds.

2025 HIGHLIGHTS

- Innova Company, one of the assets owned by the Alkhabeer Saudi Private Equity Fund 1, commenced preparations for filing its application for listing on the Saudi Main Market.
- A new fund, Alkhabeer Primary Healthcare Private Equity Fund, was established and acquired a 60% stake in Fajr Medical Services Complex Company through both in-kind and cash subscriptions by Alkhabeer Capital.
- The application file for the listing of Integrated Development Company for Education and Training, an asset owned by Alkhabeer Educational Private Equity Funds (1-7), on the Main Market of the Saudi Exchange (Tadawul) is currently being updated in response to comments received from the Capital Market Authority. The update includes the Company's financial results for the fiscal year ended 31 July 2025 and the first-quarter period ended 31 October 2025.

REAL ESTATE DEPARTMENT

The Company's real estate investment approach is centered on offering unique real estate products and managing them professionally to achieve outstanding performance and generate competitive returns through direct property ownership. The Real Estate Department possesses extensive expertise in the real estate sector and adopts a disciplined investment approach, making it a key contributor to the Company's investment portfolio.

The Department's philosophy is based on a deep understanding of investors' varied needs. Accordingly, it seeks to address those needs while taking into consideration differing risk appetites and return objectives.

It is worth noting that income-generating real estate investment opportunities are acquired only after conducting comprehensive due diligence studies and thorough evaluations of all relevant investment fundamentals.

The value of assets under management within the Real Estate Department exceeds SAR 3 billion, distributed across five real estate investment funds.

2025 HIGHLIGHTS

- By the end of 2025, two real estate development funds were submitted to the Capital Market Authority, one for a SAR 2.8 billion logistics infrastructure development project in Jeddah and another for a SAR 100 million residential project in Riyadh, aimed at diversifying the portfolio and enhancing asset management revenues.
- SAR 59.2 million was distributed to the unit holders of the 'Alkhabeer REIT' fund, maintaining stable distributions over the past three years, in line with the management's commitment to investors.
- Talent was attracted in 2025 to support business expansion and enhance operational efficiency.
- Several memoranda of understanding were signed, with their results and impact expected to be presented during 2026.
- Settlement of the 'Alkhabeer REIT' fund's bank facilities, totaling SAR 150 million, has been completed.
- Completion of all land expropriation procedures for the Sulaymaniyah Fund.
- Certain adjustments and upgrades were implemented on the Al-Malqa properties and the Palazzo building to improve operational efficiency and boost total income.

BROKERAGE DEPARTMENT

The Department achieved several significant milestones in 2025 as part of the Company's commitment to delivering best-in-class services and investment solutions to its clients through comprehensive, diversified offerings that meet their needs and support their investment objectives.

2025 HIGHLIGHTS

- The number of Brokerage clients increased by 38.75% compared to 2024.
- Trading value decreased by 0.05% year on year to SAR 9.73 billion as of the end of 2025.
- Alkhabeer Capital ranked 24th in terms of trading value by the end of 2025 among 34 brokerage firms for the Main Market, after it was ranked 24th at the end of 2024 among 33 brokerage firms.
- Alkhabeer Capital also ranked 19th among 27 brokerage firms for the Main Market - Internet by the end of 2025, after it was ranked 18th among 26 brokerage firms at the end of 2024.
- Awraaq Digital was launched in the second quarter of 2025 as a system for managing negotiated private transaction requests and offers. It provides a fully digital solution for negotiating transactions between buyers and sellers, with negotiations managed easily online through a single platform.
- The margin trading product in the U.S. market is expected to be launched in the second quarter of 2026.
- A contract has been signed with Sindbad.Tech for automated trading in the stock market utilizing advanced algorithms. This service will commence during the second quarter of 2026.
- Stop-loss and take-profit features were activated on the Alkhabeer Tadawul platform in the third quarter of 2025, enabling clients to set predefined trading conditions, strengthen risk management, capture market opportunities, and improve trade execution efficiency.
- The TickerChart platform was launched in the third quarter of 2025, providing advanced market data, interactive charts, and analytical tools to support more informed and efficient investment decisions.
- Shari'ah-compliant options trading was launched in the U.S. markets.
- Trading is now available via 16 different channels, enhancing accessibility and providing clients with multiple options.

CORPORATE FINANCE DEPARTMENT

The Company continuously strives to meet the needs of its clients by providing comprehensive financing services. In this regard, the Corporate Finance Department is responsible for developing innovative financing solutions that align with clients' needs and support the growth of the Company's investments. Leveraging its extensive expertise in structuring financial transactions, capital raising, and delivering specialized financial advisory services, the Department provides high-quality services that support clients in achieving their investment objectives.

The Department also maintains strong relationships with a wide range of financiers and investors, including banks, investment funds, government entities, private equity firms, and family businesses. Based on these relationships, the Department provides financing structures that comply with Islamic Shariah principles. In addition, the Department reviews cash flow forecasts and financing requirements, while supporting clients in structuring and securing credit facilities through negotiations with lenders and debt holders, as well as coordination with relevant committees and regulatory authorities.

2025 HIGHLIGHTS

- The Corporate Finance Department restructured and arranged Shari'a-compliant financing facilities for Alkhabeer Capital and some of its Funds, with a total value of SAR 475 million.
- In addition, the Corporate Finance Department arranged Sukuk and Private Placement transactions for SAR 469 million.

REVIEW OF SUPPORT FUNCTIONS

CORPORATE COMMUNICATIONS DEPARTMENT

The Department is responsible for developing communication and marketing plans for new investment products and funds, as well as managing marketing campaigns for initial public offerings, follow-on offerings, and other initiatives to strengthen the Company's brand identity.

Furthermore, the Department develops and implements both internal and external communication strategies, as well as the Company's digital marketing strategy. It is responsible for building and maintaining relationships with various media entities, as well as organizing and managing all annual and recurring events related to the Company's business activities, such as ordinary general assembly meetings for the Company's funds, Board of Directors meetings, and key employee events and activities.

On the digital front, the Department manages and develops the Company's social media platforms and official website, positioning them as influential channels for marketing campaigns, corporate announcements, company updates, editorial content, and advertising materials.

In terms of internal communications, the Department focuses on establishing effective communication structures that keep employees informed about the Company's performance, internal developments, and external matters relevant to the business. This is achieved through periodic economic reports, quarterly business reports, press releases, and other content that strengthen employee engagement and foster alignment with shared objectives.

2025 HIGHLIGHTS

Marketing Campaign for the Launch of Alkhabeer Platform

- In coordination with the Brokerage Department during the fourth quarter of 2025, the Department launched the marketing campaign for the Alkhabeer Tadawul platform, one of the most advanced trading platforms in Saudi Arabia and the region. The platform enables investors in the Kingdom to access local, regional, and international financial markets, providing access to more than 34 markets through a unified, integrated account.The Department also published a press release announcing the Company's achievement as the first financial institution to adopt the Co-Location hosting service provided by Wamid, the innovation arm of Saudi Tadawul Group.

- In addition, the Department announced the signing of a strategic partnership agreement with Awraaq Digital to launch an innovative platform for negotiated private transactions.

- The Department also coordinated with the Brokerage Department to arrange for the hosting of Al Eqtisad Al Aali Holding Company, the owner of Al Daam Al Aali Financial Technology Company, commercially known as Sindbad.Tech. A press release was published regarding the signing of an SAR 18 million share subscription agreement, a strategic step reflecting the Company's commitment to advancing technological innovation in brokerage and financial technology services.

Signing of a Strategic Partnership Agreement with FASANARA Capital

The Department coordinated with the Capital Markets Department to organize the signing ceremony for the agreement, including an invitation to clients to attend an introductory forum in Jeddah titled "FinTech-Enabled Private Credit, A Promising Asset Class and Its Prospects in the Kingdom." A related press release was published. FASANARA Capital is considered one of the world's leading asset managers specializing in technology-enabled credit solutions. The event brought together prominent institutional investors, financial market stakeholders, and representatives from both parties to explore the transformative potential of this emerging asset class within the Saudi market.

Signing of the Acquisition Agreement for a 60% Stake in Al Fajr Medical Services Company

- The Department arranged the signing ceremony for the Company's acquisition of a 60% ownership stake in Al Fajr Medical Services Company, one of the leading and rapidly growing companies in Saudi Arabia's primary healthcare sector, with a strong presence in the Eastern Province.

Saudi Capital Market Forum

- The Department organized the necessary arrangements for the Company's participation in the 2025 Saudi Capital Market Forum in Riyadh as one of the principal sponsoring companies.

Participation in MONEY 20/20 MIDDLE EAST 2025

- The strategic partnership with "Sindbad.Tech", a company specializing in AI-powered robo-advisory services, was announced at a value of SAR 18 million, marking a strategic step that reflects the company's commitment to advancing technological innovation in Brokerage services. During the ceremony, the launch of an advanced Brokerage platform, considered the most innovative in the Kingdom, was also announced.

LAUNCH OF ALKHABEER CAPITAL'S NEW WEBSITE

- The Department updated the Company's website design to enhance corporate communication and deliver an advanced digital experience that supports the Company's objectives and meets client expectations. The new website features several enhancements, most notably an advanced search engine that enables quick access to pages, information, and required documents, as well as interactive call-to-action buttons that facilitate opening investment accounts and exploring the Company's products and services.

DEPARTMENT'S ACTIVITIES AND EVENTS

- A social media post was published highlighting the "Thameen" Guide as part of the Company's role as a supporting partner of the Capital Market Authority's financial awareness initiatives. The guide aims to enhance financial literacy and provide readers with clear, reliable information to support informed investment decisions.

- A press release was published announcing the Company's exceptional cash distribution of SAR 2 per unit for the "Alkhabeer Growth and Income Traded Fund" (Ticker: 4701), representing the largest distribution since the Fund's launch on 27 April 2022. This reflects the Fund's strong income-generating capabilities. Cumulative distributions reached SAR 4.72 per unit, while total returns reached 79% over the past three years and 57% since inception.

- Quarterly reports were prepared and shared with the Company's shareholders.

- The Department organized the Company's annual employee trip, which coincided this year with the celebration of Saudi Founding Day.

- The Department also organized the Ramadan Suhoor gathering, which included honoring several employees for their years of service to the Company and was attended by members of the Board of Directors.

- In celebration of Saudi Flag Day, a commemorative design reflecting the significance of the occasion was published across the Company's social media platforms.

- During the third quarter of 2025, the Department organized a celebration of the 95th Saudi National Day at the Company's headquarters in Jeddah, with employee participation.

- The Department's activities also included designing and publishing seasonal greeting cards and holiday messages across social media platforms for occasions such as Ramadan, Eid Al-Fitr, Eid Al-Adha, and the Hijri New Year.

INFORMATION TECHNOLOGY DEPARTMENT

In 2025, Information Technology at Alkhabeer Capital served as a strategic enabler of business continuity, investor confidence, and sustainable growth. Technology investments were aligned with business priorities to strengthen the resilience of core investment platforms, enhance digital customer experiences, protect information assets, and prepare scalable foundations for future expansion.

These initiatives were implemented in coordination with executive management and various business divisions, reinforcing Information Technology's role as a strategic partner in achieving the Company's objectives.

The Department's achievements during 2025 reflect a disciplined institutional approach aligned with the Company's business goals. By strengthening the readiness of investment platforms, improving customer experience, protecting information assets, and thoughtfully preparing for future innovation, the Department reinforced operational confidence and supported the Company's long-term growth.

2025 HIGHLIGHTS

- **Core Investment Platforms Resilience**:

  The Information Technology Department continued to strengthen the readiness of core investment platforms, including brokerage systems, asset management systems, and customer relationship management platforms, through their migration to Wamid's data center as an advanced operating environment that enhances service reliability and connectivity with the financial market ecosystem. The Department also maintained full disaster-recovery capabilities within the Oracle Cloud Infrastructure environment, reinforcing operational resilience and business continuity. This strategic direction contributed to improved operational efficiency, enhanced response speed, and service stability during peak periods, while maximizing returns on existing technology investments and supporting the Company's future growth and expansion plans.

- **Digital Customer Journey Enhancement**:

  The end-to-end digital customer journey was streamlined through simplified onboarding, optimized KYC data capture, unified credentials, and improved customer data updates within core systems. These enhancements reduced friction, improved data quality, and supported scalable client growth.

- **Mutual Funds Platform Enhancement**:

  A strategic assessment across OMS and AMS platforms defined remediation actions to enhance mutual fund operations, scalability, and reporting accuracy in preparation for future growth.

- **Digital Platforms & Future Integrations**:

  Strategic digital initiatives were implemented to support the expansion of investment services. The Awraaq platform project was completed and successfully launched, enabling advanced digital services for private investment management. At the same time, TickerChart and Sindbad progressed through assessment and solution-design phases to define secure, governed integration models for future expansion.

- **Riyadh Office Technology Enablement**:

  A secure and independent IT environment was delivered for the Riyadh office, covering enterprise networking, secure connectivity, access control, meeting technologies, and office services, supporting business expansion with full operational autonomy.

- **Information Protection & Digital Trust**:

  Information protection maturity was strengthened through enhancements to data loss prevention and information classification policies, improving data governance, supporting responsible information handling, and strengthening compliance with relevant legislative and regulatory requirements.

- **Digital Signature Enablement**:

  A compliant enterprise digital signature solution was selected, and the first phase was implemented for approved use cases, improving governance, accelerating approval processes, and establishing a scalable foundation for future digital workflow automation.

HUMAN CAPITAL DEPARTMENT

Alkhabeer Capital considers its people among its most important assets. Accordingly, the Company seeks to attract leading expertise and talent, create a comfortable and motivating work environment, and develop the capabilities of specialized talent across its departments, thereby supporting its competitive advantages.

The Human Capital Department has taken deliberate steps to ensure optimal employment levels across all Company departments, at both the business and support levels.

2025 HIGHLIGHTS

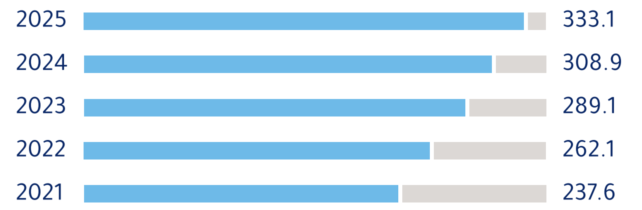
- The Department continued to strengthen the Company's strategic investments in training and development through partnerships with one of the largest accredited training platforms collaborating with leading global universities and educational institutions, with the aim of offering professional training programs and accredited certifications.
- In addition, the Department expanded its collaboration with specialized international institutes that provide accredited certifications in investment, operations, risk management, coaching and mentoring, change management, and corporate culture. These efforts are part of the Human Resources Assessment Program, which aims to establish clear standards for measuring performance and developing capabilities across four key pillars: achievement of objectives, adherence to the Company's values, required leadership competencies, and assessment of future potential and capabilities.
- The total number of Company employees reached 111 in 2025, while the Saudization rate increased to 85%. Meanwhile, the percentage of female employees remained stable at 32% of the total workforce.

FINANCIAL REVIEW

This review provides a summary and analysis of Alkhabeer Capital's financial performance for the year ended 31 December 2025. The notes to the financial statements provide additional relevant information.

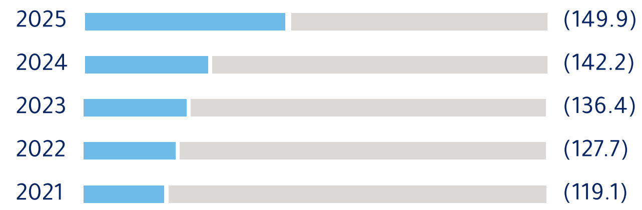
REVENUES **333.1**

Total revenue increased by 8% in 2025 AD, reaching SAR 333.1 million, compared to a total of SAR 308.9 million in the previous year, driven by a 5% increase in income and distributions from Investments and a 15 % increase in fee revenue.



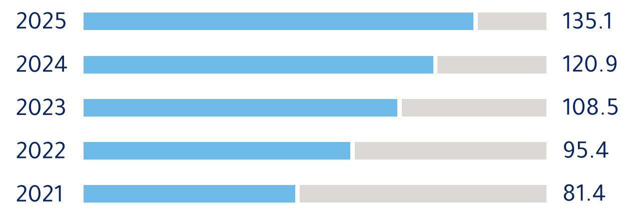
OPERATING EXPENSES **149.9**

Total operating expenses increased by 5% to SAR 149.9 million compared with SAR 142.2 million for the previous year. The operating expenses-to-income ratio also decreased to 45%, down from 46% in 2024.



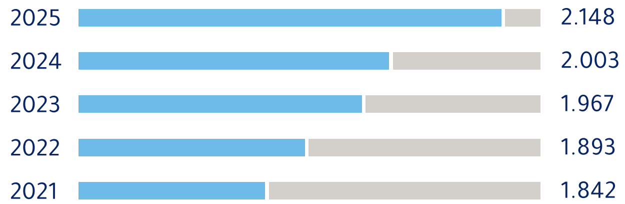
EARNINGS **135.1**

Profits before Zakat and income tax grew 12%, reaching SAR 135.1 million, up from SAR 120.9 million in 2024. This growth had a positive impact on earnings per share, which increased to SAR 1.45 from SAR 1.28 in the previous year.



FINANCIAL POSITION

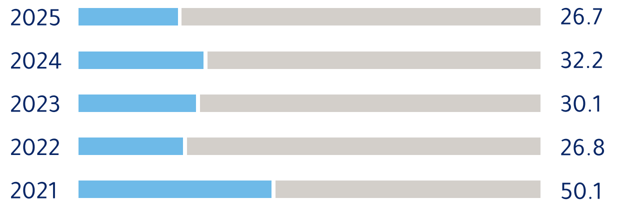
Assets 2.148
(SAR billion)



As of 31 December 2025, total assets stood at SAR 2.148 billion, up 7.3% from SAR 2.003 billion at the end of 2024, mainly due to higher fair value investments.

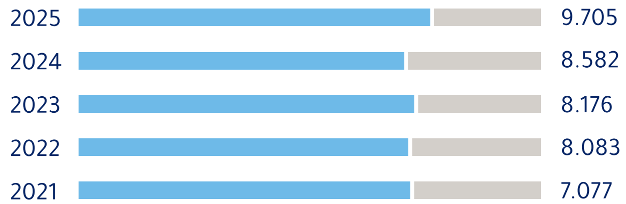
The Investments portfolio increased by 11.6% to SAR 1.806 billion in 2025 from SAR 1.618 billion in the previous year, 2024.

Cash and Cash Equivalents 26.7
(SAR billion)



Cash and cash equivalents comprise balances with banks. The cash at banks balance decreased by 17.1% to SAR 26.7 million in 2025, down from SAR 32.2 million in 2024.

Assets under Management 9.705
(SAR billion)

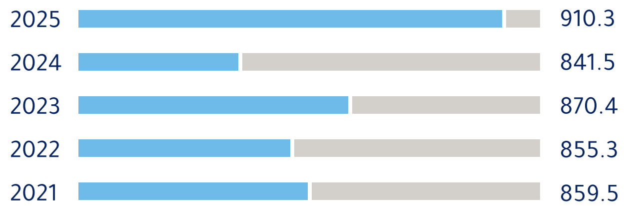


Assets held on behalf of clients in a fiduciary capacity are not included in the balance sheet of Alkhabeer Capital.

Moreover, total assets held in a fiduciary capacity have amounted to SAR 8.055 billion, down from SAR 8.141 billion at the end of 2024.

As of 31 December 2025, the Company's assets under management, at SAR 9.705 billion, increased by 1.3% from SAR 9.582 billion in 2024, due to increased fund issuance during 2025.

Liabilities 910.3
(SAR billion)



Total liabilities increased by approximately SAR 68.8 million to SAR 910.3 million in 2025, up 8% from SAR 841.5 million in the previous year, mainly due to an increase in financing facilities.

In 2025, Alkhabeer Capital had a Shari'a-compliant financing balance of SAR 312.8 million, up 6.5% from SAR 293.7 million in 2024.

Murabaha investments declined to 41.9 million SAR in 2025, representing an 82% decrease compared to 236.6 million SAR in 2024.

The Company introduced a Sukuk Murabaha Certificate with a total face value of up to SR 500 million. During 2025, Certificates totaling SR 283 million were issued, carrying a profit rate of 7.50%, payable on a quarterly basis. The face value of the certificates will be redeemed at the maturity date upon dissolution.

Dividend distributed

Total dividends distributed during 2025 amounted to SAR 52.5 million, representing a 5% increase compared to 2024. This reflects management's strong confidence in the Company's outstanding performance, demonstrated by its ability to distribute SAR 52.5 million in dividends during the year. The distribution underscores the Company's solid financial position and the sustainability of its growth trajectory, reinforcing its commitment to creating long-term value for shareholders.

Financing for FY 2025

The following table shows information related to Shari'a-compliant financing extended to the Company as of 31 December 2025: (in SAR, unless otherwise stated)

Name of Bank	Alinma Bank	Riyad Bank
Term of Financing	7.5 years	1 Year
Principal Amount of Financing	349,509,615	60,000,000
Repaid Amount during 2025	40,890,209	-
Outstanding Amount	252,791,615	60,000,000

For details on the debt as at the end of FY 2025, please refer to the notes related in the audited financial statements.

Shareholders' Equity

At the end of 2025, Shareholders' Equity increased by 7% to SAR 1.238 billion from SAR 1.161 billion at the end of 2024. The increase was due to higher retained earnings in Shareholders' Equity due to high Net Profit for 2025.

Capital Adequacy

The Company's objectives when managing capital is to comply with the capital requirements set by the Capital Market Authority (CMA) to safeguard the Company's ability to continue as a going concern and to maintain a strong capital base.

The Capital Market Authority (CMA) has issued Prudential Regulations (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 Pillar I.

The CMA issued amendments to the Prudential Rules that came into effect on 1 April 2023 (corresponding to 10 Ramadhan 1444H). The requirements for Capital Adequacy as per the latest amendment differ from the prior requirements. Accordingly, the Company has calculated its minimum capital required and capital adequacy ratios for the year ended 2025 and 2024 as follows:

Capital Adequacy

(SAR '000)	2025	2024
Capital Base/ Tier-1 capital	1,237,600	1,160,809
Total minimum capital required	11,512,624	10,608,282

Capital Adequacy Ratio

(SAR '000)	2025	2024
Tier 1 Ratio	10.75%	10.94%
Surplus in capital	316,588	312,146

RISK MANAGEMENT REVIEW

RISK MANAGEMENT REVIEW

RISK AND GOVERNANCE DIVISION

The Risk And Governance Division is responsible for the day to-day oversight of the various risks to which Alkhabeer Capital is exposed, including credit, market, operational, regulatory, compliance and money laundering risks.

The Division employs a wide range of risk assessment, analysis and reporting tools and state-of-the-art risk management models. Independent systems including Mubasher system and World-Check system for reporting anti-money laundering and regulatory compliance. In addition, an internal capital adequacy assessment model has been developed and implemented in line with CMA requirements. The Company's capital adequacy is monitored monthly covering historic and forecasted figures in order to ensure that the Company maintains adequate capital coverage.

COMPLIANCE AND MLR DEPARTMENT

The Compliance and MLR Department is responsible for the day-to-day activities of compliance functions and is also responsible for setting the strategy and the action plan of the Compliance and MLR Department. It is important to stress that compliance with regulatory and internal requirements is mandatory for all employees. The Executive Management ensures that all employees are aware of this duty and infuses a culture of commitment among all employees. It also ensures that compliance with regulatory requirements and adherence to the highest standards of professional conduct is observed at all times.

RISK DEPARTMENT

The Risk Department is responsible for the monitoring and approval of counterparty limits; the day-to-day identification, measurement and monitoring of the Company's exposure to different types of risks such as market , credit and operational risks; the update of all policies and procedures for all departments within the Company; and the development of additional controls to ensure the proper execution of transactions in line with approved policies and procedures, in order to avoid any regulatory and operational risks.

In addition, the Department is responsible for following up on all investment decisions by creating different controls to manage the quality of execution, the reporting of any exceptions, and streamlining the workflow of some processes to ensure the timely and proper execution of transactions.

On the Managed funds level, the Risk Department also monitors closely and sets the proper controls and measures to ensure that the Fund managers are managing the funds in line with the approved investment strategies and approved limits.

RISK AND GOVERNANCE FRAMEWORK

Alkhabeer's Board of Directors manages risks through Board Committees and Alkhabeer's Risk and Governance Division and the Compliance and MLR Department.

POTENTIAL RISKS AND RISK MANAGEMENT POLICY

Risk of varying depth and complexity is inherent in Alkhabeer Capital's activities, and is managed through a process of ongoing identification, measurement, and monitoring, and setting proper limits and controls.

CREDIT RISK

Credit risk refers to the risk where the counterparty may default on its contractual obligation resulting in a potential loss to the Company.

Credit risk Alkhabeer may be facing at present is in relation to counterparties, including banks and companies, as well as its investments in Alkhabeer's managed private funds. In addition, the Margin trading represent a credit risk on the margin fund level in which the Risk Department oversee and monitor closely through various tools to mitigate and minimize the associated risks.Alkhabeer adopts a credit strategy for monitoring and controlling the counterparty risk by setting limits for each counterparty in line with CMA's Prudential Rules and Alkhabeer's internal approved policies.

As a result of economic changes in the region, geopolitical risks may negatively affect the performance of companies and their ability to fulfill their obligations. These effects, at the core of the domestic economy, may be undetectable, but may have ripple effects, including the deterioration of corporate credit ratings, particularly for small and medium enterprises.

MARKET RISK

Market risk is the risk that results from the changes in market prices, interest rates / profit rates, equity prices and other Capital Markets securities. Alkhabeer invests in multiple asset classes that involve market risk due to their susceptibility to fluctuation in prices. Alkhabeer also invests in money markets, capital markets, real estate and private equity. Since Alkhabeer's business model is to seed its managed funds, the market risk exposure to such investments is monitored and managed by the Company through a disciplined investment policy set by the Board in which limits, parameters, processes and proper governance are detailed.

At the global level, on the other hand, heightened geopolitical risks have affected the markets and increased the volatility levels and this market volatilities are expected to continue. As for interest rates / profit rates, their continued rise will also have an adverse effect, especially on the cost of funds at Alkhabeer's corporate level, as well as at the level of managed funds and their underlying assets. AKC monitors closely the profits rates and takes appropriate measure to hedge the rates and mitigate such fluctuations.

LIQUIDITY RISK

Liquidity risk emerges as a result of the inability to manage unplanned shortage(s), changes to financing sources, or the failure to address market changes that affect the ability to liquidate assets quickly and with minimal loss. The efficient management of liquidity risk begins with the development of sound written policies and procedures, including the policy of minimal acceptable levels of liquidity. Liquidity risk management is performed by continuous liquidity monitoring, measuring and reporting to the management's Assets and Liabilities Committee, which applies various tools and engineering to ensure that the Company has sufficient liquidity levels to meet its future obligations.

OPERATIONAL RISKS

Operational risk relates to the potential for losses stemming from inadequate or failed internal control processes, human resources, systems, or external events. Operational risk includes exposure to legal risk, such as incurring fines, penalties or punitive damages resulting from regulatory actions against the Company or private settlements reached by the Company.

Alkhabeer uses a set of tools to identify, measure and rectify operational incidents. In addition, Alkhabeer has a professional indemnity insurance policy that covers any loss resulting from unintentional lapses or system breakdowns.

Regarding regulatory risks, the company applies, during the daily conduct of its business, all regulatory and/or executive regulations issued by the supervisory authorities, and is keen to limit the occurrence of any violations during the business cycle and/or those discovered during the periodic inspection tours carried out by the Capital Market Authority, as the supervisory authority over the company's business. Accordingly, the necessary corrective measures are taken in the event of any violations. It is worth noting that, following the latest inspection cycle carried out by the Capital Market Authority, the Authority issued its findings and imposed a financial penalty on the Company amounting to SAR 8,700,000, and the Company continues to cooperate with the Authority and implement the necessary corrective and enhancement measures.

Regulatory Risk

Regulatory risk is defined as the risk of exposure to fines, penalties, supervisory actions, or reputational damage arising from non-compliance with the rules, regulations, and instructions issued by the Capital Market Authority (CMA) and other relevant regulatory authorities, or from differing interpretations of certain regulatory provisions.

The Company's exposure to regulatory risk has increased in the recent period, particularly following the extensive regulatory inspection conducted by the CMA. The Company places significant emphasis on this area and is actively addressing the observations raised by implementing the necessary corrective and enhancement measures to strengthen its compliance framework and minimize the potential for differing regulatory interpretations in the future.

Looking ahead, the Company's exposure to regulatory risk is expected to increase as it expands into new business lines and products, including brokerage services and Robo-Advisory solutions. This expansion will broaden the client base to include a larger proportion of retail and public clients, who are subject to more stringent regulatory requirements relating to investor protection, disclosure, and product suitability.

Accordingly, the Company continues to enhance its compliance and internal control frameworks in line with the expansion of its operations and growing client base. This includes strengthening compliance capabilities and oversight tools, while proactively aligning its policies and procedures with evolving regulatory requirements to reduce the likelihood of regulatory breaches and mitigate their potential impact.

CORPORATE GOVERNANCE REVIEW

CORPORATE GOVERNANCE REVIEW

CORPORATE GOVERNANCE REVIEW

Alkhabeer Capital's governance policy includes the principles that regulate the following aspects:

- Management and supervision of operations.
- Promotion of ethical and responsible decision-making.
- Timely submission of disclosures.
- Recognition of the legitimate rights of all stakeholders.
- Definition and management of risks.
- Encouragement and rewarding of improved performance in an equitable and responsible manner.

GOVERNANCE FRAMEWORK

Alkhabeer Capital's Corporate Governance framework consists of a code of business conduct, conflict of interest policy, strategy statement, compliance, succession planning, policies and operating procedures, internal control and risk management processes, internal and external auditing procedures, effective communications, disclosure and transparency.

CODE OF BUSINESS CONDUCT

Alkhabeer Capital has developed its code of business conduct to govern the conduct of its directors, executive management, and employees and to ensure that all procedures, actions, and behaviors are totally ethical, legal, and transparent.

CONFLICT OF INTEREST

During the ordinary course of its business, Alkhabeer Capital engages with related parties. The Company and its Board of Directors believe that transactions with related parties are conducted on the same terms as those with other parties. Such transactions are subject to the limits stipulated by the regulations and instructions issued by the relevant regulatory authorities in the Kingdom of Saudi Arabia. In addition, the Company adheres to best practices in corporate governance, which it follows as a guiding framework in conducting its business. The annual financial statements include disclosures regarding financial transactions with related parties.

RELATED PARTY TRANSACTIONS AND CONTRACTS

During the financial year ended 31 December 2025, the Extraordinary General Assembly (Eleventh Meeting) of the Company's shareholders, held on 26 June 2025, approved authorizing the Company to enter into a consultancy agreement with Aash Professional Consulting, a single-person limited liability company owned by Mr. Ammar Ahmed Shatta (Chairman of the Board), effective from 3 January 2025 for a period of one year. It is noted that Mr. Ammar Ahmed Shatta, Chairman of the Board, has an indirect interest in this contract.

Accordingly, the Nomination and Remuneration Committee reviewed the consultancy agreement to ensure that it does not include any preferential terms or benefits, in line with the authorities delegated to it by the Board of Directors.

It is also noted that the value of the aforementioned contract amounted to SAR 1,200,000, inclusive of value-added tax.

Other than the above, the Board of Directors confirms that there were no other businesses or contracts to which the Company was a party, and in which any of the Board members, the Chief Executive Officer, or any related parties had a material direct or indirect interest, except as disclosed in the related party transactions statement.

DISCLOSURE AND TRANSPARENCY

Alkhabeer Capital adopts comprehensive policies and procedures to ensure full compliance with the regulations of the Capital Market Authority of Saudi Arabia, and the laws and regulations issued by regulatory authorities in all jurisdictions where the Company conducts its activities. The Board's Compliance Committee is responsible for ensuring compliance with relevant laws, and legal and administrative requirements.

STRATEGY STATEMENT

To support Alkhabeer Capital's continued growth and development, and in light of regional and global market changes, Alkhabeer's strategy clearly specifies the objectives of growth for revenues and profits, development of new business and products, geographic distribution of investments, and required professional competencies to achieve these objectives.

SUCCESSION PLANNING

The People Management Committee reviews and endorses the Company's succession plan on an annual basis. The objective of this plan is to identify, develop and promote staff to ensure that there are no disruptions to the functioning of Alkhabeer Capital in the event of personnel leaving the Company.

PENALTIES AND FINES

Alkhabeer Capital is a Capital Market Institution licensed by the Capital Market Authority (the "Authority") and, like other licensed institutions, is subject to periodic supervisory and inspection procedures. In this context, the Authority imposed a financial penalty on the Company amounting to SAR 8,700,000, based on the provisions of Articles (5), (10), (40), and (41) of the Capital Market Institutions Regulations.

The Company has carefully reviewed these observations and has clearly and professionally presented its position to the Authority, indicating that the matters attributed to it do not, in its view, constitute standalone regulatory violations. Rather, they are based on interpretations of certain regulatory provisions that may be subject to judgment or open to more than one interpretation, particularly given the general nature of their drafting.

Accordingly, the Company has submitted a reasoned request to the Authority to reconsider and reduce these fines, supported by the relevant legal grounds and technical considerations. At the same time, the Company has initiated a number of corrective and enhancement measures to strengthen its level of compliance and to avoid any divergence in interpretation going forward.

CONTROL FUNCTIONS

INTERNAL AUDIT UNIT

The Internal Audit Unit is an independent unit reporting to the Board's Audit Committee and consists of three members, all of them are independent members from the Board and external. To raise the independence and effectiveness of the function, the Unit has an agreement with Protiviti Member Firm Saudi Arabia to

execute the audits and report the results to the Audit Committee. The approved audit plan is implemented throughout the year, and all its recommendations are applied. The Audit Committee, Board of Directors and Executive Management are kept informed of the progress of implementation of the audit plan. The Internal Audit Unit also conducts special reviews or inquiries, as and when required.

RESULTS OF THE ANNUAL REVIEW OF THE COMPANY'S INTERNAL CONTROL PROCEDURES

The reviews conducted during the year did not reveal any material weaknesses in the Company's internal control system. Accordingly, management believes that the system operates with reasonable effectiveness and is subject to continuous monitoring, with ongoing efforts to enhance its efficiency and further improve it.

AUDIT COMMITTEE'S OPINION:

Based on the periodic reports presented to the Audit Committee during the financial year ended 31 December 2025, as submitted by the Internal Audit Department, the Compliance Department, the external auditor, and the relevant departments, the Committee did not identify any material weaknesses in the internal control system.

COMPLIANCE AND MLR

The Compliance and MLR Department is responsible for the day-to-day activities of the Compliance functions and is also responsible for setting the strategy and planning the Compliance work. It is important to stress that all employees have a duty in respect of compliance. The Management must ensure that all employees are aware of this duty and that a commitment to compliance exists throughout Alkhabeer. At all levels, compliance with all regulatory requirements and observance of the highest standards of business conduct are followed.

RISK DEPARTMENT

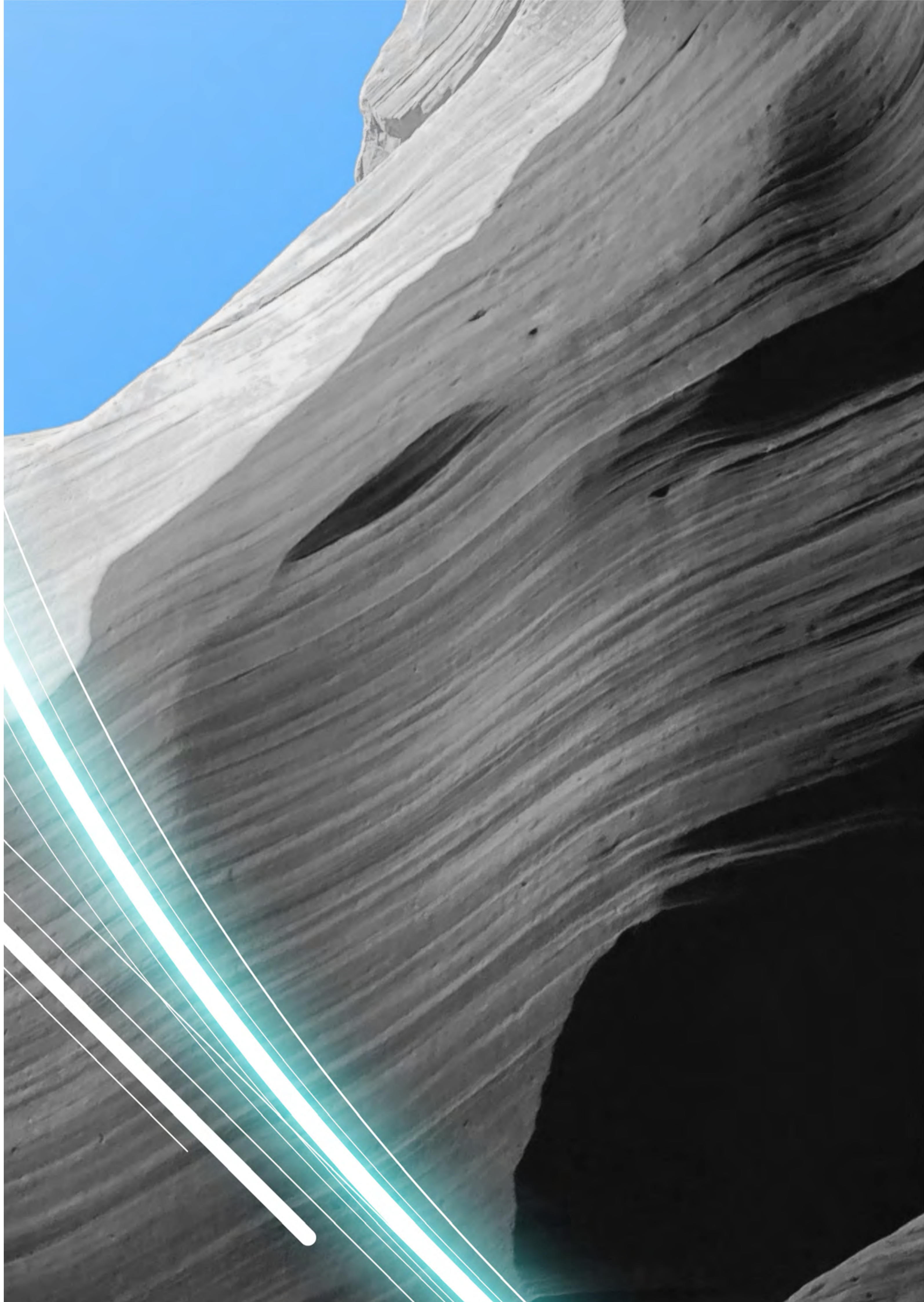
The Risk Department is responsible for the day-to-day identification, measurement and monitoring of the Company's exposure to credit, operational and market (including liquidity) risk, the update of all policies and procedures for all departments within the Company, and the development of additional controls to ensure the proper execution of transactions in line with approved policies and procedures, in order to avoid any operational regulatory risks. In addition, the Department is responsible for following up on all the Company's investment decisions by creating different controls to manage the quality of execution, reporting any exceptions and streamlining the workflow of many processes to ensure their timely and proper execution.

LEGAL

The Legal Department plays a pivotal role in ensuring the integrity of the Company's operations and products, and protecting its rights and those of its clients, internally and externally, while also ensuring the implementation of best legal practices. The Department's functions include, without limitation, the provision of accurate legal advice on Alkhabeer's investment and management activities; follow-up on the progress of disputes, settlements and legal proceedings in courts at all levels and with any other agencies having legal jurisdiction; preparation of legal studies of interest to the Company; drafting agreements between the Company and other entities; and organizing periodic seminars for Company employees to familiarize them with laws and new legislations and assist them in their implementation.

FINANCE AND ACCOUNTING

The Finance and Accounting Department is responsible for financial planning and periodic reporting, financial control and protection of Company assets, payments, recording and bookkeeping, follow-up on Zakat and income tax, and coordination with various external entities, including external auditors and the Zakat advisor. The Department also monitors the implementation of the Company's strategic plan monthly to ensure that actual financial performance aligns with the business plan for each area of operation. Any deviations from the plan are detected at an early stage, and appropriate remedial action is proposed and followed up.



BOARD OF DIRECTORS REVIEW

BOARD OF DIRECTORS REVIEW

The Company's Board of Directors comprises qualified and experienced members specializing in financial, investment, administrative, and legal fields. They were elected by the General Assembly of Shareholders and combine accumulated professional knowledge with extensive practical experience. Through their roles, they contribute to directing the Company's general strategy, supervising its operations, and supporting the achievement of its operational and strategic objectives in accordance with best governance practices.

The Board composition reflects a balanced diversity between executive, non-executive, and independent members, ensuring independence of opinion, integration of perspectives, and enhanced decision-making effectiveness, in compliance with the applicable laws and regulations issued by the relevant regulatory authorities, including, but not limited to, the Saudi Companies Law and its implementing regulations, as well as the Capital Market Law and its executive regulations.

During 2025, the Board of Directors held four meetings. The Board assumes primary responsibility for setting, defining, and approving the Company's general strategy and for overseeing its implementation to ensure the achievement of the Company's objectives in accordance with applicable regulations. The Board also includes several permanent committees formed pursuant to Board and General Assembly resolutions, each with its own jurisdiction. These committees exercise their responsibilities under approved regulations, enhancing governance effectiveness, supporting independent oversight, and ensuring compliance with relevant laws and regulations. These committees include the Investment Committee, Audit Committee, Nomination and Remuneration Committee, Risk Committee, and Compliance Committee.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS REGARDING THE FINANCIAL STATEMENTS

The Company's Board of Directors assures shareholders and related parties, based on its full knowledge and understanding of the Company's financial, accounting, and operational aspects, of the following:

- The Company maintains proper accounting records.
- The internal control system has been prepared on sound foundations and is implemented efficiently and effectively.
- There is no doubt regarding the Company's ability to continue as a going concern.
- There were no related-party transactions during the fiscal year except for those disclosed in the related-party transactions statement included in this report and in the notes to the financial statements, in accordance with the regulations and laws issued by the relevant regulatory authorities.

Board members

Ammar Ahmed Shata

Chairman of the Board
Member of the Board Investment Committee

Ammar is the Founder and Chairman of the Board of Alkhabeer Capital and has extensive experience since 1990 in the investment banking sector. He contributed to developing and transforming several financial products to comply with Islamic Sharia principles and played a pioneering role in launching innovative products in the region, including diversified investment funds and the first Islamic credit card in Saudi Arabia, during his career with several financial institutions, including the National Commercial Bank and the Islamic Development Bank.

In 2004, Ammar founded an advisory firm, named "Alkhabeer Financial Advisor", which formed the foundation for establishing Alkhabeer Capital in 2008. He also founded the Shariyah Review Bureau (SRB) in Bahrain in 2005, one of the leading entities in Sharia review. In later years, he continued his entrepreneurial journey by establishing "Gotrah Ventures" in 2021 and "Tarteeb" Consulting in 2022.

Ammar has received several awards, including being selected as "Man of the Year 2012" by World Finance and being listed in Global Finance since 2016. He also published a book titled "A Hundred Degrees Below Zero", which won the Saudi Writer Award at the 2020 Riyadh International Book Fair, and has participated in several advisory bodies. Ammar holds a Bachelor's Degree in Electrical Engineering and a Master's Degree in Economic Planning from the University of Southern California, USA. He is also a Chartered Financial Analyst (CFA) Charter Holder.

Musaad Mohammad Aldrees

Vice Chairman of the Board
Chairman of the Nomination and Remuneration Committee
Member of the Board Investment Committee

Musaad is a renowned businessman. He has played a leading role in developing and expanding a group of family companies across various business sectors. He was an active member of the Board of Executive Directors at the Saudi American Glass Factory, which was later acquired by Dubai Investment Company.

He was also a member of the Boards of Executive Directors of Mohammad Saad Aldrees and Sons Limited Company (which later became a public joint-stock company and was listed on the Saudi Stock Exchange), Mohammad Saad Aldrees Sons Limited Company, Mohammad Saad Al Drees Sons Holding Company, and Aldrees Industrial & Trading Company (ALITCO), a closed joint-stock company.

Musaad is a graduate of the Institute of Public Administration in Riyadh, Saudi Arabia. In addition to completing various training courses in KSA, the USA, and the UK.

Saeid Mohamed Binzagr

Board Member
Chairman of the Board Investment Committee

Saeid has over 23 years of experience in commerce and industry. He is the Chairman of the Board of Directors of Avon Beauty Arabia LLC, the Chairman of the Board of Directors of Binzagr Barwil Marine Transport Company, the President and Chief Operating Officer of Abdullah & Saeid M.O. Binzagr Company Limited, and the Co-President of Binzagr Factory for Insulation Materials Company.

He is also a Board member of Said M.O. Binzagr & Partners Company Limited and Binzagr Unilever Limited, and a Board member and founder of Diyar Al-Khayyal Company.

Saeid holds a Bachelor of Science degree from Linfield College, Oregon, USA.

Board members

Samer Mohammed Alkhawashki

Board Member
Member of the Board's Risk Committee

Samer possesses extensive leadership and managerial experience across various industries, including investment, pharmaceuticals, healthcare, food, and beverages. He currently serves as the CEO of Vision International Investment Company, affiliated with the Saudi Binladin International Holding Group.

Previously, Samer served as the Chief Executive Officer and Board Member of Coca-Cola Bottling Saudi Arabia from 2015 to 2020. He also held leadership positions at Olayan Saudi Investment Company and Olayan Financing Company. He has served on the boards of several prominent companies, including Jarir Marketing Company and L'azurde Company, along with several companies operating in the food and beverage sector.

Samer holds a Master's degree in International Marketing from Strathclyde University in the U.K. and a Bachelor's in Industrial Management from King Fahd University of Petroleum and Minerals in K.S.A. He also completed the Advanced Management Program at Harvard Business School.

Saleh Yahya Romeih

Board Member
Member of the Board's Investment Committee

Saleh is the Global Managing Partner at Safanad, a company within Sara Group Holding. He leads all capital formation activities of the Company and chairs its operating partners group. He has over 30 years of experience in diverse fields, including investment banking at Deutsche Bank and Goldman Sachs, and most recently as the Managing Partner responsible for the SoftBank Vision Fund.

At the Vision Fund, he was a member of the investment committee and head of the operating group (over 250 companies). He also closely managed the firm's strategic relationships in Saudi Arabia and the UAE. He also served as a Board Member of SoftBank Investment Advisors.

Saleh also serves as a director and member of the executive committee of Beyon (Batelco) and is a member of the Board of Advisors of Georgetown McDonough School of Business.

Saleh is a graduate of Georgetown University and holds an MBA from the University of Pennsylvania, U.S.A.

Dr. Issam Zaid Al Tawari

Board Member
Chairman of the Audit Committee

Dr. Issam is an Islamic finance expert and currently serves as the Managing Partner of Newbury Economic Consulting, which he founded in Kuwait. He is also an advisor to the Chairman of the Board of the International Investor Company in Kuwait.

Previously, he founded Rasameel Structured Finance Company in Kuwait, where he served as the Chairman and the Managing Director. Dr. Issam has held several senior positions in various prominent institutions, including the Chairman of the Board of Ain Takaful Insurance Company and Sorooh Investment Company, as well as a Board member at Dubai Wire Company and Kuwait Catalyst Company, among others.

Dr. Issam holds a Bachelor's Degree in Economics and Business Administration from the University of Kuwait, an MBA from the University of Hull's School of Business in the United Kingdom, and a PhD in Business Administration from Durham University in the United Kingdom.

Board members

Tariq Hussein Linjawi

Board Member
Chairman of the Board's Risk Committee

Tariq began his professional career in 2003 and has held numerous high-profile leadership positions, including Chairman of the Board of Directors of Emirates NBD Capital Saudi Arabia and Managing Partner at Al-Muttahidoon Consulting Office. He previously served as CEO of Al-Ahli Capital Company and has served on the boards of several prominent organizations, including Al-Ahli Takaful Company, SEDCO Capital Flexible Fund for Saudi Equities, SEDCO Capital REIT Fund, SEDCO Capital Real Estate Income Fund, Fund of Funds Company (Jada), and Binladin Holding Company.

During his time at the National Commercial Bank, Tariq held key roles such as Director of Performance and Strategy Management, Head of Transformation, and Head of Strategy and Planning for Private Banking Services. He also served as an Investment Advisor at the General Authority for Small and Medium Enterprises, Director of Wealth Management at Al-Ahli Capital, and Head of the Western Region for Private Banking Services at the Arab National Bank. He currently serves as a Board Member of Yanbu United Company and Siad Holding Company, among others.

Tariq holds an Executive MBA from IMD in Switzerland, an MBA from Cranfield University in the U.K., and a bachelor's degree in Economics from Occidental College in the U.S.A.

Tariq Abdullah Alshuhayeb

Board Member
Chairman of the Board's Compliance Committee
Member of the Audit Committee

Tariq began his career in 2002. He currently serves as an advisor to H.E. the Minister of Municipalities and Housing. Tariq has extensive experience in leading financial policy development efforts in the Kingdom of Saudi Arabia, which has contributed to enhancing the strategic role of the Ministry of Finance and enabling the Kingdom to achieve its financial sustainability goals.

Tariq previously served as the Deputy Minister of Finance for Public Revenues, where he led efforts to develop the Kingdom's general revenue budget. He established an annual and medium-term revenue forecasting methodology and managed revenue targets across all government entities. Additionally, he oversaw comprehensive revenue analysis operations and contributed to analyzing variables and performance reports to ensure revenue collection and enhance collection mechanisms. One of his key achievements was leading efforts to integrate all government entities into a unified revenue collection platform (Tahseel).

He also served as Chief Strategy Officer at the Saudi Authority for Industrial Cities and Technology Zones (MODON) from 2010 to 2015, in addition to his role as Business Development Director at MODON and Systems Development Director at the Saudi Arabian General Investment Authority (SAGIA).

Tariq holds two master's degrees in MBA and M.S. in Information Systems. He has also participated in executive leadership programs at top institutions such as Harvard Business School, London Business School, INSEAD, the University of California, Berkeley, and the Massachusetts Institute of Technology (MIT).

Ahmed Saud Ghouth

Board Member and Chief Executive Officer
Member of the Board's Investment Committee
Member of the Board's Risk Committee
Member of the Board's Compliance Committee

Ahmed Saud Ghouth is the Chief Executive Officer of Alkhabeer Capital and has more than 22 years of experience in investment banking, asset management, and Islamic corporate banking, which he gained through holding several leadership positions at Alkhabeer Capital, as well as the experience he acquired during his employment at National Commercial Bank, one of the leading financial institutions in the Kingdom of Saudi Arabia.

Ahmed currently serves as Chairman and Board Member of 24 investment funds investing in real estate, private equity, and capital markets, with assets under management exceeding SAR 9 billion. He is also the Chairman of Saudi Innova Healthcare Company, Chairman of Aljazirah Rent A Car Company, Chairman of Takamul Industries Company, Vice Chairman of Integrated Development For Education and Training Company, and Member of the Board of Managers of Al Hana Commercial Group Company. He was previously an independent member of the Investment Committee of NEOM Energy and Water Company (ENOWA).

He holds a Bachelor's in Accounting from King Fahad University of Petroleum and Minerals, Dhahran, Saudi Arabia.

Composition of the Board of Directors and Classification of its Members

The Ordinary General Assembly Meeting (Thirteenth Meeting) of the Company's shareholders was held on 24 Jumada Al-Akhirah 1446H, corresponding to 25 December 2024, during which the election of the Board members for the new term was approved. The Board consists of five non-executive members, three independent members, and one executive member, for a three-year term commencing on 3 January 2025.

Furthermore, during the Extraordinary General Assembly Meeting (Eleventh Meeting) held on 1 Muharram 1447H, corresponding to 26 June 2025, the shareholders approved the amendment of the current Board term from three calendar years to four calendar years. Accordingly, the current Board term will expire on 2 January 2029.

The table below shows the composition of Alkhabeer Capital's Board of Directors and the classification of its members as at the end of 2025, in addition to the names of the companies in which Alkhabeer's Board members are also board members:

Member Name	Member Classification	Memberships in Boards of Other Companies (Listed or Unlisted), or Executive Positions Held
Ammar Ahmed Shata (Chairman of the Board)	Non-Executive	Board Member of Saad Hussain Bin Dajam Group. Chairman of the Board of Ghutra Digital Company. Board Member of Nasser Abu Sarhad Transport Company. Chairman of the Board of Integrated Development Company for Education and Training. Director of Ash Professional Consulting Company. Board Member of Mohammed Sweilem Al-Shareef Sons Building Materials Company. Chairman of the Board of Managers of Muqaranah for Digital Brokerage Co. Ltd. Chairman of the International Recruitment Company. Board Member of Osoul Digital Investment Company.
Musaad Mohammad Aldrees (Vice Chairman)	Non-Executive	Not a member of the board of directors of any other listed or non-listed company.
Saeid Mohamed Binzagr	Non-Executive	Chairman of Avon Beauty Arabia Company. Chairman of Binzagr Barwil Marine Transport Company. Board Member of Wataniya General and Life Insurance Company. Board Member of Binzagr Unilever Limited. Board Member of Abdullah & Saeid M.O. Binzagr Co. Ltd. Board Member of Binzagr Factory for Insulation Materials Company. Board Member of Beit Binzagr Holding Co. Ltd. Founding Board Member of Diyar Al Khayal Real Estate Development Company. Board Member of International Advertising Co. Ltd. Board Member of Bait Binzagr Industrial & Commercial Investment Co. Ltd. Board Member of Binzagr Unilever Gulf General Trading Co. Ltd. Board Member of Binzagr Industrial & Commercial Investment Company.
Samer Mohammed Alkhawashki	Non-Executive	Board Member of Makkah Construction & Development Company. Board Member of Health Sector Development Company. Chief Executive Officer of Vision International Investment Company, affiliated with the Saudi Binladin Group.

Member Name	Member Classification	Memberships in Boards of Other Companies (Listed or Unlisted), or Executive Positions Held
Saleh Yahya Romeih	Non-Executive	Board Member of Beyon Company. Board Member of Element Critical Company. Member of the Board of Advisors at Georgetown University - McDonough School of Business.
Dr. Issam Zaid Al Tawari	Independent	Director and Partner at Newbury Economic Consulting LLC. Director and Partner at Newbury International Real Estate Company LLC. Board Member of Cleveland Square Limited.
Tariq Hussein Linjawi	Independent	Board Member of Yanbu United Company. Board Member of SIAD Holding Co. Ltd. Board Member of Dar Al Aila Company. Board Member of MDR Investment Company. Board Member of Arabian Houses Company.
Tariq Abdullah Alshuhayeb	Independent	Not a member of the board of directors of any other listed or non-listed company.
Ahmed Saud Ghouth	Executive	Chairman of Saudi Innova Healthcare Company. Chairman of Aljazirah Rent a Car Company. Chairman of Takamul Production Industrial Company. Board Member of Al Hana Commercial Group Company. Vice Chairman of Integrated Development Company for Education and Training.

Attendance of Board of Directors Meetings

The Board of Directors held four meetings during the year 2025. The following table shows the attendance record for each of these meetings:

Member Name	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Total
	19 March	26 June	22 October	24 December	4
Ammar Ahmed Shata	Attended	Attended	Attended	Attended	4/4
Musaad Mohammad Aldrees	Attended	Attended	Attended	Attended	4/4
Saeed Mohammed Binzagr	Attended	Excused Absence	Attended Virtually	Attended Virtually	3 /4
Samer Mohammed Alkhawashki	Attended	Attended Virtually	Attended Virtually	Attended Virtually	4/4
Saleh Yahya Romeih	Attended Virtually	Attended Virtually	Attended Virtually	Attended Virtually	4/4
Dr. Essam Zaid Al Tawari	Attended Virtually	Attended Virtually	Attended	Attended	4/4
Tariq Hussein Linjawi	Attended	Attended Virtually	Attended	Attended Virtually	4/4
Tariq Abdullah Alshuhayeb	Attended Virtually	Attended Virtually	Attended Virtually	Attended Virtually	4/4
Ahmed Saud Ghouth	Attended	Attended	Attended	Attended	4/4

Attended · Attended Virtually · Excused Absence

Shareholding of Board Members, Top Executives, and Related Persons

The following table shows any interest in Alkhabeer Capital owned by the Board Members, Top Executives, and any person related to them, and any change in such interest during FY 2025.

Committee Member Name	Classification	Related Party	Number of Shares at the Beginning of 2025	Ownership Percentage at the Beginning of 2025	Number of Shares at the End of 2025	Ownership Percentage at the End of 2025
Ammar Ahmed Shata	Chairman of the Board	-	968,757	1.08%	848,874	0.95%
Musaad Mohammad Aldrees	Vice Chairman of the Board	-	1,720,000	1.92%	1,700,000	1.90%
Saeid Mohamed Binzagr	Board Member	-	0%	0%	584,375	0.65%
Saeid Mohamed Binzagr	Board Member	Abdullah & Saeed Mohammed Obeid Binzagr Company*	6,875,000	7.69%	6,875,000	7.69%
Ahmed Saud Ghouth	Chief Executive Officer	-	269,385	0.30%	269,385	0.30%

Business, Contracts, and Transactions with Related Parties

Alkhabeer Capital conducts transactions with related parties in the ordinary course of its business. The Company and the Board of Directors believe that transactions with related parties are carried out on the same terms applicable to other parties. Such transactions are subject to the limits stipulated in the laws, regulations, and instructions issued by the relevant regulatory authorities in the Kingdom of Saudi Arabia, in addition to the application of best practices in corporate governance, which the Company adopts as a guiding approach in conducting its business. The annual financial statements include disclosures regarding financial transactions with related parties.

* This includes 6,875,000 shares held on behalf of Abdullah & Saeed Mohammed Obaid Binzagr Company, in which Mr. Saeed Mohammed Obaid Binzagr has an indirect ownership interest through his ownership in the share capital of Bayt Binzagr Holding Company Limited

During the fiscal year ended 31 December 2025, the Extraordinary General Assembly (Eleventh Meeting) of the Company's shareholders, held on 26 June 2025, approved authorizing the Company to enter into a consultancy agreement with Aash Professional Consultancy Company, a single-owner limited liability company owned by Mr. Ammar Ahmed Shata (Chairman of the Board), effective from 3 January 2025 for a one-year term. It should be noted that Mr. Ammar Ahmed Shata, Chairman of the Board, has an indirect interest in this agreement. Accordingly, the Nomination and Remuneration Committee reviewed the consultancy agreement to ensure that no preferential terms or benefits were granted, in accordance with the authorities delegated to it by the Board of Directors. The value of the aforementioned agreement amounted to SAR 1.2 million, inclusive of value-added tax.

Other than the above, the Board of Directors confirms that there were no other businesses or contracts in which the Company was a party and in which the Chairman, Board members, the Chief Executive Officer, or any related person had a direct or indirect material interest, except as disclosed in the related-party transactions statement.

Board Committees

As part of strengthening sound corporate governance and ensuring the achievement of the Company's strategic objectives, a number of Board committees have been established. These committees aim to focus on specific areas that directly support executive and strategic decision-making. The committees also work to ensure the efficient and effective implementation of policies and procedures, in addition to providing periodic reports to the Board of Directors on developments and the outcomes of their activities.

The Board's principal committees consist of five main committees whose members are appointed by the Board of Directors, namely: the Audit Committee, the Nomination and Remuneration Committee, the Investment Committee, the Risk Committee, and the Compliance Committee. The following is a brief description of the responsibilities, duties, membership composition, and number of meetings held by these committees during the year 2025.

Board Investment Committee

The Investment Committee plays an important role in supporting the Board of Directors in fulfilling its responsibilities related to reviewing and approving investment policies, investment strategies, and related operations, in addition to monitoring the Company's financial performance and investments. The Committee also oversees the management of the Company's financial and capital resources.

The Committee is also responsible for studying and analyzing available investment opportunities and providing recommendations to the Board of Directors regarding new investment opportunities that fall within its delegated authority. In addition, it monitors the existing investment portfolio to ensure the achievement of expected returns while minimizing risks. During 2025, the Committee held four meetings. The following table illustrates the attendance record for each meeting.

Member Name	Position	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Total
		17 March	28 May	30 September	15 December	4
Saied Mohamed Binzagr	Chairman	Attended Virtually	Attended Virtually	Attended Virtually	Attended Virtually	4/4
Ammar Ahmed Shatta	Member	Attended Virtually	Attended	Attended Virtually	Attended Virtually	4/4
Musaad Mohammad Aldrees	Member	Attended	Attended	Attended Virtually	Attended Virtually	4/4
Saleh Yahya Romeih	Member	Attended Virtually	Attended	Excused Absence	Excused Absence	2/4
Ahmed Saud Gouth	Member	Attended	Attended Virtually	Attended	Attended	4/4

Attended · Attended Virtually · Excused Absence

Audit Committee

The Audit Committee aims to ensure the Company's financial transparency by overseeing financial operations and internal audit activities and by ensuring the Company's compliance with recognized accounting and auditing standards. The Committee also evaluates the effectiveness of the internal control system and provides periodic reports to the Board of Directors on the efficiency of these systems.

In addition, the Committee assists the Board of Directors in fulfilling its oversight responsibilities, including ensuring the integrity of the financial statements, verifying the qualifications and independence of the external independent auditor, and monitoring the performance of the Internal Audit Department at Alkhabeer Capital. During 2025, the Committee held five meetings. The following table illustrates the attendance record for each meeting.

Committee Member Name	Position	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	First Extraordinary Meeting	Total
		18 March	25 June	21 October	23 December	2 November	5
Dr. Issam Zaid Al Tawari	Chairman	Attended Virtually	Attended Virtually	Attended	Attended	Attended Virtually	5/5
Tariq Abdullah Alshuhayeb	Member	Attended Virtually	Attended Virtually	Attended Virtually	Attended Virtually	Attended Virtually	5/5
Othman Mohammed Bafaqih	Independent Member from Outside the Board of Directors	Attended Virtually	Attended Virtually	Attended	Attended Virtually	Attended Virtually	5/5

Attended Attended Virtually Excused Absence

Board Nomination and Remuneration Committee

The Board Nomination and Remuneration Committee is responsible for overseeing the development and implementation of a clear and fair remuneration policy for the Board of Directors and executive management. The Committee also supervises the performance evaluation process of the Board of Directors and its subcommittees.

In addition, the Committee monitors disclosures related to remuneration granted in accordance with regulatory requirements through annual reports and statements. One of the Committee's key responsibilities is to recommend nominations and re-nominations for membership of the Board of Directors and its subcommittees. The following table illustrates the attendance record of the Committee meetings during 2025:

Committee Member Name	Position	First Meeting	Second Meeting	Total
		16 March	21 December	2
Musaad Mohammad Aldrees	Chairman	Attended	Attended	2/2
David Huntley	Independent Member from Outside the Board of Directors	Attended	Attended	2/2
John Bladen	Independent Member from Outside the Board of Directors	Attended	Attended	2/2

Attended Attended Virtually Excused Absence

Board Risk Committee

The Board Risk Committee is responsible for overseeing risk management within the Company and ensuring management's awareness and understanding of the material risks that the Company may face. The Committee also develops a strategy to ensure the existence of comprehensive and effective policies and procedures for managing such risks and related processes, to maintain an acceptable level of risk within the limits of authority established by the Board of Directors.

In addition, the Committee reviews the measures taken to ensure the existence of an integrated organizational structure for risk management. During 2025, the Committee held four meetings. The following table illustrates the attendance record for each meeting:

Member Name	Position	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Total
		13 March	24 June	19 October	22 December	4
Tariq Hussein Linjawi	Chairman	Attended Virtually	Attended Virtually	Attended	Attended Virtually	4/4
Samer Mohammed Alkhawashki	Member	Attended Virtually	Attended Virtually	Attended Virtually	Attended Virtually	4/4
Ahmed Saud Ghouth	Member	Attended	Attended	Attended	Attended	4/4

Attended Attended Virtually Excused Absence

Board's Compliance Committee

The primary purpose of the Board's Committee is to assist the Board of Directors in overseeing the Compliance Program with respect to compliance with the laws and regulations issued by the Capital Market Authority and the Saudi Tadawul Group. The Committee also advises management on best practices in compliance and ensures that Alkhabeer Capital's internal policies and procedures align with applicable regulations. During 2025, the Committee held four meetings. The following table illustrates the attendance record for each meeting:

Member Name	Position	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Total
		22 January	23 June	20 October	21 December	4
Tariq Abdullah Alshuhayeb	Chairman	Attended Virtually	Attended Virtually	Attended Virtually	Attended Virtually	4/4
Lama Shawqi Khayyat	Independent Member from Outside the Board of Directors	Attended Virtually	Attended Virtually	Attended Virtually	Attended Virtually	4/4
Ahmed Saud Ghouth	Member	Excused Absence	Attended	Attended	Attended	3/4
Ibrahim Shukri Saad	Member	Attended	Attended	Attended	Attended	4/4
Zeyad Adeeb Elyas	Member	Attended	Attended	Attended	Attended	4/4

Attended Attended Virtually Excused Absence

Shari'a Supervisory Board

Shariyah Review Bureau W.L.L. oversees the Shari'ah advisory activities at Alkhabeer Capital, advises on product offerings and structuring, issues compliance certificates (fatwa) and conducts Shari'ah supervisory audits. Shariyah Review Bureau employs around 33 reputable Shari'ah scholars in various countries, including the Kingdom of Saudi Arabia, Malaysia, Algeria, Egypt, the UAE, Sudan and the Kingdom of Bahrain.

The Shari'ah Supervisory Board provides the Company with Shari'ah guidelines and approvals for products that the Company asks the Shari'ah Supervisory Board to review and express a Shari'ah opinion on. The Shari'ah Supervisory Board also provides Shari'ah-compliant consultation and solutions to cater to the Company's strategic business needs.

Remuneration and Compensation

The table below shows the details of the remuneration and compensation paid to the members of the Board of Directors, and five of the senior executives who received the highest remuneration and compensation, including the Chief Executive Officer, Deputy Chief Executive Officer, and the Chief Financial Officer:

Description	Board Executive Directors (SAR)	Board Non-Executive Directors (SAR)	Board of Independent Directors (SAR)
Allowance for Attending Committees	0	0	0
Allowance for Attending Board Sessions	0	0	0
Periodic and Annual Remuneration	0	1,420,000	735,000
Incentive Plans	0	0	0
Any other Compensation or in-Kind Benefits Payable Monthly or Annually	0	0	0
Total	0	1,420,000	735,000

Description	Five of the senior executives who received the highest remuneration and compensation, including the Executive Director, Deputy Chief Executive Officer, and the Chief Financial Officer (SAR)
Salaries and Compensation	6,629,994
Allowances	2,155,006
Periodic and Annual Remuneration	13,899,125
Incentive Plans	4,785,000
Commissions	-
Any Other Compensation or In-kind Benefits Payable Monthly or Annually	-
Total	27,469,125

The data listed in the above table includes the following:

- Salaries and Compensation: Includes basic salary and fixed incentives.
- Allowances: Include housing allowance and transportation allowance.
- Periodic and Annual Remuneration: Includes annual incentives paid in cash.
- Incentive Plans: Include deferred remuneration, in accordance with the Company's Remuneration Policy.
- Any other compensation or in-kind benefits payable monthly or annually: Includes non-cash benefits payable to the employee.

Any arrangement or agreement by which any Board Member or senior executive assigns any remuneration or compensation

The Company has no knowledge of any arrangements or agreements pertaining to any assignment of salaries, remuneration or compensation by any Board member or senior executive.

Executive Management Committees

The Executive Management is supported by the following Management Committees:

Investment Committee

The Investment Committee (IC) has overall responsibility for reviewing and approving investment proposals within the authority levels mandated by Alkhabeer's authority matrix and for ensuring that up-to-date policies and procedures are in place. Several sub-committees operate under the Investment Committee to support its activities, including the Assets and Liabilities Management Committee, the Product Development Committee, and the Capital Markets Investment Committee, thereby enhancing the efficiency of investment decision-making and ensuring the integration of supervisory and executive roles.

Asset and Liability Management Committee

The Assets and Liabilities Management Committee (ALMC) is responsible for recommending policies for managing all assets and liabilities (balance sheet structure, funding structure, and hedging and investment limits) within the overall risk management framework. ALMC plays a crucial role in the liquidity risk management within the Company.

Product Development Committee

The purpose of the Product Development Committee is to assist Alkhabeer's business lines in making informed decisions regarding the introduction of new products or services, the improvement of existing products or services, and the oversight of the product development process.

Capital Markets Investment Committee

The primary responsibility of the Capital Markets Investment Committee is to contribute to the review and analysis of the domestic and global economic environment, the analysis of domestic and world capital markets, the management of all fund investments, and the review of discretionary portfolio management products.

Enterprise Risk Management Committee

The primary responsibility of the Enterprise Risk Management Committee is to ensure that sound policies, procedures and practices are in place for the enterprise-wide management of the Company's credit, market and operational risks.

Human Resources Management Committee

The Human Resources Management Committee is responsible for periodically reviewing and monitoring the development of Alkhabeer's Human Capital. The Committee also identifies key positions and ensures that a succession plan is developed and implemented, and that remuneration is aligned with the marketplace.

Information Technology Committee

The Information Technology Committee is a management committee whose primary purpose is to approve the Company's IT strategy and supervise its implementation. The Committee is also responsible for supervising the IT functionality from a business and risk management point of view, and ensuring proper segregation of duties (Chinese Walls) in line with compliance requirements. Additional responsibilities include ensuring that the IT policy and procedures are regularly updated, supervising the management of critical information in line with the Business Continuity Plan (BCP) and ensuring that the Disaster Recovery Plan (DRP) is tested at least once a year.

Business Continuity Management Committee

The Business Continuity Management Committee's main objective is to ensure the effectiveness of the Company's Business Continuity Plan and the safety of the Company's employees in case of a disaster (God forbid). In addition, the Committee is responsible for implementing a yearly emergency drill for the evacuation of the Company's head office, in line with CMA's instructions.

Cybersecurity Committee

The main objective of the Cybersecurity Committee is to develop the cybersecurity strategy, supervise its implementation, monitor electronic functions, protect electronic systems, networks, and data against cyber threats, and prevent hacks and breaches to ensure the integrity of Alkhabeer Capital's information technology assets.

Corporate Social Responsibility Committee

The primary responsibility of the Corporate Social Responsibility Committee is to develop a clear and practical strategy for implementing the Company's social responsibility programs and to supervise their implementation.

ADMINISTRATION EXECUTIVE

Ahmed Saud Ghouth

Chief Executive Officer

Hisham Baroom

Deputy Chief Executive Officer

Ibrahim Saad

Chief Risk Officer

Tamer Abdelraheem

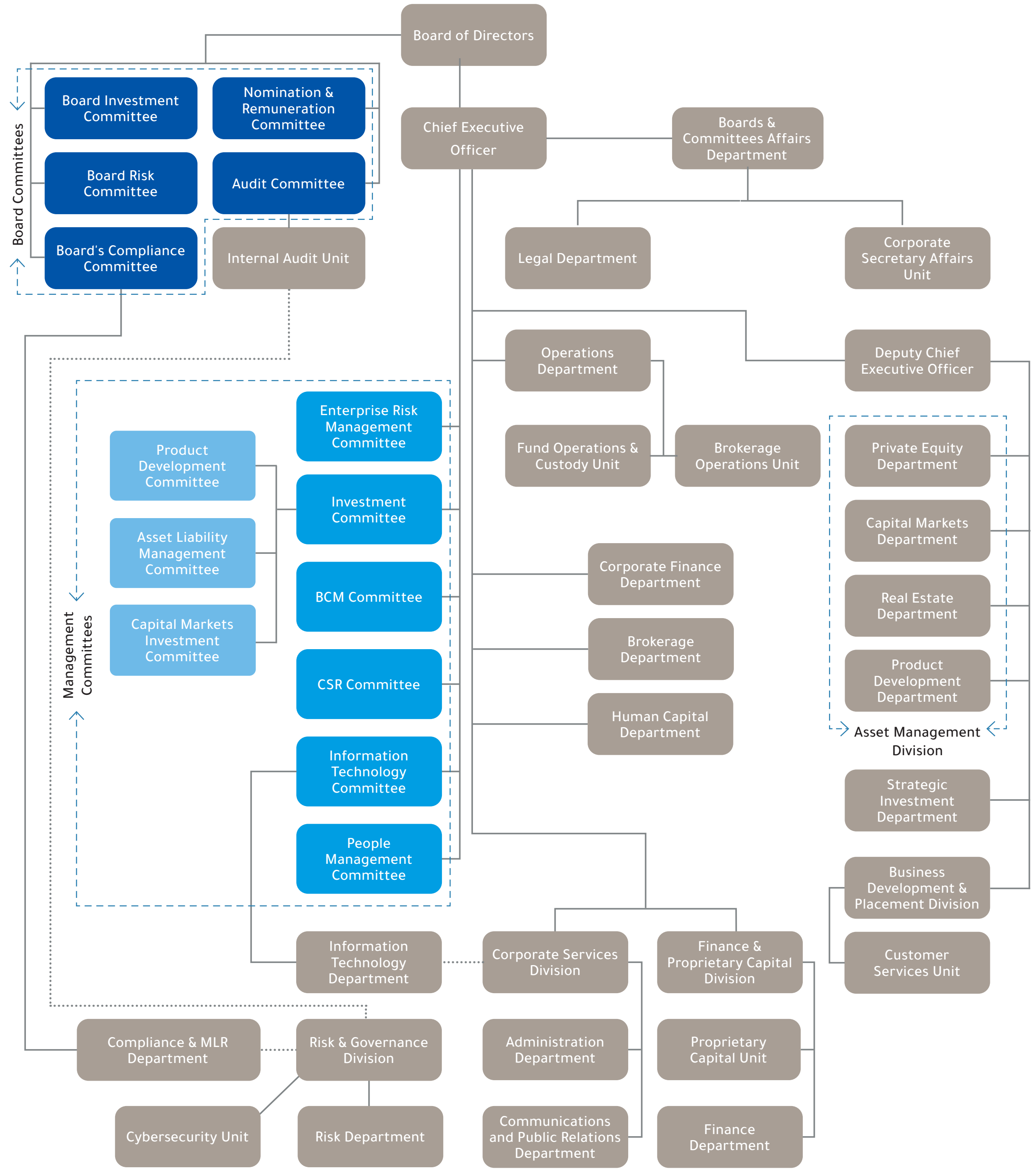
Chief Financial Officer

Mazen Elkojok

Acting Chief Investment Officer

ORGANIZATIONAL STRUCTURE

Alkhabeer Capital's flat, flexible organizational structure fosters a collaborative environment for internal teams and clients alike. This has, in turn, enabled us to build strong, enduring relationships that form the bedrock of our company's business philosophy.



Division: more than one department
Department: two employees or more
Unit: less than two employees

Board Committees | Management Committees - Including Members of the Board of Directors | Management Committees | Management Subcommittees | Direct Reporting | Administrative Reporting

SHARIA AUDIT REPORT

SHARIYAH REVIEW BUREAU

Annual Shari'a Committee's Report to the Shareholders of Alkhabeer Capital

Praise be to Allah, Lord of the worlds, and peace and blessings be upon Mohammed, the leader of Prophets and Messengers, and upon his family and Companions, and upon those who follow his Guidance until the Day of Judgment.

It is our pleasure to present to you the Shari'a Committee's Report for Alkhabeer Capital (hereinafter 'Company'). In compliance with the letter of appointment we the undersigned have reviewed the Company's business & activities for the year ended 31st December 2025.

The prime responsibility for ensuring compliance with Shari'a standards and rules in all activities and business operations lie with the Company management. It is our responsibility to present an independent opinion of the Company's operations and to communicate it to the Shari'a Committee.

We have reviewed all products, transactions, agreements and pertinent documentation adopted by the Company during year ended 31st December 2025 and an audit was conducted upon Company's activities as detailed in the Shari'a Audit report which was performed to ensure that the Company's activities were in compliance with the set rules, principles and guidelines in addition to soliciting all information, documentations that were deemed necessary to reach to sound conclusions.

Based on the above and taking in consideration the recommendations set out in the Shari'a Audit report, it is our opinion that the reviewed transactions, related documentation & processes, business activities and dealings entered into by the Company during the year ended 31st December 2025 are in compliance with the Islamic Shari'a Rules, Principles and Guidelines.

May Allah bless us with the best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Sh. Muhammad Ahmad Sultan
Chairperson - Shari'a Scholar
June 3, 2026

SHARIYAH REVIEW BUREAU

FINANCIAL REPORT

INDEPENDENT AUDITOR'S REPORT

ERNST & YOUNG PROFESSIONAL SERVICES (PROFESSIONAL LLC)
PAID-UP CAPITAL (SR 5,500,000 – FIVE MILLION FIVE HUNDRED THOUSAND SAUDI RIYAL)
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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of AlKhabeer Capital Company (A Saudi Closed Joint Stock Company)

Opinion
We have audited the financial statements of AlKhabeer Capital Company (A Saudi Closed Joint Stock Company) (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs that are endorsed in the Kingdom of Saudi Arabia").

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants, and the applicable provisions of the Regulations for Companies and the Company's By-Laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance i.e, the Audit Committee is responsible for overseeing the Company's financial reporting process.

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

EY
Shape the future with confidence

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

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

Report on Other Legal and Regulatory Requirements
As described in Note 28 to the financial statements, a regulator concluded its periodic inspection and issued its findings in relation to compliance with regulations. The Company has developed an action plan to address the findings. Our opinion is not modified in respect of this matter.

for Ernst & Young Professional Services

Ahmed Ibrahim Reda
Certified Public Accountant
License No. 356

Jeddah: 11 Shawwal 1447H
(30 March 2026G)

EY
CR. 4030276644
Ernst & Young Professional Services (Professional LLC)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AlKhabeer Capital Company (A Saudi Closed Joint Stock Company)

Opinion

We have audited the financial statements of AlKhabeer Capital Company (A Saudi Closed Joint Stock Company) (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs that are endorsed in the Kingdom of Saudi Arabia").

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants, and the applicable provisions of the Regulations for Companies and the Company's By-Laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance i.e, the Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

Report on Other Legal and Regulatory Requirements

As described in Note 28 to the financial statements, a regulator concluded its periodic inspection and issued its findings in relation to compliance with regulations. The Company has developed an action plan to address the findings. Our opinion is not modified in respect of this matter.

for Ernst & Young Professional Services

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 SR'000	2024 SR'000
ASSETS			
CURRENT ASSETS			
Cash at banks		**26,655**	32,154
Murabaha placements	5	**1,873**	1,858
Accounts receivable, prepayments and other receivables	6	**13,622**	9,032
Due from related parties	7	**256,361**	296,945
Investments at fair value through profit or loss ("FVTPL")	8	**151,334**	135,125
TOTAL CURRENT ASSETS		**449,845**	475,114
NON-CURRENT ASSETS			
Investments at fair value through profit or loss ("FVTPL")	8	**1,498,290**	1,322,864
Right of use assets	9	**2,329**	3,106
Investment property	29	**156,173**	159,540
Property and equipment	10	**41,289**	42,010
TOTAL NON-CURRENT ASSETS		**1,698,081**	1,527,520
TOTAL ASSETS		**2,147,926**	2,002,634
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payables, accrued and other liabilities	11	**117,811**	140,899
Murabaha contracts	12	**24,161**	196,627
Sharia compliant financing	13	**100,890**	40,890
Sukuk certificate	14	**91,182**	17,307
Lease liability	9	**866**	866
TOTAL CURRENT LIABILITIES		**334,910**	396,589
NON-CURRENT LIABILITIES			
Accounts payables, accrued and other liabilities	11	**61,720**	61,720
Murabaha contracts	12	**17,700**	40,000
Sharia compliant financing	13	**211,901**	252,792
Sukuk certificate	14	**260,000**	66,000
Employees' benefits liabilities	15	**22,070**	21,520
Lease liability	9	**1,993**	2,859
TOTAL NON-CURRENT LIABILITIES		**575,384**	444,891
TOTAL LIABILITIES		**910,294**	841,480
SHAREHOLDERS' EQUITY			
Share capital	18	**894,523**	894,523
Reserve	19	**84,716**	71,787
Retained earnings		**258,361**	194,499
Actuarial reserve	15	**32**	345
TOTAL SHAREHOLDERS' EQUITY		**1,237,632**	1,161,154
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,147,926**	2,002,634

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 SR'000	2024 SR'000
INCOME			
Income from investments at fair value through profit or loss, net	8	**244,478**	231,311
Impairment charge of investment properties	29	**(4,549)**	-
Fee income	20	**88,885**	77,163
Dividend income		**3,675**	117
Income from Murabaha placements		**652**	349
TOTAL OPERATING INCOME		**333,141**	308,940
OPERATING EXPENSES			
Selling and marketing	21	**(7,508)**	(9,632)
General and administrative	22	**(142,372)**	(132,546)
TOTAL OPERATING EXPENSES		**(149,880)**	(142,178)
NET OPERATING INCOME		**183,261**	166,762
Financing expenses	23	**(49,560)**	(47,272)
Finance cost on leased liabilities	9	**(134)**	(175)
Other income		**1,488**	1,560
PROFIT BEFORE ZAKAT		**135,055**	120,875
Zakat	16	**(5,764)**	(6,595)
PROFIT FOR THE YEAR		**129,291**	114,280
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to the profit or loss			
(Loss) / gain on re-measurement of employees' benefits liabilities	15	**(313)**	655
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**128,978**	114,935
BASIC AND DILUTED EARNINGS PER SHARE			
Weighted number of shares (in thousands)	18	**89,452**	89,452
Basic and diluted earnings per share (in SR)	30	**1.45**	1.28

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2025

	Share capital SR'000	Reserve SR'000	Retained earnings SR'000	Actuarial (loss)/ gain, net SR'000	Total SR'000
Balance at 1 January 2024	894,523	60,359	141,740	(310)	1,096,312
Profit for the year	-	-	114,280	-	114,280
Other comprehensive income (note 15)	-	-		655	655
Total comprehensive income	-	-	114,280	655	114,935
Transfer to reserve (note 19)	-	11,428	(11,428)	-	-
Dividends (note 17)	-	-	(50,093)	-	(50,093)
Balance at 31 December 2024	894,523	71,787	194,499	345	1,161,154
Profit for the year	**-**	**-**	**129,291**	**-**	**129,291**
Other comprehensive loss (note 15)	**-**	**-**	**-**	**(313)**	**(313)**
Total comprehensive income	**-**	**-**	**129,291**	**(313)**	**128,978**
Transfer to reserve (note 19)	**-**	**12,929**	**(12,929)**	**-**	**-**
Dividends (note 17)	**-**	**-**	**(52,500)**	**-**	**(52,500)**
Balance at 31 December 2025	**894,523**	**84,716**	**258,361**	**32**	**1,237,632**

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 SR'000	2024 SR'000
OPERATING ACTIVITIES			
Profit before zakat		**135,055**	120,875
Adjustments to reconcile profit before zakat to net cash flows:			
Income from investments at fair value through profit or loss, net	8	**(244,478)**	(231,311)
Impairment charge on investment properties		**4,549**	
Depreciation of property and equipment	10	**3,714**	3,501
Depreciation of right of use assets	9	**777**	778
Provision for employees' benefits liabilities	15	**4,019**	3,782
Finance cost on leased liabilities	9	**134**	175
Financing expenses		**49,560**	47,272
Disposal of property and equipment		**-**	(75)
		(46,670)	**(55,003)**
Changes in operating assets and liabilities			
Accounts receivable, prepayments and other receivables	6	**(4,591)**	(2,252)
Due from related parties	7	**40,584**	(53,161)
Accounts payable, accrued and other liabilities	11	**(1,685)**	(7,510)
Purchase of investments at FVTPL	8	**(209,950)**	(149,414)
Proceeds from disposal of investments at FVTPL	8	**262,793**	403,500
		40,481	136,160
Cash from operations			
Employees' benefits liabilities paid	15	**(3,782)**	(2,937)
Zakat paid	16	**(6,593)**	(5,679)
Net cash from operating activities		**30,106**	127,544
INVESTING ACTIVITIES			
Purchase of property and equipment	10	**(2,993)**	(1,444)
Proceeds from sale of property and equipment		**-**	75
Murabaha placements issued	7	**(48,700)**	(71,100)
Proceeds from Murabaha placements	7	**48,685**	71,800
Additions to investment properties		**(1,182)**	(4,804)
Net cash used in investing activities		**(4,190)**	(5,473)
FINANCING ACTIVITIES			
Murabaha contracts renewed		**50,000**	279,900
Murabaha contracts paid		**(254,737)**	(400,778)
Sharia compliant financing received		**60,000**	24,100
Sharia compliant financing paid		**)64,552)**	(62,873)
Sukuk certificates issued		**283,000**	83,000
Sukuk certificates paid		**(31,053)**	(113)
Payment of principal portion of lease liabilities	9	**(1,000)**	(1,000)
Dividend paid	17	**(73,073)**	(42,209)
Net cash used in financing activities		**(31,415)**	(119,973)
Net (decrease) / increase in cash at banks		**(5,499)**	2,098
Cash at banks at the beginning of the year		**32,154**	30,056
Cash at banks at the end of the year		**26,655**	32,154
NON-CASH SUPPLEMENTARY INFORMATION			
Gain / (loss) on re-measurement of employees' benefits liabilities	15	**(313)**	655

NOTES TO THE FINANCIAL STATEMENTS

At 31 DECEMBER 2025

1 ORGANIZATION AND ACTIVITIES

AlKhabeer Capital Company ("AKC", or "the Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030177445 and Unified number 7001555460 dated 14 Rabi Awal 1429H (corresponding to 22 March 2008). The Commercial Registration of the Company was amended on 14 Shawal 1430H (corresponding to 5 October 2009) by virtue of which the name of the Company was amended from AlKhabeer Merchant Finance Corporation to AlKhabeer Capital Company.

The Company is engaged in the following activities in accordance with the Capital Market Authority's Resolution No. H/T/919 dated 3 Rabi a' Thani 1429H (corresponding to 9 April 2008) and License No. 07074-37:

a) Arranging
b) Managing
c) Advising
d) Custody
e) Underwriting; and
f) Dealing

The Company's registered office is located at the following address:

AlKhabeer Capital
Al-Madina Road, P.O. Box 128289
Jeddah
Saudi Arabia

As at 31 December 2025, the Company operates through a branch with commercial registration 1010439273 registered in Riyadh (31 December 2024: same). The accompanying financial statements include the assets, liabilities and results of this branch.

The new Companies Law issued through Royal Decree number M/132 on 1/12/1443H (corresponding to June 30, 2022) (hereinafter referred as "the Law") came into force on 26/6/1444H (corresponding to January 19, 2023). The Company has amended its by-laws to comply with the provisions of the new companies law in Saudi Arabia. The new by-laws were approved by the Company's shareholders in the Extraordinary General Assembly meeting dated 4/11/1444H (corresponding to 24 May 2023).

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), and in compliance with the applicable provisions of the Regulations for Companies and the Company's By-Laws.

The Company has multiple unrelated investors and holds and/or manages multiple investments in various funds and companies managed by the Company (hereinafter referred as 'investee entities'). Ownership interests of the Company in investee entities are in the form of equity/ownership stake. The Company has been deemed to meet the definition of an investment entity as per IFRS 10 "Consolidated Financial Statements" as the following conditions exist;

a) The Company has obtained fee for purpose of providing investors with professional investment management services;
b) The Company's business purpose is investing for capital appreciation and investment income; and
c) The investments are measured and evaluated on a fair value basis.

Since the Company meets the definition of an investment entity as per the guidance given in IFRS 10 "Consolidated Financial Statements" (note 3), it is exempted from consolidating the investee entities and from the application of IFRS 3 "Business Combinations" when it obtains control of another entity. Such unconsolidated investee entities are, instead, measured and classified by the Company as 'financial asset at fair value through profit or loss' in accordance with IFRS 9 "Financial Instruments".

2.2 Basis of measurement

These financial statements are prepared under the historical cost convention, except for investments measured at fair value through profit or loss and actuarial valuation of employees' benefits liabilities which are calculated using "Projected Unit Credit Method".

2.3 Functional and presentation currency

These financial statements have been presented in SR which is the Company's functional and presentation currency of the Company. Financial information, presented in SR, has been rounded off to the nearest thousand, unless otherwise stated.

2.4 Significant accounting judgments, estimates and assumptions

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

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most relevant effect on the amounts recognised in the financial statements.

Going concern

The Company's management has made an assessment of the 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 the Company's ability to continue as a going concern. Therefore, these financial statements have been prepared on a going concern basis.

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

The Company 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.

Generally, the Company enters into lease contracts which include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. The Company included the renewal period as part of the lease term for leases due to the significance of leased assets to its operations.

Estimates and assumptions

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

Fair value estimation of investments at fair value through profit or loss

Management uses a standard and consistent valuation technique to ascertain the fair values. In all cases, management uses the reported net asset values (NAV) of the investee entities as their fair valuation. However, the NAV of the investee entities are assessed based on the fair values estimates using various techniques as deemed necessary including but not limited to discounted cash flows, comparable transactions, earning multiples, recent sales transactions, etc. If necessary, adjustments to the NAV are made to obtain the best estimate of fair value. In addition to the NAV, the valuation is based on management's best estimate considering recent purchase or sale transactions, available financial information or other suitable indicators of the fair value. Impairment charge for expected credit losses of financial assets

The Company uses a provision matrix to calculate ECLs for financial assets. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates 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 analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions as well as the available security. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Company's financial assets is disclosed in note 24.

Impairment of non-financial assets

The carrying amounts of the non-financial assets are reviewed at the end of each reporting date or more frequently to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using the pre-zakat discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. The fair value less cost to sell is based on observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are available, then based on discounted future cash flow calculations.

Useful lives of property and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

Actuarial valuation of employees' benefits liabilities

The cost of the end of service benefits ("employees' benefits") under defined unfunded 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 unfunded benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed on an annual basis or more frequently, if required.

Provisions

Provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a Zakat rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Investment entity

An investment entity is an entity that: (a) obtains fees from one or more investors for the purpose of providing those investor(s) with investment management services; (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company's objective by investing in the investee entities remain to be earning fee and capital appreciation. All investments are reported at fair values. The Company has a clearly documented exit strategy for all of its investments. The Company meets the definition of the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of units, shares and similar securities; it has more than one investor and its investors are not related parties. Management has concluded that the Company meets the definition of an investment entity. These conclusions will be reassessed on an annual basis, if any, if these criteria or characteristics change.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the profit rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of profit that the Company 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 asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market profit rates) when available and is required to make certain entity-specific estimates.

2.5 Impact of new standards, interpretations and amendments adopted by the Company

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability - Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of the entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments did not have a material impact on the Company's financial statements.

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information adopted for the preparation of these financial statements are as follows:

3.1 Foreign currencies

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized as profit or loss with the exception of monetary items that are designated as part of the hedge of the Company's net investment in a foreign operation. These are recognized as other comprehensive income (OCI) until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Assets

The Company presents assets and liabilities in the statement of financial position based on current/ noncurrent classification. An asset is current when it is:

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

All other assets are classified as non-current.

Liabilities

A liability is current when:

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

The Company classifies all other liabilities as non-current.

3.3 Fair value measurement

The Company measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each statement of financial position date.

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits 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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

3.4 Financial instruments

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

i) 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 (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.With the exception of accounts receivables that do not contain a significant financing component, the Company 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. Accounts receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and profit (SPPP)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company'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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Subsequent measurement

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

a) Financial assets at amortised cost

b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

d) Financial assets at fair value through profit or loss (FVTPL)

a) Financial assets at amortised cost (debt instruments)

The Company 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 profit on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective profit rate (EPR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes cash at banks and accounts receivable, prepayments and other receivables.

b) Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, profit income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Currently, the Company does not have any financial assets at fair value through OCI.

c) Financial assets at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment 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 instruments designated at fair value through OCI are not subject to impairment assessment.

Currently, the Company does not have any financial assets at fair value through OCI.

d) 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 consolidated 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 profit 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 significantly 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 the statement of profit or loss.

Financial assets classified as fair value through profit or loss comprise investments in a short-term discretionary portfolio and the investee entities, are acquired principally for the purpose of selling or repurchasing in the short term.

For securities that are traded in organized financial markets, the fair value is determined by reference to exchange quoted market bid prices at the close of the business on the reporting date.

For securities where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the underlying Net Asset Value (NAV) of the respective investee entity, which is reflective of the fair value of these securities.

Business model assessment

The Company makes an assessment of the objective of a business model under which an asset is held, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for financial assets and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual profit revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the financial assets are evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward. Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessments whether contractual cash flows are solely payments of principal and profit ("SPPP" criteria)

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

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

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

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financing, payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of financing and payables, net of directly attributable transaction costs. The Company's financial liabilities include accounts payable, other liabilities, Shariah compliant financing and Murabaha contract.

Subsequent measurement

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

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.

Gains or losses on liabilities held for trading are recognised in the statement of 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 Company has not designated any financial liability as at fair value through profit or loss.

Amortised cost

After initial recognition, long term payables are subsequently measured at amortised cost using the EPR method. Gains and losses as a result of unwinding of profit cost through EPR amortization process and on de-recognition of financial liabilities are recognized in the statement of profit or loss. 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 EPR. The EPR amortisation is included as finance costs in the statement of profit or loss.

iii) Derecognition

Financial assets

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 Company's statement of financial position) when:

- 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 receivedcash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has 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 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 Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

Financial liabilities

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 the statement of profit or loss.

iv) 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.

3.5 Impairment of financial and non-financial assets

Financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and a loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter into bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as economic conditions that correlate with defaults.

The Company recognises an allowance for ECLs for all financial assets not held at fair value through profit or loss. For accounts receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company also take into account the underlying securities as well as its rights to claim. In all cases, the Company has a priority claim as asset manager over the cash flows generated by the respective investee entity. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when payments are not made as per contractual terms which may vary from obligor to obligor. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company 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 fair value less costs of disposal is determined by taking into account recent market transactions. If no such transactions can be identified, an appropriate valuation model is used. The value in use is assessed by discounting the estimated future cash flows to their present value using a Zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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 group 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.

Impairment losses are recognised in the statement of profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU (group of units) on a pro rata basis. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3.6 Investment properties

Investment property is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Company. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, in accordance with the requirements of Capital Market Authority (CMA) Regulations, the company policy is to measure investment properties using the cost model.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

3.7 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any impairment in value. Freehold land and capital work in progress are not depreciated. The cost less estimated residual value of other property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Leasehold improvements/assets are depreciated on a straight-line basis over the shorter of the useful life of the improvement/assets or the term of the lease.

Expenditure for repairs and maintenance are charged to income. Improvements that increase the value or materially extend the life of the related assets are capitalized. Gains or losses on sale or retirement of property and equipment are included in the statement of profit or loss.

The estimated useful lives of the principal classes of assets are as follows:

	Years
Building	25
Leasehold improvements	4 and 11
Office and computer equipment	3-4
Furniture and fixtures	4
Vehicles	5

3.8 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Company, and accordingly, are not included in the statement of financial position. Details of these assets are disclosed in note 26 of the financial statements.

3.9 Provisions

Provisions are recognised when the Company 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 Company expects some or all of a provision to be reimbursed, 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 statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current 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 finance cost.

3.10 Leases

The Company 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.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company 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 Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use) if it is significant. 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 are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the profit 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 profit 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in

the assessment of an option to purchase the underlying asset. The unwinding component of finance cost is included in the statement of profit or loss.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term in the statement of profit or loss.

3.11 Employee benefits liabilities

The Company operates an employees' end of service benefits scheme benefits.

End of service benefits, as required by Saudi Arabia Labour Law, are required to be provided based on the employees' length of service.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return of the services in the current and prior periods. The benefits are discounted to determine its present value and any unrecognized past service cost.

The discount rate used is the market yield on government bonds at the reporting date that has maturity dates approximating the terms of the Company's obligations. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method to determine the Company's present value of the obligation by a qualified actuary. Defined benefits liability comprises of the following:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net profit expense / income; and
- Remeasurement gains/(losses).

The Company recognizes and presents the first two components of the defined benefit costs in profit or loss. Gains / (losses) due to re-measurement of employee benefits liabilities are recognized in other comprehensive income immediately. Curtailment gains / (losses) are accounted for as past service cost in the profit or loss in the period of plan amendment.

The companies in KSA are also required to contribute towards a state-owned benefit plan, General Organization for Social Insurance ("GOSI"), where the Company's obligation under the plan is to make specified monthly contribution based on specified percentage of payroll cost as stipulated under the regulation. These contributions are recognized as an expense when employees have rendered the service entitling them to the contributions. Any unpaid amounts are classified as accruals.

A liability is also recognized for benefits accruing to the employees in respect of wages and salaries, annual leaves and other related benefits in the period the related services are rendered at the undiscounted amount of the benefits expected to be paid and are classified as accruals.

3.12 Revenue recognition

Revenue is the gross inflow of economic benefits arising from the ordinary operating activities of the Company when those inflows result in increase in equity, other than increases relating to contributions from equity participants. Revenue is measured at fair value of consideration received or receivable. Revenue is recognized to the extent that it is probable that any future economic benefit associated with the item of revenue will flow to the Company, the revenue can be reliably measured, regardless of when the payment is being made and the costs are identifiable and can be measured reliably.

The Company applies a five-step model to determine when to recognize revenue and at what amount.

- Step:1 Identify the contract with the customer
- Step:2 Identify the performance obligations in the contract
- Step:3 Determine the transaction price
- Step:4 Allocate the transaction price to the performance obligations in the contract

- Step:5 Recognize revenue when or as the entity satisfies a performance obligation

Accordingly, the Company recognizes revenue when or as a performance obligation is satisfied. i.e. when control of the services pertaining to the respective performance obligation is transferred to the customer.

The specific recognition criteria described below must also be met before revenue is recognised.

- Fixed fees received under financial services agreements are non-refundable. These are initially recorded as unearned income and subsequently earned when the related milestones have been met or the agreement is terminated.
- Success fees are recognized when the related financing has been successfully raised for the client.
- Management and custody fees are recognized on a time apportioned basis.
- Finance income on Murabaha placements is recognised on a time apportioned basis.
- Dividend income is recognised when the right to receive payment is established.

3.13 Expenses

Selling and distribution expenses are those that specifically relate to marketing expenditure. All other expenses are classified as general and administration expenses.

3.14 Zakat

The Company is subject to zakat in accordance with the regulations of the General Authority of Zakat, Tax and Customs Authority ("ZATCA") and is charged to the statements of profit or loss. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

Withholding tax

The Company withholds taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

3.15 Dividend distributions

The Company recognizes a liability to make cash dividends distribution to shareholders when the dividends are authorized and no longer at the discretion of the Company. The corresponding amount is directly recognized in statement of changes in shareholders' equity.

3.16 Value added tax (VAT)

Expenses and assets are recognized net of the amount of VAT, except when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. This amendment is not applicable for the Company.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only

The amendments are not expected to have a material impact on the Company's financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows. The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

5. MURABAHA PLACEMENTS

	31 December 2025 SR'000	31 December 2024 SR'000
Murabaha placement	1,858	1,873

Murabaha placements are primarily with investee entities, carry profit rate of 4.9% to 7.50% per annum (31 December 2024: 7.0% to 7.75% per annum) and are subject to 0.10% per annum (31 December 2024: 0.10% per annum) management fee.

6. ACCOUNTS RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2025 SR'000	31 December 2024 SR'000
Prepayments	9,835	4,791
Advances to suppliers	1,645	1,440
Accounts receivable, net of provision	373	1,026
Other receivables	1,769	1,775
	13,622	9,032

7. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent directors and key management personnel of the Company, investee entities, controlled/ managed or significantly influenced by the Company or by such parties. The pricing and terms are approved by the management of the Company.

a) Significant related party transactions are conducted with investment funds and investee entities during the year and their balances at yearend are described below:

Nature of transactions	Amount of transactions for the year ended		Balances as at	
	31 December 2025 SR'000	31 December 2024 SR'000	31 December 2025 SR'000	31 December 2024 SR'000
Transactions with investee entities as follows:			1,649,625	1,440,260
Investments acquired during the year (note 8)	209,950	149,414		
Investment disposed during the year (note 8)	(245,562)	(403,500)		
Gain/ (loss) recorded on investments at fair value through profit or loss, net	244,877	230,820		
Advances and expenses incurred on behalf of investee entities	9,882	24,724	75,925	75,547
Management, custody, subscription, performance fees and structure fees (note 20)	88,647	75,251	180,436	221,398
			256,361	296,945
Murabaha placement during the year and their balances with the investee entities	26,700	71,100		
Murabaha placements matured during the year with the investee entities	(26,700)	(71,800)	200	200

b) The Company being the Asset Manager, incurs expenses on behalf of the investee entities in the normal course of business.

c) Key management personnel including members of the Board of Directors of the Company and key members of the management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:

	2025 SR'000	2024 SR'000
Salaries and other short-term expenses	19,665	18,861
Post-employment benefits	1,249	1,210
	20,914	20,071

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company meets the definition of an "investment entity". Accordingly, its investments in investee entities are carried at their fair value through profit or loss as "investments at fair value through profit or loss".

The movement in the investments at fair value through profit or loss for the year ended 31 December is as follows:

	2025 SR'000	2024 SR'000
Opening balance	1,457,989	1,480,764
Purchased during the year (note 7)	209,950	149,414
Sold during the year (note 7)	(262,793)	(403,500)
Fair value gains	244,478	231,311
	1,649,624	1,457,989
Less: included in the current assets	(151,334)	(135,125)
Long term	1,498,290	1,322,864

a) The details of the Company's holding in the investee entities are as follows:

Name of Investee Entities	31 December 2025 %	31 December 2024 %
Real Estate		
Alkhabeer Real Estate Opportunity Fund I - Investing in Land Development in Western Province, Kingdom of Saudi Arabia (KSA)	38%	38%
Alkhabeer Real Estate Opportunity Fund II - Investing in Land Development in Western Province, KSA	100%	100%
Alkhabeer Hospitality Fund I - Investing in Land Development in Western Province, KSA	75%	75%
Alkhabeer Real Estate Residential Development Fund II - Investing in Land Development in Western Province, KSA	8%	8%
Alkhabeer GCC Opportunity Company - Investing in income generating properties in Eastern Province, KSA	0.05%	0.05%
Private Equity		
Industrial sector		
AlKhabeer Saudi Private Equity Fund 1 - Investing in medical sector in Central Province, KSA	100%	100%
AlKhabeer Saudi Private Equity Fund 2 - Investing in medical sector in Western Province, KSA	0%	12.3%
AlKhabeer Industrial Private Equity Fund IV - Investing in manufacturing facilities in Eastern Province, KSA	31.6%	31.8%
Alkhabeer Car Rental Private Equity Fund - Investing in car rental sector in KSA	2.3%	2.3%
Alkhabeer Primary Care Private Equity Fund - Investing in medical sector in, KSA	100%	0%
Education Sector		
Alkhabeer Education Private Equity Fund I - Investing in Schools in Central Province, KSA	0.10%	0.10%
Alkhabeer Education Private Equity Fund II - Investing in Schools in KSA and UAE	100%	84%
Alkhabeer Education Private Equity Fund III - Investing in Schools in Central Province, KSA	5%	5%
Alkhabeer Education Private Equity Fund IV - Investing in Schools in Western Province, KSA	0.33%	0.33%
Alkhabeer Education Private Equity Fund V - Investing in Schools in Central Province, KSA	0.06%	0.06%
Alkhabeer Education Private Equity Fund VI - Investing in Schools in Central Province, KSA	72%	78%
Alkhabeer Education Private Equity Fund VII - Investing in Schools in Western and Central Province, KSA	0.44%	0.99%
Capital Markets		
Alkhabeer Saudi Riyal Murabaha Fund- invests in Murabaha transactions, KSA	6%	6%
Alkhabeer Diversified Income Traded Fund 2030- Invests in a diversified income portfolio, KSA	16.4%	16.4%

b) Breakdown of investments by sector is as follows:

	31 December 2025 SR'000	31 December 2024 SR'000
Investment in:		
Private Equity	1,449,167	1,145,422
Real Estate	156,708	252,838
Capital Market	43,749	59,729
	1,649,624	1,457,989

9. RIGHT OF USE ASSETS

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

	31 December 2025 SR'000	31 December 2024 SR'000
Opening asset balance	3,106	3,884
Less: depreciation for the year	(777)	(778)
As at 31 December	2,329	3,106

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

	31 December 2025 SR'000	31 December 2024 SR'000
Opening lease liability	3,725	4,550
Payment of principal portion of lease liabilities, net of profit cost	(866)	(825)
Closing lease liability	2,859	3,725
Included in current liabilities	(866)	(866)
Long term portion of lease liability	1,993	2,859

The following are the amounts recognized in profit or loss:

	31 December 2025 SR'000	31 December 2024 SR'000
Depreciation expense of right-of-use assets	777	778
Finance cost on leased liabilities	134	175
Total amount recognized in profit or loss	911	953

10. PROPERTY AND EQUIPMENT

	Land	Building	Leasehold improvements	Office and computer equipment	Furniture and fixtures	Vehicles	Capital work in progress	31 December 2025
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Cost								
At the beginning of the year	6,966	41,169	8,976	13,779	2,309	763	1,784	75,746
Additions	-	-	-	1,129	927	-	937	2,993
Transfer	-	-	1,105	-	-	-	(1,105)	-
At the end of the year	6,966	41,169	10,081	14,908	3,236	763	1,616	78,739
Accumulated depreciation								
At the beginning of the year	-	13,220	5,783	12,352	2,127	254	-	33,736
Depreciation (note 22)	-	1,650	882	859	187	136	-	3,714
At the end of the year	-	14,870	6,665	13,211	2,314	390	-	37,450
Net book amounts								
At 31 December 2025	6,966	26,299	3,416	1,697	922	373	1,616	41,289

Cost								
At the beginning of the year	6,966	41,169	8,976	12,950	2,276	905	1,388	74,630
Additions	-		-	844	33	171	396	1,444
Disposals			-		-		-	(328)
At the end of the year	6,966	41,169	8,976	13,779	2,309	763	1,784	75,746
Accumulated depreciation								
At the beginning of the year	-	11,578	4,971	11,655	1,898	461	-	30,563
Depreciation (note 22)	-	1,642	812	712	229	106	-	3,501
Relating to disposals			-	(15)	-	(313)	-	(328)
At the end of the year	-	13,220	5,783	12,352	2,127	254	-	33,736
Net book amounts								
At 31 December 2024	6,966	27,949	3,193	1,427	182	509	1,784	42,010

11. ACCOUNT PAYABLES, ACCRUED AND OTHER LIABILITIES

	31 December 2025 SR'000	31 December 2024 SR'000
Remuneration payable to employees	41,706	40,139
Accrued expenses	35,483	37,497
Dividend payable	175	20,748
Accounts payable	17,628	18,851
Zakat (note 16)	12,565	13,394
Other provisions	2,499	3,348
Payable against investment purchased	1,512	1,512
Other payables	6,243	5,410
Total current amount	117,811	140,899
Non-current portion		
Other provisions	61,720	61,720
Total	179,531	202,619

12. MURABAHA CONTRACTS

This represent commodity Murabaha contracts executed with investors through Discretionary Portfolio Managers (DPMs). The Murabaha contracts are unsecured, carry profit rate ranging from 5.30% to 8.00% per annum (31 December 2024: 5.25% to 8.00% per annum) and are subject to nil (31 December 2024: nil) management fee.

	31 December 2025 SR'000	31 December 2024 SR'000
Murabaha contracts	41,861	236,627
Less: included in current liabilities	(24,161)	(196,627)
Long-term	17,700	40,000

13. SHARIA COMPLIANT FINANCING

During 2022, the Company obtained a Sharia compliant financing from a local bank with an approved limit of ⃁ 350 million. As at 31 December 2025, there were no undrawn amounts under this facility. The financing facilities carry an agreed profit margin and are secured against "investment property" (see note 29) and certain "investments at fair value through profit or loss", in addition to all returns generated from the respective investments. The facility is repayable in semi annual instalments over a period of seven years starting from September 2023.

Moreover, during 2025, the Company obtained short term financing from a local bank and withdrew total financing amounting to ⃁ 60 million during the same period. The short term financing carries an agreed profit margin.

	31 December 2025 SR'000	31 December 2024 SR'000
Sharia compliant financing	312,791	293,682
Less: included in current liabilities	(100,890)	(40,890)
Long-term included in non-current liabilities	211,911	252,792

14. SUKUK CERTIFICATES

During 2024, the Company introduced a Sukuk Murabaha Certificate Programme for investors, with a total face value of up to ⃁ 500 million. During 2025, certificates totalling ⃁ 283 million were issued, carrying a profit rate of 7.5%, payable on a quarterly basis (2024: ⃁ 83 million at 7.5% payable on quarterly basis). The face value of the certificates will be redeemed at the maturity date upon dissolution. During 2025, total Sukuk certificates of ⃁ 17 million matured and were paid.

	31 December 2025 SR'000	31 December 2024 SR'000
Sukuk certificate issued	**351,182**	83,307
Less: included in current liabilities	**(91,182)**	(17,307)
Included in non-current liabilities	**260,000**	66,000

15. EMPLOYEES' BENEFITS LIABILITIES

Changes in the present value of defined benefit obligation are as follows:

	2025 SR'000	2024 SR'000
Balance at the beginning of the year	**21,520**	21,330
Current service cost	**2,939**	2,770
Profit cost	**1,080**	1,012
Benefits paid	**(3,782)**	(2,937)
Actuarial (gain)/ loss, net	**313**	(655)
Balance at the end of the year	**22,070**	21,520

Principal assumptions used in determining employees' benefits liabilities are as shown below:

	31 December 2025 SR'000	31 December 2024 SR'000
Discount rate	**%5,25**	5,50%
Salary increase rate	**%2,7**	2,75%
Staff withdrawal rate	**%8,00**	8,00%

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the employees' benefits liabilities by the amounts shown below:

	Increase/(decrease)	
	31 December 2025 SR'000	31 December 2024 SR'000
Discount rate		
+1% increase	**(1,205)**	(1,205)
-1% decrease	**1,343**	1,345
Future salary growth		
+1% increase	**1,346**	1,201
-1% decrease	**(1,241)**	(1,459)

The weighted average duration of end of service liability is 6 years (2024: 6 years). Significant actuarial assumptions for the determination of the employees' benefits liabilities are discount rate, expected salary increase and mortality. The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

16. ZAKAT

The principal elements of the Zakat base are as follows:

	2025 SR'000	2024 SR'000
Opening retained earnings	**194,499**	141,740
Non-current assets	**1,698,081**	1,527,520
Non-current liabilities	**575,384**	444,891
Profit before zakat	**135,055**	120,875

Some of these amounts have been adjusted in arriving at the zakat charge for the Company.

During 2023, ZATCA issued a guide for the purpose of clarifying some of the treatments related to the application of the regulatory provisions in effect in relation to calculation of Zakat for investors in investment funds. The guide aimed to regulate the mechanism for calculating zakat for investors in investment funds in order to qualify zakat and taxpayers subject to the provisions of the regulation to include their investment units owned in these funds as deductions from the components of the zakat base in their zakat declarations, if the conditions for the deduction are met. ZATCA requested from all investment funds to register with ZATCA and to submit the information only return annually.

Accordingly, the Company has deducted the investments from the zakat base for 2024 and 2025. The zakat charge for the year ended 31 December 2025 and 2024 includes the Zakat on the Company's units in the investment funds.

Movement in provision during the year

The movement in zakat provision for the year was as follows:

	31 December 2025 SR'000	31 December 2024 SR'000
Balance at the beginning of the year	**13,394**	12,478
Charge for the current year	**5,764**	6,595
Paid during the year	**(6,593)**	(5,679)
Balance at the end of the year (see note 11)	**12,565**	13,394

Status of assessments

ZATCA raised an assessment with an additional liability amounting to ⃁ 9.36 million for the year ended 31 December 2010. The Company filed an objection against the ZATCA assessment. ZATCA referred the objection to the General Secretariat of Tax Committees (GSTC), and the Second Circuit for Adjudication of Income Tax Violations and Disputes reduced the additional liability to ⃁ 9.18 million. The decision was appealed before the Appeal Committee, and the committee refused, the Company started to pay the amount in one year installment.

The ZATCA has issued an assessment for the year ended 31 December 2015 and raised an additional tax and Zakat liability amounting to ⃁ 33.48 million. The additional liability is principally on account of disallowed investments. The Company filed an objection against the ZATCA assessment. The Company registered the case with GSTC and provided comments on the ZATCA's response. The GSTC accepted Company's objection on withholding tax items and applied the delay fine of 1% and rejected the other items. The Company has escalated its objection to the Appeal Committee during 2022. The Appeal Committee accepted the Company's objection on several expenses, the difference in retained earnings, foreign investments and investment in a subsidiary, and rejected the other items. The decision reduced the additional zakat and tax liability to ⃁ 23.40 million. The Company submitted a petition to reconsider the decision and currently waiting for a decision by the Appeals Committee.

Moreover, ZATCA has issued an assessment for the year ended 31 December 2016 and 2018 and raised an additional tax and Zakat liability amounting to ⃁ 28.8 and ⃁ 38.6 million, respectively. The additional liability is principally on account of disallowed investments. The Company has submitted a petition for reconsideration of the decision, and is still awaiting the decision of the appellate circuit.

Pursuant to the clarification issued by ZATCA, the Company's management expects a favorable decision regarding the above appeals. The Company has filed its tax and zakat returns up to the financial year ended 31 December 2024 with ZATCA and obtained restricted Zakat certificate valid until 30 April 2026.

17. DIVIDEND

During 2025, the Shareholders of the Company in their Annual General meeting held on 26 June 2025 approved final cash dividend of 5.9% of paid up capital amounting to ⃁ 52.500 million.

During 2024, the Shareholders of the Company in their Annual General meeting held on 26 June 2024 approved final cash dividend of 5.6% of paid up capital amounting to ⃁ 50.093 million.

18. SHARE CAPITAL

The share capital of the Company, amounting to ⃁ 894,523,230 is divided into 89,452,322 shares of ⃁ 10 each (31 December 2024: 89,452,322 shares of ⃁ 10 each).

The Company is owned 100% by Saudi shareholders and GCC shareholders (31 December 2024: same).

19. RESERVE

This balance includes an amount of SAR 50.07 million which represents the total amounts appropriated from net income for prior years as "statutory reserves" in accordance with the requirements of the previous Companies Law and the Company's By-Law prior to alignment with the new Companies Law.

Subsequent amendment of the Company's By-laws which were approved on 24 May 2023, the Company must set aside 10% of its net income (after adjusting the accumulated losses) until it has built up a reserve equal to 30% of the capital. The utilization of this reserve is subject to the decisions of the partners/shareholders' assembly.

20. FEE INCOME

	2025 SR'000	2024 SR'000
Management, custody, and subscription	83,717	74,789
Brokerage fee	1,893	2,174
Arrangement / advisory fees	3,275	200
	88,885	77,163

21. SELLING AND MARKETING EXPENSES

	2025 SR'000	2024 SR'000
Salaries and benefits	4,541	4,498
Other	2,967	5,134
	7,508	9,632

22. GENERAL AND ADMINISTRATIVE EXPENSE

	2025 SR'000	2024 SR'000
Employees' salaries and related expenses	92,808	86,505
Due diligence, legal and professional fees	20,513	17,462
Information technology expense, software and licenses	11,873	9,274
Lead manager and receiving fees	-	3,680
Depreciation (note 10)	3,714	3,501
Business travel expense	4,032	3,385
Board of director's expenses	2,790	2,906
Maintenance, hospitality and cleaning	1,937	1,417
Utilities	1,028	1,033
Depreciation on right of use assets (note 9)	777	778
Other	2900	2,605
	142,372	132,546

23. FINANCING EXPENSES

	2025 SR'000	2024 SR'000
Finance cost on Murabaha Contracts	**9,970**	23,226
Finance cost on Shariah Compliant financing	**23,661**	23,626
Finance cost on Sukuk Certificates (note 14)	**15,929**	420
	49,560	47,272

24. RISK MANAGEMENT

The Company's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposure relating to his or her responsibilities. These limits reflect the business strategy and market environment of the Company as well as the level of the risk that the Company is willing to accept. The Company is exposed to market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that the fluctuation of fair value or future cash flows of a financial instrument as a result of changes in market prices, rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Company's market risk comprises of three types of risks: Profit rate risk, currency risk and equity price risk.

Profit rate risk

Profit rate risk arises from the effects of fluctuations in the prevailing levels of markets profit rates on the fair value of financial assets and liabilities as well as reported income/losses due to changes in future cash flow. The Company is exposed to profit rate cash flow risk arising from the variable rate Shariah compliant borrowings that expose the Company to cash flow profit rate risk. The sensitivity of the Company's profit before tax to a reasonably possible change in profit rates by 100 basis points on shariah compliant financing and Sukuk certificates is ⃁ 3.12 million (2024: ⃁ 2.94 million) and ⃁ 3.5 million (2024: 0.8), respectively. The Company's manages its rate risk on a dynamic basis keeping in view overall rate bearing assets and liabilities and the Company requirements.

The Company's Murabaha placements are of long and short-term nature carrying fixed rate. As of the statement of financial position date, a change of 1% in the applicable profit rates for Murabaha placements would result in ⃁ 0.02 million (2024: v0.02 million) lower/higher fair value gain/loss.

The Company's Murabaha contracts are of long-term nature carrying fixed rate. However, certain Murabaha contracts, though carry fixed rate, were of short-term nature and had a history of frequent rollover and could expose the Company to cash flow rate risk. As of the statement of financial position date, a change of 1% in the applicable profit rates would result in ⃁ 0.42 million (2024: ⃁ 2.37 million) lower/higher profit for the year.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Company invests in various special purpose entities and other investments that are denominated in currencies other than the Saudi Riyal which are pegged to the Saudi Riyal accordingly the Company is not exposed to significant foreign exchange risk.

Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of equity as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities. The Company is not exposed in equity price risk as none of the investment are quoted.

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 Company is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. The Company is exposed to credit risk on its cash at banks, Murabaha placements, accounts receivable and due from related parties.

An allowance for expected credit losses is maintained which in the judgment of management, is adequate to provide for potential losses on delinquent receivables.

At each reporting date, all cash at banks are assessed to have low credit risk as they are held with reputable and high credit rating domestic and international banking institutions and there has been no history of default with any of the cash at banks. Therefore, the probability of default based on forward looking factors and any loss given default are considered negligible.

Murabaha placement are unsecured and receivable from related parties. As of the reporting date, there are no past due.

Due from related parties are unsecured, yield free and have no fixed repayment. No receivable balance from related parties at the reporting date are past due, taking into account the historical default experience and the future prospects of the industries in which the related parties operate, the management considers that related party balances are not impaired.

In calculating the expected credit loss allowance for accounts receivable and due from related parties, a provision matrix has been used based on historical observed loss rates over the expected life of the receivables adjusted for forward-looking estimates.

The Company's maximum undiscounted exposure to credit risk for the components of the statement of financial position and respective expected credit loss is as follows:

	31 December 2025		**31 December 2024**	
Financial assets	**Exposure at default**	**Expected credit loss**	Exposure at default	Expected credit loss
	SR'000	**SR'000**	SR'000	SR'000
Murabaha placements (note 5)	**1,873**	**-**	1,858	-
Due from related parties (note 7)	**256,361**	**-**	296,945	-
Accounts and other receivables	**1,453**	**1,080**	2,106	1,080

At the reporting date, the aging of financial assets is as follows:

	31 December 2025					
	Current	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Murabaha placements (note 5)	1,873	-	-	-	-	1,873
Due from related parties (note 7)	74,946	8,802	47,124	27,319	98,170	256,361
Accounts and other receivables	373	-	-	-	1,080	1,453

	31 December 2024					
	Current	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Murabaha placements (note 5)	1,858	-	-	-	-	1,858
Due from related parties (note 7)	69,800	26,454	56,595	41,217	102,879	296,945
Accounts and other receivables	1,026	-	-	-	1,080	2,106

In its capacity as asset manager, the Company has first right to recover the balance due from investee entities under management in respect of outstanding fees and subsequently Murabaha placements. As at the date of financial statements, underlying entities have positive net assets value and management estimated that expected credit losses, if any, would not be material.

Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its liabilities or redeem its shares earlier than expected.

The efficient management of liquidity risk begins with the development of written policies and procedures, including the policy of minimal acceptable levels of liquidity. Liquidity risk management is performed by continuous liquidity monitoring, measuring and reporting.

The Company's financial liabilities are payable within 12 months from the statement of financial position date except certain long-term Murabaha contracts, Sharia compliant financing, Sukuk certificates and lease liabilities which have maturity of more than 12 months from the statement of financial position date.

25. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction.

The Company's financial assets consist of cash at banks, accounts receivable, Murabaha placements, investments at fair value through profit or loss, due from related parties and financial liabilities consist of accounts payable, shariah compliant financing, sukuk certificates, Murabaha contracts and lease liabilities.

The fair values of investments in investee entities is obtained from net asset values of those entities or recent sales transactions. In real estate entities, the fair value of underlying real estate investments is based on the valuation provided by independent valuers.

As at the date of statement of financial position, all financial assets and financial liabilities falls under level 3 of fair value hierarchy. The fair values of financial instruments carried at amortised cost are not materially different from their carrying values (31 December 2024: same). During the year, there was no movement between fair value hierarchy levels.

26. ASSETS HELD UNDER FIDUCIARY CAPACITY

The Company holds assets on behalf of its customers. As the Company acts in a fiduciary capacity, these assets are not included in the statement of financial position. As at 31 December 2025, the Company holds assets under management amounting to ⃁8,055 million (31 December 2024: ⃁8,141 million) on behalf of, and for the beneficial interest of, its customers.

Legal title of the underlying assets of the Company's investee entities are held by the custodian through certain special purpose vehicles. Since, the Company has ownership interest in these special purpose vehicles as trustee, the financial information and related share of results of these entities are not included in these financial statements. In the ordinary course of business, the Company also holds certain banks accounts on behalf of the investee entities.

27. CONTINGENCIES AND CAPITAL COMMITMENTS

a) Certain legal claims have been filed by third parties against the Company in the normal course of business, and based on the legal advice from the independent legal advisor, the Company is maintaining provision in relation thereto.

b) The Board of Directors has authorised future capital expenditure, amounting to ⃁10.3 million (31 December 2024: 4.3 million) in connection with leasehold improvements and construction under progress.

28. REGULATORY CAPITAL REQUIREMENTS AND CAPITAL ADEQUACY RATIO

The Company's objectives when managing capital is to comply with the capital requirements set by the Capital Market Authority (CMA) to safeguard the Company's ability to continue as a going concern and to maintain a strong capital base.

The Capital Market Authority (CMA) has issued Prudential Regulations (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 Pillar I.

The CMA issued amendments to the Prudential Rules that came into effect on 1 April 2023 (corresponding to 10 Ramadhan 1444H).The requirements for Capital Adequacy as per the latest amendment differ from the prior requirements. Accordingly, the Company has calculated its minimum capital required and capital adequacy ratios for the year ended 2024 and 2025 as follows:

	31 December 2025 SR'000	31 December 2024 SR'000
Capital base		
Tier-1 capital	**1,237,600**	1,160,809
Minimum capital requirement		
Credit risk	**7,838,006**	7,215,021
Market risk	**224**	279
Operational risk	**581,981**	492,946
Concentration risk	**3,092,436**	2,900,036
Total minimum capital required	**11,512,647**	10,608,282
Capital Adequacy Ratio		
Tier 1 ratio	**10.75%**	10.94%
Surplus in capital	**316,588**	312,146

A regulator concluded its periodic inspection and issued its findings in relation to compliance with regulations. The Company has developed an action plan to address the findings.

29. INVESTMENT PROPERTY

Investment property comprised of land and cost improvement amounting to ⃁156.17 million (2024: ⃁159.54 million).

In previous years, the Company received property as a result of distribution of the assets by an investee entity. The property is carried at cost of ⃁156.17 million. The fair value of the investment property on 31 December 2025 was ⃁156.17 million (2024: ⃁157.19 million). The property is registered in the name of "Alfuras Almustadama Real Estate Company" which has provided an undertaking that property is held by it on behalf of the Company.

The fair value of the Company's investment properties has been arrived on the basis of the valuation exercise carried out by management's independent external consultant namely "Abaad for Real Estate Valuations" (2024: "Abaad for Real Estate Valuations"), who holds recognised relevant professional qualification and have recent experience in the location of the property owned by the Company and is accredited by Taqeem (Saudi Authority for Accredited Valuers). The valuation methodology conforms to International Valuation Standards. The fair value of the land was determined based on the market comparable approach that reflects recent transaction or market prices for similar properties. Furthermore, the cost improvement represents the actual cost incurred on the site.

Under the comparable market approach, the Valuation Experts obtained land prices in the neighbouring districts and adjusted them for difference in specification of the Company's properties. Such values are based on significant unobservable inputs and the fair value measurement was classified as Level 3.

At the reporting date, the investments property amounting to ⃁156.17 million (2024: ⃁159.54 million) is pledged against Sharia Compliant borrowings (note 13).

As at the reporting date, a 5% change in fair value of the comparable would have increase/decrease the fair value of the investment property by ⃁7.8 million (2024: ⃁8.0 million).

DISCLAIMER

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