

**ARQAAM CAPITAL FINANCIAL COMPANY**  
(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**

**FOR THE PERIOD FROM DECEMBER 28, 2023 (DATE OF COMMERCIAL  
REGISTRATION) TO DECEMBER 31, 2024**

**ARQAAM CAPITAL FINANCIAL COMPANY**  
**(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)**  
**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**FOR THE PERIOD FROM DECEMBER 28, 2023 (DATE OF COMMERCIAL REGISTRATION) TO**  
**DECEMBER 31, 2024**

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## INDEPENDENT AUDITOR'S REPORT

To the shareholder of  
**Arqaam Capital Financial Company**  
(Single Shareholder Limited Liability Company)  
Riyadh, Kingdom of Saudi Arabia

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Arqaam Capital Financial Company** ("the Company"), which comprise the statement of financial position as at December 31, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period from December 28, 2023 (date of commercial registration) to December 31, 2024, 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 December 31, 2024, and its financial performance and its cash flows for the for the period from December 28, 2023 (date of commercial registration) to December 31, 2024 in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("the Code") as endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the 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 IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, the Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of the 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 Board of Directors, are responsible for overseeing the Company's financial reporting process.

**Independent Auditor's Report to the shareholder of Arqaam Capital Financial Company (Continued)**

**Auditors' 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 disclosure is 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.

**Deloitte and Touche & Co.**  
Chartered Accountants




**Tariq Bin Mohammad Al – Fattani**

Certified Public Accountant

License No. 446

Ramadan 26, 1446H

March 26, 2025

**ARQAAM CAPITAL FINANCIAL COMPANY**  
**(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

	<i>Notes</i>	<b>2024 SAR</b>
<b>ASSETS</b>		
<b>Non-current asset</b>		
Property and equipment	5	61,556
Intangible assets	6	24,597
<b>Total non-current asset</b>		86,153
<b>Current assets</b>		
Cash and cash equivalents	7	6,761,308
Prepaid expenses and other assets	8	261,815
<b>Total current assets</b>		7,023,123
<b>TOTAL ASSETS</b>		7,109,276
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1	7,500,000
Loss for the period		(1,723,685)
<b>Total equity</b>		5,776,315
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Employee defined benefit obligations	9	15,359
<b>Total non-current liabilities</b>		15,359
<b>Current liabilities</b>		
Accrued expenses		32,812
Due to a related party	10	1,284,790
<b>Total current liabilities</b>		1,317,602
<b>Total liabilities</b>		1,332,961
<b>TOTAL EQUITY AND LIABILITIES</b>		7,109,276

  
 Roddy Mahmoud El Helw  
 Chief Executive Officer

The accompanying notes form an integral part of these financial statements

**ARQAAM CAPITAL FINANCIAL COMPANY**  
**(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD FROM DECEMBER 28, 2023 (DATE OF COMMERCIAL REGISTRATION) TO**  
**DECEMBER 31, 2024**

	<i>Notes</i>	For the period from December 28, 2023 (date of commercial registration) to December 31, 2024 SAR
<b>Operating expenses</b>		
Compensation and benefits		(364,654)
Other operating expenses	12	(1,346,872)
Depreciation and amortization	5,6	(12,159)
<b>Total operating expenses</b>		<b>(1,723,685)</b>
<b>Loss before tax</b>		<b>(1,723,685)</b>
Income tax	11	-
<b>Loss for the period</b>		<b>(1,723,685)</b>
Other comprehensive income		-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(1,723,685)</b>



Roddy Mahmoud El Helw  
Chief Executive Officer

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**ARQAAM CAPITAL FINANCIAL COMPANY**  
**(A SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM DECEMBER 28, 2023 (DATE OF COMMERCIAL REGISTRATION) TO**  
**DECEMBER 31, 2024**

	<b>Share capital SAR</b>	<b>Loss for the period SAR</b>	<b>Total SAR</b>
Issuance of share capital	7,500,000	-	7,500,000
Loss for the period	-	(1,723,685)	(1,723,685)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(1,723,685)	(1,723,685)
<b>Balance at December 31, 2024</b>	<b>7,500,000</b>	<b>(1,723,685)</b>	<b>5,776,315</b>




Roddy Mahmoud El Helw  
Chief Executive Officer

The accompanying notes form an integral part of these financial statements

**ARQAAM CAPITAL FINANCIAL COMPANY**  
**(A SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM DECEMBER 28, 2023 (DATE OF COMMERCIAL REGISTRATION) TO**  
**DECEMBER 31, 2024**

		For the period from December 28, 2023 (date of commercial registration) to December 31, 2024 SAR
	<i>Notes</i>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period		(1,723,685)
<i>Adjustments to reconcile loss to net cash flows:</i>		
Depreciation of property and equipment	5	6,752
Amortization of intangible assets	6	5,407
Employee defined benefit obligations	9	15,359
<i>Changes in operating activities:</i>		
Prepaid expenses and other assets	8	(261,815)
Due to a related party	10	1,284,790
Accrued expenses		32,812
<b>Net cash used in operating activities</b>		<b>(640,380)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	5	(68,308)
Purchase of intangible assets	6	(30,004)
<b>Net cash used in investing activities</b>		<b>(98,312)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of share capital	1	7,500,000
<b>Net cash generated from financing activities</b>		<b>7,500,000</b>
<b>Net increase in cash and cash equivalents</b>		<b>6,761,308</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	7	<b>6,761,308</b>

  
 Roddy Mahmoud El Helw  
 Chief Executive Officer

The accompanying notes form an integral part of these financial statements



**ARQAAM CAPITAL FINANCIAL COMPANY**  
**(SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM DECEMBER 28, 2023 (DATE OF COMMERCIAL REGISTRATION) TO**  
**DECEMBER 31, 2024**

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**1. CORPORATE INFORMATION**

Arqaam Capital Financial Company (“the Company”) is a single shareholder limited liability Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010966986 issued on 15/05/1445 H (corresponding to 28/12/2023 G) and expiring on 15/06/1447H (corresponding to 06/12/2025G), and in accordance with Foreign Investment License No. 102114411211994 issued on 27/11/1444 H (corresponding to 16/06/2023 G) and expiring on 24/11/1446 H (corresponding to 22/05/2025 G) as issued by the Ministry of Investment.

The Company is regulated by the Capital Markets Authority (CMA) and is engaged in providing financial services which includes Advising and Arranging on financial products, services or transactions in accordance with the license issued by the Capital Market Authority No. LU-24-006708 dated Dhul Qadah 21, 1445 (corresponding to May 29, 2024).

The Company is a wholly owned subsidiary of Arqaam Global Markets Limited (Cayman) (“AGM”). AGM, incorporated on 29 March 2018, is an intermediate holding company which is holding the financial services (Global Markets) businesses of the Arqaam Group. Arqaam Capital Limited (Cayman) (“Arqaam Group”) is the ultimate parent company and owns 100% of the share capital of AGM. Arqaam Group carries on business through its subsidiaries as a leading financial service, investment banking and investments group, focusing on Emerging and Frontier Markets, with a particular emphasis on the Middle East and Africa.

The authorized, issued and paid-up capital of the Company, amounting to SAR 7,500,000 is divided into 7,500 shares of SAR 1,000 each. The shareholding details of the Company is as follows:

<b>Name</b>	<b>Country of incorporation</b>	<b>Number of shares</b>	<b>Paid-up share capital SAR</b>	<b>Shareholding %</b>
Arqaam Global Markets Limited	Cayman Islands	<b>7,500</b>	<b>7,500,000</b>	<b>100</b>
		<b>7,500</b>	<b>7,500,000</b>	<b>100</b>

The address of the Company's registered office is as follows:

Arqaam Capital Financial Company  
King Abdullah Financial District  
7293, Servcorp, Parcel 4.07,  
Riyadh 13519-3035, Kingdom of Saudi Arabia

**2. FIRST FISCAL YEAR**

As per the Company’s articles of association, the first fiscal year commences from December 28, 2023 (date of commercial registration) to December 31, 2024. Each fiscal year following the first fiscal year will be from January 1 to December 31 from each year.

**3. MATERIAL ACCOUNTING POLICY INFORMATION**

**Statement of compliance**

The financial statements of the Company have been prepared:

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

**Basis of preparation**

The financial statements have been prepared on historical cost basis.

The financial statements are presented in Saudi Riyals (“SAR”) which is the Company’s functional and presentational currency.

**ARQAAM CAPITAL FINANCIAL COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD FROM DECEMBER 28, 2023 (DATE OF COMMERCIAL REGISTRATION)**  
**TO DECEMBER 31, 2024**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**New amended standards and interpretations**

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the financial statements of the Company. Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

- Amendment to IFRS 16 – Leases on sale and leaseback: These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. Effective date is deferred until accounting periods starting not earlier than January 1, 2024.
- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements: These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. Effective date is January 1, 2024.
- Amendment to IAS 1 – Non-current liabilities with covenants: These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. Effective date is January 1, 2024.

**Accounting Standards issued but not yet effective**

- IFRS S1, 'General requirements for disclosure of sustainability-related financial information: This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. Effective date is January 1, 2024, subject to the endorsement by SOCPA.
- IFRS S2, 'Climate-related disclosures': This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. Effective date is January 1, 2024, subject to the endorsement by SOCPA.
- Amendment to IFRS 21 – Lack of exchangeability: IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique. Effective date is January 1, 2025.
- Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full. Effective date deferred indefinitely.

**ARQAAM CAPITAL FINANCIAL COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD FROM DECEMBER 28, 2023 (DATE OF COMMERCIAL REGISTRATION)**  
**TO DECEMBER 31, 2024**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**Accounting Standards issued but not yet effective (continued)**

- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system. Effective date is January 1, 2026.
- IFRS 18, Presentation and Disclosure in Financial Statements: IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences. Effective date is January 1, 2027.
- IFRS 19, Subsidiaries without Public Accountability: Disclosures: IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards. Effective date is January 1, 2027.

**Financial instruments**

*Financial assets*

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets are added to or deducted from the cost of the financial assets, as appropriate, on initial recognition.

The Company initially recognizes financial assets on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset.

*Impairment of financial assets*

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company recognizes a loss allowance for expected credit losses on financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

**ARQAAM CAPITAL FINANCIAL COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD FROM DECEMBER 28, 2023 (DATE OF COMMERCIAL REGISTRATION)**  
**TO DECEMBER 31, 2024**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**Financial instruments (Continued)**

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following bases:

- Nature of financial instruments
- Past-due status; and
- Nature, size and industry of debtors

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating
- significant deterioration in external market indicators of credit risk for a particular financial instrument
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations
- an actual or expected significant deterioration in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations

**ARQAAM CAPITAL FINANCIAL COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD FROM DECEMBER 28, 2023 (DATE OF COMMERCIAL REGISTRATION)**  
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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**Financial instruments (Continued)**

*Significant increase in credit risk (Continued)*

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' in accordance with the globally understood definition. The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

*Definition of default*

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company)

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due for financial assets unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Write-off policy*

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

*Derecognition of financial assets*

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD FROM DECEMBER 28, 2023 (DATE OF COMMERCIAL REGISTRATION)**  
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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**Financial instruments (Continued)**

Financial liabilities

Financial liabilities are recognised initially on the trade date as the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at cost. All financial liabilities are subsequently measured at amortized cost.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**Property and equipment**

Property and equipment are generally stated at cost less accumulated depreciation and any impairment in value.

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

Furniture and fittings	5 years
Computers and related equipment	5 years

The assets' residual values, useful lives and depreciation method are reviewed and adjusted if appropriate at each reporting date.

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.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of profit or loss as the expense is incurred.

**ARQAAM CAPITAL FINANCIAL COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD FROM DECEMBER 28, 2023 (DATE OF COMMERCIAL REGISTRATION)**  
**TO DECEMBER 31, 2024**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**Intangible assets**

Intangible assets acquired separately are measured at cost on initial recognition. After initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment losses, if any. The estimated useful life is five years from the date the assets are ready for use.

**Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the Company, unless otherwise stated, and have maturities of 90 days or less from the date of acquisition, which are subject to insignificant risk of changes in values.

**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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*i) Right-of-use assets*

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, 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 the lease term and the estimated useful lives of the assets. 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.

*ii) Lease liabilities*

Lease liabilities include, if applicable, the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

*iii) 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). Low-value assets are items that do not meet the Company's capitalization threshold and are considered to be insignificant for the statement of financial position of the Company as a whole. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**Employee benefits**

Employee defined benefit obligations

The employee defined benefit obligations is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit liabilities resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit obligation or asset.

Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurements.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of salaries that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the discounted amount of the benefits expected to be paid in exchange for that service.

Retirement benefits

Retirement benefits made to defined contribution plans are expensed when incurred.

**Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

**Expenses**

Expenses are measured and recognized as a period cost at the time when they are incurred. Expenses related to more than one financial period are allocated over such periods proportionately.

**Income Tax**

The Company is subject to the Regulations of the Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia. Income tax is provided on an accrual basis and is charged to profit or loss. Income tax is computed on adjusted net income. Differences, if any, resulting from final assessment are adjusted in the year of their finalization.



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**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

**Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

**Value added tax**

Revenue, expenses, assets and liabilities are recognized net of the amount of value added tax, except:

- when the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the operating expense, as applicable.
- when receivables and payables are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**Foreign currency transactions**

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Differences arising on settlement or translation of monetary items are recognized in the profit or loss.

**Current versus non-current classification**

The Company presents its assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is classified as 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 and cash equivalents 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.

A liability is classified as 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
- The right to defer the settlement of the liability must exist for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in note 3, the management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying the Company's accounting policies**

The following is a critical judgement, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these financial statements.

*Going concern*

The Company's management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Therefore, these financial statements are prepared on a going concern basis.

**Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

*Useful lives and residual values of property and equipment and intangible assets*

Estimated useful lives of property and equipment and intangible assets are determined for calculating depreciation and amortization respectively, taking into account the expected usage of assets and physical wear and tear. Residual values and estimated useful lives are reviewed annually.

*Employee defined benefit obligations*

Employee defined benefit obligations are determined using an actuarial valuation which requires estimates to be made of the various inputs.

**5. PROPERTY AND EQUIPMENTS**

	<u>Computer Equipment</u>	<u>Furniture and fixture</u>	<u>Total 2024 SAR</u>
<b>Cost:</b>			
Additions during the period	<u>49,051</u>	<u>19,257</u>	<u>68,308</u>
<b>31 December 2024</b>	<u>49,051</u>	<u>19,257</u>	<u>68,308</u>
<b>Accumulated depreciation:</b>			
Charge for the period	<u>4,495</u>	<u>2,257</u>	<u>6,752</u>
<b>31 December 2024</b>	<u>4,495</u>	<u>2,257</u>	<u>6,752</u>
<b>Net book value:</b>			
<b>31 December 2024</b>	<u>44,556</u>	<u>17,000</u>	<u>61,556</u>

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**6. INTANGIBLE ASSETS**

	<b>2024</b>
	<b>SAR</b>
<b>Cost</b>	
Additions during the period	<b>30,004</b>
<b>31 December 2024</b>	<b>30,004</b>
<b>Accumulated depreciation</b>	
Charge for the period	<b>5,407</b>
<b>31 December 2024</b>	<b>5,407</b>
<b>Net book value:</b>	
<b>31 December 2024</b>	<b>24,597</b>

**7. CASH AND CASH EQUIVALENTS**

	<b>2024</b>
	<b>SAR</b>
Cash at bank	<b>6,761,308</b>
	<b>6,761,308</b>

Bank balances are assessed to have low credit risk of default since these banks are highly regulated by the Saudi Central Bank of the Kingdom of Saudi Arabia. Accordingly, management of the Company estimates the loss allowance on the bank balance at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due. Considering the expected defaults and the current credit ratings of the bank, any loss given default is negligible and immaterial.

**8. PREPAID EXPENSES AND OTHER ASSETS**

	<b>2024</b>
	<b>SAR</b>
Prepaid expenses	<b>155,100</b>
Security deposit	<b>55,000</b>
Value added tax receivable	<b>51,715</b>
	<b>261,815</b>

**9. EMPLOYEES DEFINED BENEFIT OBLIGATIONS**

The Company operates with a defined benefit plan for its employees based on the prevailing Saudi Labor Laws. Accruals are made in accordance with the actuarial valuation under the projected unit credit method, while the benefit payments liabilities are discharged as and when it falls due.

The amounts recognized in the statement of financial position as at year end on its present value are as follows:

	<b>2024</b>
	<b>SAR</b>
Current service cost	<b>15,359</b>
Charge to profit or loss	<b>15,359</b>
Present value of defined benefit obligations at the end of the period	<b>15,359</b>

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**9. EMPLOYEES DEFINED BENEFIT OBLIGATIONS (CONTINUED)**

Principal actuarial assumptions (in respect of the employee benefit scheme):

	<b>2024</b>
	<b>%</b>
Discount rate	<b>5%</b>
Expected rate of salary increase	<b>3%</b>

***Sensitivity analyses***

The sensitivity analyses presented below have 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. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

	<b>2024</b>
	<b>SAR</b>
<b><i>Base scenario</i></b>	
Increase in discount rate of 0.5%	<b>(328)</b>
Decrease in discount rate of 0.5%	<b>337</b>
Increase in rate of salary increase of 0.5%	<b>(342)</b>
Decrease in rate of salary increase of 0.5%	<b>336</b>

**10. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent the shareholder, key management personnel and entities controlled, jointly controlled or significantly influenced by such parties. Terms of these transactions are approved by the Company's management.

During the period, the Company transacted with the following related party:

<b>Name</b>	<b>Relationship</b>
Arqaam Global Markets Limited	Shareholder
Arqaam Capital Limited	Entity under common control

The following are the details of the major transactions with a related party during the period:

		<b>2024</b>
<b>Relationship</b>	<b>Nature of transactions</b>	<b>SAR</b>
Shareholder	Issuance of share capital	<b>7,500,000</b>
Entity under common control	Expense paid on behalf of the Company	<b>1,284,790</b>

Balances due to a related party as at December 31, is as follows:

	<b>2024</b>
	<b>SAR</b>
Arqaam Capital Limited	<b>1,284,790</b>

***Compensation of key management personnel***

The compensation paid to key management personnel are individuals having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, which includes senior management.

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**11. INCOME TAX**

***Charge for the period***

No current income tax charge has been provided as the Company has incurred taxable losses for the period from December 28, 2023 (date of commercial registration) to December 31, 2024.

***Status of tax assessment***

The Company is in the process of filing its tax return with ZATCA for the period from December 28, 2023 (date of commercial registration) to December 31, 2024.

***Deferred tax***

No deferred tax has been recognized by the company during the period.

**12. OTHER OPERATING EXPENSES**

	<b>2024</b>
	<b>SAR</b>
Professional fees	<b>878,369</b>
Rent and premises related expenses	<b>466,720</b>
Other expenses	<b>1,783</b>
	<b><u>1,346,872</u></b>

**13. RISK MANAGAMENT**

***Capital management***

The Company manages its capital to ensure it will be able to continue as a going concern while maximizing the return to shareholder through the optimization of the equity balance. The capital structure of the Company consists of equity comprising of the share capital.

***Categories of financial instruments***

	<b>2024</b>
	<b>SAR</b>
<b><i>Financial assets</i></b>	
Cash and cash equivalents	<b>6,761,308</b>
Security deposit	<b>55,000</b>
<b>Total financial assets</b>	<b><u>6,816,308</u></b>
<b><i>Financial liabilities</i></b>	
Due to a related party	<b>1,284,790</b>
Accrued expenses	<b>32,812</b>
<b>Total financial liabilities</b>	<b><u>1,317,602</u></b>

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**13. RISK MANAGAMENT (CONTINUED)**

***Foreign exchange risk***

Foreign currency risk is the risk that the fair value or cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The functional and presentation currency of the Company is Saudi Riyals. The Company is not exposed to any significant currency risk as most of its transactions are denominated in either Saudi Riyals or US Dollars, and both these currencies are currently pegged to each other.

***Credit risk***

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from bank balances.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

With respect to credit risk arising from the financial assets of the Company, including bank balances, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as disclosed in the table below.

	<b>2024</b>
	<b>SAR</b>
Cash and cash equivalents	<b>6,761,308</b>
Security deposit	<b>55,000</b>
	<b><u>6,816,308</u></b>

***Liquidity risk***

Ultimate responsibility for liquidity risk management rests with the management, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company is not exposed to significant liquidity risk. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

**14. RETIREMENT BENEFIT INFORMATION**

The Company makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. The total amount expensed during the period in respect of this plan amounting to SAR 6,477.

**15. SUBSEQUENT EVENTS TO THE REPORTING DATE**

No events have occurred subsequent to the reporting date and before the issuance of these financial statements, which requires adjustment to, or disclosure, in these financial statements.

**16. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved by the Board of Directors dated Ramadan 25, 1446H (corresponding to March 25, 2025).