

MOELIS & COMPANY SAUDI LIMITED COMPANY
(A SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)

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

**MOELIS & COMPANY SAUDI LIMITED COMPANY
(A SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)**

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

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
Moelis & Company Saudi Limited Company
(A Single Shareholder Limited Liability Company)

Opinion

We have audited the financial statements of Moelis & Company Saudi Limited Company (A Single Shareholder Limited Liability Company) (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in 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 2024, 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 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 (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the financial statements and we have fulfilled our ethical responsibilities in accordance with the code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance ("TCWG") 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 pronouncement issued by SOCPA, Regulations for Companies and the Company's By-laws, 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 these 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.

The Board of Directors 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 ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists.

Independent Auditor's Report on the Audit of the Financial Statements of Moelis & Company Saudi Limited Company (A Single Shareholder Limited Liability Company) for year ended 31 December 2024

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

For Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountant
Registration No. 362



Riyadh, on 27 Ramadan 1446 H
Corresponding to: 27 March 2025 G

MOELIS & COMPANY SAUDI LIMITED COMPANY
(A SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

(All amounts are stated in Saudi Riyals unless otherwise stated)

	Note	2024	2023
Assets			
Non-current assets			
Property and equipment	5	1,696,906	574,221
Right-of-use asset	6	5,225,651	367,316
Deferred tax asset	7	452,329	717,934
Total non-current assets		7,374,886	1,659,471
Current assets			
Trade receivables	8	19,466,142	6,233,770
Prepayments and other receivables	9	1,457,201	196,779
Due from a related party	10	599,610	-
Cash and cash equivalents	11	74,781,304	30,965,069
Total current assets		96,304,257	37,395,618
Total assets		103,679,143	39,055,089
Equity and liabilities			
Equity			
Share capital	12	10,000,000	10,000,000
Retained earnings/ (accumulated losses)		3,212,602	(2,017,575)
Share base compensation reserve	21	111,364	-
Total equity		13,323,966	7,982,425
Liabilities			
Non-current liabilities			
Lease liability – non-current portion	13	3,784,281	-
Provision for employees’ end of service benefits	14	106,304	53,741
Total non-current liabilities		3,890,585	53,741
Current liabilities			
Trade payables	15	657,970	80,121
Accruals and other payables	16	62,541,206	3,805,644
Due to related parties	10	21,102,295	26,512,340
Lease liability – current portion	13	1,096,148	456,553
Provision for taxation	7	1,066,973	164,265
Total current liabilities		86,464,592	31,018,923
Total liabilities		90,355,177	31,072,664
Total equity and liabilities		103,679,143	39,055,089


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The accompanying notes from 1 to 25 form integral part of these financial statements.

MOELIS & COMPANY SAUDI LIMITED COMPANY
(A SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)

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

(All amounts are stated in Saudi Riyals unless otherwise stated)

	Note	2024	2023
Revenue	17	74,935,790	26,618,851
Cost of revenue	18	(56,052,146)	(19,833,768)
Gross profit		18,883,644	6,785,083
General and administrative expenses	19	(12,032,880)	(5,660,028)
Depreciation on property and equipment	5	(254,438)	(261,125)
Depreciation on right-of-use asset	6	(968,562)	(191,643)
Interest on lease liability	13	(206,846)	(14,783)
Operating Profit for the year		5,420,918	657,504
Finance income	20	1,145,922	-
Profit before tax for the year		6,566,840	657,504
Tax expense			
Income tax for the year	7	(1,336,663)	(92,080)
Profit for the year		5,230,177	565,424
Other comprehensive income for the year		-	-
Total comprehensive income for the year		5,230,177	565,424

The accompanying notes from 1 to 25 form integral part of these financial statements.

MOELIS & COMPANY SAUDI LIMITED COMPANY
(A SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts are stated in Saudi Riyals unless otherwise stated)

	Share capital	Retained earnings/ (accumulated losses)	Share base compensation reserve	Total equity
Balance as at 1 January 2023	2,000,000	(2,582,999)	-	(582,999)
Increase in share capital (note 12)	8,000,000	-	-	8,000,000
Profit for the year	-	565,424	-	565,424
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	565,424	-	565,424
Balance as at 31 December 2023	10,000,000	(2,017,575)	-	7,982,425
As at 1 January 2024	10,000,000	(2,017,575)	-	7,982,425
Share based compensation	-	-	111,364	111,364
Profit for the year	-	5,230,177	-	5,230,177
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year		5,230,177	-	5,230,177
Balance as at 31 December 2024	10,000,000	3,212,602	111,364	13,323,966

The accompanying notes from 1 to 25 form integral part of these financial statements.

MOELIS & COMPANY SAUDI LIMITED COMPANY
(A SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts are stated in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December 2024	For the year ended 31 December 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		6,566,840	657,504
<i>Adjustments for non-cash items:</i>			
Depreciation on property and equipment	5	254,438	261,125
Depreciation on right-of-use asset	6	968,562	191,643
Allowance for expected credit losses	8	334,728	206,282
Interest on lease liability	13	206,846	14,783
Share base compensation	21	111,364	-
Provision for employee's end of service benefits	14	63,311	39,880
		<u>8,506,089</u>	<u>1,371,217</u>
Changes in working capital:			
Trade receivables		(13,567,100)	(6,440,052)
Prepayments and other receivables		(1,260,422)	125,477
Due from a related party		(599,610)	-
Trade payables		577,849	80,121
Accruals and other payables		58,735,562	3,146,548
Due to related parties		(5,410,045)	19,161,758
		<u>38,476,234</u>	<u>16,073,852</u>
Employee's end of service benefits payment	14	(10,748)	-
Tax paid	7	(168,350)	-
Net cash flows generated from operating activities		<u>46,803,225</u>	<u>17,445,069</u>
CASH FLOWS FROM INVESTING ACTIVITY			
Addition in property and equipment	5	(1,377,123)	-
Net cash used in investing activity		<u>(1,377,123)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Share capital issued	12	-	8,000,000
Payment of lease liability	13	(1,609,867)	-
Net cash (used in)/ generated from financing activities		<u>(1,609,867)</u>	<u>8,000,000</u>
Net change in cash and cash equivalents		<u>43,816,235</u>	<u>25,445,069</u>
Cash and cash equivalents at the beginning of the year		<u>30,965,069</u>	<u>5,520,000</u>
Cash and cash equivalents at the end of the year	11	<u>74,781,304</u>	<u>30,965,069</u>
Non-Cash transaction:			
Addition to right of use asset and lease liabilities	6, 13	<u>5,826,897</u>	<u>-</u>

The accompanying notes from 1 to 25 form integral part of these financial statements.

**MOELIS & COMPANY SAUDI LIMITED COMPANY
(A SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)**

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

(All amounts are stated in Saudi Riyals unless otherwise stated)

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Moelis & Company Saudi Limited Company is a Single Shareholder Limited Liability Company (the “Company”), registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration Number 1010734560 dated 12/26/1442H, corresponding to 05/08/2021G. The Company is wholly owned by Moelis & Company International Holdings LLC (the “Parent company” or the “Shareholder”).

The principal activities of the Company are arranging and advising in securities in accordance with Ministry of Investment rules and regulations under the license number 102114207102506 dated 09/07/1442H, corresponding to 21/02/2021G. For the activities listed above, the Company obtained its operating license from the Capital Market Authority on 16 February 2023, corresponding to 25 Rajab 1444 (H).

The Company's registered office is located at Unit T15B, 15th Floor, Al Faisaliah Tower, Riyadh, Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in KSA”).

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention using the accrual method of accounting and the going concern concept in accordance with IFRS.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Riyals (SR) which is also the Company’s functional currency.

2.4 Financial year

The fiscal year for the financial statements starts from 1 January and ends on 31 December of each Gregorian year.

2.5 Standards, interpretations and amendments to existing standards

a) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board (“IASB”) that are effective in future accounting periods that the Company has decided not to adopt early.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IAS 21	Amendment – Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7	Amendments regarding the classification and measurement of financial instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards	Amendments/Annual improvements in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Disclosures – Subsidiaries without Public Accountability	1 January 2027

MOELIS & COMPANY SAUDI LIMITED COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts are stated in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not expect any standard issued by IASB that are yet to be effective, to have a material impact on the Company.

b) New standards, interpretations, and amendments effective in the current year

The following are the new standards, interpretations and amendments to standards that are effective in the current year but they have no impact on these financial statements.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IFRS 16	Amendment – Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
IAS 1	Amendment – Non-current Liabilities with Covenants	1 January 2024
IAS 7 and IFRS 7	Amendment – Supplier Finance Arrangements	1 January 2024

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

3.1 Judgments and key sources of estimation uncertainty

In the ordinary course of business, the preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. Major areas where estimates or judgements made are significant to the Company's financial statements or where judgement was exercised in the application of accounting policies are as follows:

3.2 Going concern

In the course of applying the Company's accounting policies, the management has evaluated the Company's ability to continue as a going concern. The management is convinced that it has resources in order to continue the business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may lead to the Company's inability to continue as a going concern.

3.3 Recognition and measurement of accruals and provisions

Recognition and measurement of accruals and provisions requires key assumptions about likelihood and magnitude of an outflow of resources.

3.4 Useful lives and residual values of property and equipment

An estimate of the useful lives and residual values of property and equipment is made for the purposes of calculating depreciation expense. These estimates are made based on the expected useful lives of relevant assets. Residual value is determined based on experience and observable data where available.

3.5 Impairment of non-financial assets

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flow management makes assumptions about future operating results. These assumptions are related to future events and circumstances. The actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

MOELIS & COMPANY SAUDI LIMITED COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts are stated in Saudi Riyals unless otherwise stated)

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS
(CONTINUED)

3.6 Measurement of fair values

A number of the Company's accounting policies and disclosures require fair values measurement for both financial and non-financial assets and liabilities. When measuring an asset or liability's fair value, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted priced included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between the levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

3.7 Current and deferred tax

The Company's tax charge on ordinary activities is the sum of current and deferred tax charges. The calculation of the Company's total taxes charge involves a degree of estimation and judgment regarding certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

The final resolution of some of these items may give rise to material profits / (losses) and/or cash flows. The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future and that other item considered as deductible temporary differences, against which the reversal of temporary differences can be deducted. Reference to the latest available profit forecasts is made to determine the future taxable profits. Where the temporary differences are related to losses, the tax law is considered to determine the availability of the losses to offset future taxable profits.

3.8 Impairment of trade receivables

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECL"). The allowance for expected credit losses on trade receivables is estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Trade receivables are normally assessed collectively unless there is a need to assess a particular debtor on an individual basis.

The judgment of the correlation between historical observed default rates and forecast of macroeconomic conditions to calculate ECL requires significant estimation.

MOELIS & COMPANY SAUDI LIMITED COMPANY
(A SINGLE SHAREHOLDER LIMITED LIABILITY COMPANY)

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

(All amounts are stated in Saudi Riyals unless otherwise stated)

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are set out below. The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2023.

4.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current and non-current classification. An asset is current when it is;

- expected to be realised or intended to be sold or consumed in the normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised 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.

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.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4.2 Property and equipment

Property and equipment are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. The cost of an item of property and equipment is recognized as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Company; and
- the cost of the item can be measured reliably

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of property and equipment. Property and equipment are depreciated over their estimated rates as follows:

- | | |
|--------------------------|--|
| • Office equipment | 3 years |
| • Furniture and fixtures | 7 years |
| • Leasehold improvements | lesser of the useful life or the lease terms |

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

(All amounts are stated in Saudi Riyals unless otherwise stated)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Leases

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). 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. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the lease term.

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, if any. 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 a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of certain stores (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). Lease payments on short-term leases and leases of low-value assets (SR 25,000) are recognised as expense on a straight-line basis over the lease term.

4.4 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at bank.

4.5 Financial instruments

i. Financial assets

Company classifies its financial assets into one of the categories described below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

a. Fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment, that is subsequently measured at FVTPL and is not part of a hedging relationship, is recognised in profit or loss.

Subsequent measurement of equity instruments

The Company subsequently measures all equity investments at FVTPL, except where the Company has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade.

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

(All amounts are stated in Saudi Riyals unless otherwise stated)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

a. Fair value through profit or loss (FVTPL) (Continued)

Subsequent measurement of equity instruments (Continued)

When this election is opted for at the time of initial recognition, fair value gains or losses against such financial assets are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss when the Company's right to receive payments is established. Financial assets are not reclassified subsequent to their initial recognition, except in the year after the Company changes its business model for managing financial assets.

b. Fair value through other comprehensive income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and profit, are measured at fair value through other comprehensive income ("FVOCI"). Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, profit on financial instruments (finance income) and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Amortized cost

Financial assets where the objective is to hold these assets to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest are measured at amortized cost. They have initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment. The Company's financial assets measured at amortized cost comprise trade receivable, cash at bank and other receivables, in the statement of financial position.

Subsequent measurement of financial assets (Debt instruments)

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

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

Debt instruments that meet the following conditions are measured subsequently at FVOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at FVTPL.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to assets are presented separately in the statement of profit or loss.

**MOELIS & COMPANY SAUDI LIMITED COMPANY
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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i. Financial assets (Continued)

De-recognition 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 entity. If the Company neither transfers nor retains all the risks and rewards of ownership substantially 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.

ii. Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

Financial liabilities fair valued through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of profit or loss. The Company does not have any liabilities held for trading, nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Finance cost bearing liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such finance cost bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any finance cost over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, finance cost includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Other short-term monetary liabilities, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

The Company's financial liabilities measured at amortized cost comprises of due to related parties, trade payable, lease liability and accrued and accruals and other payables.

De-recognition

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 recognized in the statement of profit or loss.

Offsetting of financial instruments

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

4.6 Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share-based transactions are set out in note 21 to the financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period based on the ultimate parent company's estimate of equity instruments that will eventually vest. Since awarded shares relate to the ultimate parent company, a corresponding 'share based compensation reserve' is created to reflect the equity component. The impact of the revision of the original estimates, if any, is recognised in statement of profit or loss over the remaining vesting period.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.7 Current and deferred tax

The Company is subject to the regulations of Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia. Income tax is charged to the statement of profit or loss on an accrual basis. The income tax is computed on the foreign shareholder’s share in the adjusted net income. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized. Total income tax comprises current and deferred tax.

Current tax

The current tax comprises the expected tax payable or receivable on the taxable income or loss for the period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

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

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that future taxable profits will probably be available against which they can be used. Future taxable profits are determined based on business plans of the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from how the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

4.8 Trade receivables

Trade receivables are financial assets with fixed or assignable payments and have no quoted prices in active markets. Trade receivables are amounts due from customers for services provided in the ordinary course of business. Trade receivables are recognized initially at fair value plus any cost directly attributed to the transaction. Subsequently, trade receivables are measured at amortized cost using the effective interest method.

Trade receivables are presented as current assets if due within 12 months after the reporting period and as non-current assets if due after one year after the reporting period.

4.9 Revenue recognition

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 Revenue recognition (Continued)

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue: When (or as) the Company satisfies a performance obligation.

The Company earns revenue from the following revenue streams:

- Advisory revenue
- Arranging revenue

Advisory revenue is recognized in the statement of profit and loss in accordance with the terms prescribed in the underlying agreements and when such fees are capable of being reliably measured.

Arranging fees are recognized in the statement of profit and loss on the successful completion of the placement.

The Company recognizes the revenues over time when or as performance obligations are fulfilled and collection is reasonably assured.

5. PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Office equipment	Capital in progress	Total
Cost					
As at 1 January and 31 December 2023	913,829	190,075	80,238	-	1,184,142
Additions during the year	-	-	-	1,377,123	1,377,123
As at 31 December 2024	913,829	190,075	80,238	1,377,123	2,561,265
Accumulated depreciation					
As at 1 January 2023	310,838	4,526	33,432	-	348,796
Charge for the year	207,226	27,153	26,746	-	261,125
As at 31 December 2023	518,064	31,679	60,178	-	609,921
Charge for the year	207,225	27,153	20,060	-	254,438
As at 31 December 2024	725,289	58,832	80,238	-	864,359
Net book value					
As at 31 December 2024	188,540	131,243	-	1,377,123	1,696,906
As at 31 December 2023	395,765	158,396	20,060	-	574,221

Capital in progress represents cost incurred towards the leasehold improvement for new office (note 6).

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6. RIGHT-OF-USE ASSET

	2024	2023
COST		
As at 1 January	830,453	830,453
Additions during the year	5,826,897	-
As at 31 December	6,657,350	830,453
Accumulated Depreciation		
As at 1 January	463,137	271,494
Depreciation for the year	968,562	191,643
As at 31 December	1,431,699	463,137
Net Book Value	5,225,651	367,316

At 01 May 2020, the Company has entered into a five years lease agreement with an extension option of five years, which is not expected to be exercised for office premises in Kingdom of Saudi Arabia.

During the year, the Company has entered into new agreement for 5 years commencing from 1 May 2024 with an extension option for its new office premises in Kingdom of Saudi Arabia.

7. PROVISION FOR INCOME TAX

Income tax components consist of the following:

	2024	2023
Current tax expense (note 7.1)	(1,066,973)	(164,265)
Adjustment for under provision in prior year	(4,085)	-
Deferred tax (expense)/ income (note 7.2)	(265,605)	72,185
	(1,336,663)	(92,080)

7.1 Income tax expense for the year:

	2024	2023
Adjusted net income comprises the following:		
Profit before income tax	6,566,840	657,504
Depreciation differences on property and equipment	146,890	138,703
Allowances for expected credit losses	334,728	206,282
Employees' end of service benefits expense for the year - net	52,562	39,880
Unrealized foreign exchange loss	12,130	43,401
Depreciation differences on right of use assets	-	(25,454)
Adjustment to net profit	(1,778,288)	(238,992)
Adjusted net income	5,334,862	821,324
Provision for income tax at 20%	1,066,973	164,265
Movement in provision for income tax		
Opening balance	164,265	-
Provision for the year	1,066,973	164,265
Adjustment for under provision in prior year	4,085	-
Payments made during the year	(168,350)	-
Closing balance	1,066,973	164,265

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7. PROVISION FOR INCOME TAX (CONTINUED)

7.2 Deferred tax income for the year:

Deferred tax is calculated using a rate of 20% in respect of all tax losses and temporary differences giving rise to deferred tax assets where management believes, it is probable that these assets will be recovered. The movement on the deferred tax asset is as shown below.

	<u>2024</u>	<u>2023</u>
At the beginning of the year	717,934	645,749
(Charged to)/ credited to profit or loss during the year	<u>(265,605)</u>	72,185
At the end of the year	<u>452,329</u>	<u>717,934</u>

Details of the deferred tax asset and amount recognised in the statement of profit or loss is mentioned below:

	<u>2024</u>		<u>2023</u>	
	Temporary differences	(Charged)/ credited to statement of profit or loss at 20%	Temporary differences	(Charged)/ credited to statement of profit or loss at 20%
Assets				
Property and equipment	569,164	113,833	422,274	84,455
Right-of-use assets	-	-	(367,316)	(73,463)
Liabilities				
Allowance for expected credit losses	541,010	108,202	206,282	41,256
Lease liabilities	-	-	456,553	91,311
Provision for employee's end of service benefits	106,304	21,261	53,741	10,748
Unrealized foreign exchange loss on due to related parties	44,903	8,981	32,773	6,555
		<u>252,277</u>		<u>160,862</u>
Deferred tax amount on carry-forward tax losses	1,000,263	200,052	2,785,360	557,072
		<u>452,329</u>		<u>717,934</u>

7.3 Tax assessment

The Company has filed its income tax returns up to the year ended 31 December 2023, settled income tax as per the returns and obtained the required certificates.

The assessments for tax year 2023 is under review by the ZATCA and no assessment has been issued as of the reporting date.

8. TRADE RECEIVABLES

	<u>2024</u>	<u>2023</u>
Trade receivables	20,007,152	6,440,052
Less: allowance for expected credit losses (note 22)	<u>(541,010)</u>	<u>(206,282)</u>
	<u>19,466,142</u>	<u>6,233,770</u>

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8. TRADE RECEIVABLES (CONTINUED)

The movement of allowance for expected credit loss is as follows:

	2024	2023
As at 1 January	206,282	-
Charge during the year	334,728	206,282
As at 31 December	541,010	206,282

9. PREPAYMENTS AND OTHER RECEIVABLES

	2024	2023
Prepayments	146,657	175,593
Other VAT receivables	1,056,528	-
Security deposits	164,902	21,186
Advance to supplier	1,265	-
Advance bonus to employees	87,849	-
	1,457,201	196,779

10. RELATED PARTIES

The Company, in the normal course of business, carries out transaction with other entities that fall within the definition of a related party. Parties are considered to be related to the Company if the party has the ability, directly or indirectly, to exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or significant influence. These transactions are carried out in the normal course of operations and are measured at amounts agreed by both parties. Balances with related parties included in the statement of financial position are mentioned below:

	Nature of relationship	2024	2023
Due from a related party			
Moelis & Company LLC (US BD)	Affiliate	599,610	-
		599,610	
Due to related parties			
<i>Shareholder</i>			
Moelis & Company International Holdings LLC	Parent	207,843	6,033,207
<i>Entities under common control</i>			
Moelis & Company UK LLP*	Affiliate	20,087,584	19,713,083
Moelis & Company UK LLP DIFC Company (Dubai)	Affiliate	480,149	81,922
Moelis & Company LLC (US BD)	Affiliate	-	400,390
Moelis & Company Group LP*	Affiliate	326,719	283,738
		21,102,295	26,512,340

*Please refer note 16 for accruals in relation to current year transfer pricing and shared service cost.

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10. RELATED PARTIES (CONTINUED)

Transactions with related parties (continued)

		<u>2024</u>	<u>2023</u>
Moelis & Company	Payments made on behalf of Company	-	214,432
UK LLP DIFC Branch	Re-imbursement of out-of-pocket expenses	398,430	172,726
Moelis & Company	Payments made on behalf of Company	-	2,265,643
International	Funds from shareholder	-	4,480,000
Holdings LLC	Shared service cost	-	139,999
	Expenses incurred on behalf of the Company	-	(4,795)
	Payment against balance payable	(5,851,073)	-
Moelis & Company	Transfer pricing (accrued for the year) *	56,052,146	19,433,378
UK LLP	Shared service cost (accrued for the year) *	302,470	260,097
	Re-imbursement of out-of-pocket Expenses	388,081	17,201
Moelis & Company, LLC	Transfer pricing	-	400,390
	Payment against balance payable	(1,000,000)	-
Moelis & Company Group LP	Shared service cost (accrued for the year) *	217,500	49,710
	Expenses incurred on behalf of the Company	64,793	96,629
	Re-imbursement of expenses	(21,812)	21,812

*Please refer note 16 for accruals in relation to current year transfer pricing and shared service cost.

Compensation of key management personnel

Key management personnel of the Company consist of CEO and managing director. The Company recorded below expenses in the year in respect of key management compensation.

	<u>2024</u>	<u>2023</u>
Short term benefits	1,502,887	673,214
End of service benefits	5,083	2,500
	<u>1,570,970</u>	<u>675,714</u>

11. CASH AND CASH EQUIVALENTS

	<u>2024</u>	<u>2023</u>
Cash at bank	<u>74,781,304</u>	<u>30,965,069</u>

Cash at bank is held in an interest-bearing current account with local commercial bank at a rate equivalent to the 3-month SAIBOR in the Kingdom of Saudi Arabia.

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12. SHARE CAPITAL

The authorized issued and paid-up share capital of the Company is SR 10,000,000 divided into 1,000,000 shares of SR 10 each. On 14 June 2023, corresponding to 25 Dhu'I-Q. 1444 H, Shareholder decided to increase the share capital of the Company from SR 2 million to SR 10 million. Accordingly, Company's By-laws and Commercial Registration were updated.

Shareholder	31 December 2024			31 December 2023		
	Number of shares	Value (SR)	Share Capital (SR)	Number of shares	Value (SR)	Share Capital (SR)
Moelis & Company International Holdings LLC	1,000,000	10	10,000,000	1,000,000	10	10,000,000

13. LEASE LIABILITY

	2024	2023
As at 1 January	456,553	441,770
Additions during the year	5,826,897	-
Interest for the year	206,846	14,783
Paid during the year	(1,609,867)	-
As at 31 December	4,880,429	456,553

Presented on the statement of financial position as follows:

	2024	2023
Current	1,096,148	456,553
Non-current	3,784,281	-
	4,880,429	456,553

14. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

Provision for employees' end of service benefits is calculated in accordance with the Saudi Labor Law as below.

	2024	2023
As at 1 January	53,741	13,861
Expense for the year	63,311	39,880
Payment made during the year	(10,748)	-
As at 31 December	106,304	53,741

15. TRADE PAYABLES

	2024	2023
Trade payables	657,970	80,121

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16. ACCRUALS AND OTHER PAYABLES

	<u>2024</u>	<u>2023</u>
VAT payable	483,416	1,858,176
Accrued bonus	5,130,646	1,718,663
Accrued liabilities	261,515	209,858
Accrued professional service fees* (note 10)	56,572,116	-
GOSI payable	38,299	18,947
Other payable	55,214	-
	<u>62,541,206</u>	<u>3,805,644</u>

*Accrued professional service fees represents transfer pricing fees and share service cost incurred with related parties in accordance with agreement.

17. REVENUE

	<u>2024</u>	<u>2023</u>
Advising revenue	-	9,547,984
Arranging revenue	74,935,790	17,070,867
	<u>74,935,790</u>	<u>26,618,851</u>

The Company has contracts with customers which are based in the Kingdom of Saudi Arabia and the revenue has been recognised over the time against these contracts.

18. COST OF REVENUE

	<u>2024</u>	<u>2023</u>
Transfer pricing	56,052,146	19,833,768

On 15 February 2023, the Company entered into an agreement with Moelis & Company UK LLP and affiliates in relation to their rights and obligations related to the provision of services to the customers in which group and the other related parties will be engaged to provide advisory and arranging services. The engagements where services are performed by multiple entities in Moelis Group, the revenue is split into following two categories:

Primary split: 50 percent of revenue is allocated to origination functions and 50 percent is allocated to execution functions.

Secondary split: revenue is then further allocated on the basis of the involvement of respective related parties in performing each function (origination and execution) in accordance with the agreement.

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19. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Staff salaries and related costs	8,690,555	2,992,453
Legal and professional fees	836,617	611,446
Consultancy services	660,132	717,767
Shared service cost	519,970	449,805
Allowance for expected credit losses	334,728	206,282
IT related costs	330,209	88,345
Membership fee	191,250	242,200
Conferences/seminars	152,768	-
Repairs and maintenance	94,260	113,650
Travelling expenses	121,560	92,931
Utilities	50,478	43,769
Office supplies	18,641	32,040
Bank charges	7,317	2,526
Others	24,395	66,814
	12,032,880	5,660,028

20. FINANCE INCOME

	2024	2023
Interest income at bank balances	1,145,922	-
	1,145,922	-

The Company earned interest income on its bank balances maintained with the local commercial bank at a rate equivalent to the 3-month SAIBOR.

21. SHARE BASED PAYMENT

Moelis & Company, the ultimate parent company, has a share-based payment plan pursuant to “Moelis & Company 2024 Omnibus Incentive Plan (the “Plan”) and the Statement of Terms and Conditions of the 2023 Incentive Restricted Stock Unit Award Granted in 2024 for Employees (the “Statement of Terms”)”. The Plan provides for the issuance of restricted stock units (“RSUs”).

Restricted stock unit ("RSU"):

Moelis & Company has granted restricted stock awards to the employees pursuant to the Plan.

	2024
	Number of RSUs
	Weighted average grant date fair value per share (SR)
Granted during the year	1,174
As at 31 December	1,174
	211.57
	211.57

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21. SHARE BASED PAYMENT (CONTINUED)

The RSUs will be subject to time-based vesting condition and an employment continuous condition, both of which should be satisfied for the RSUs to become fully vested. With respect to the time-based vesting condition, One-fourth (1/4th) of the RSUs shall become vested on each of 23 February 2025, 23 February 2026, 23 February 2027 and 23 February 2028 (each a "Vesting Date"), provided that the grantee remains in continuous employment or service with the Company or an affiliate thereof through, and has not given or received a notice of termination of such employment or service as of, the applicable vesting date.

Moelis & Company recognizes the cost of employee services received in exchange for an equity instrument award. The cost is based on its grant-date fair value amortized over the service period required by RSUs' vesting terms. The grant-date fair value of restricted stock awards is based on quoted market prices of Moelis & Company Class A common stock at the time of grant (i.e. 15 February 2024).

The expense recognized for employee services received during the year is shown in the following table:

	2024	2023
Share base compensation	111,364	-
Total expense arising from share-based payment transactions	111,364	-

As of 31 December 2024, the total compensation expense related to unvested RSUs not yet recognized is SR 137,020, which is expected to be recognized over a weighted-average period of 1.65 years.

22. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks; market risk (including currency risk, interest rate risk), credit risk and liquidity risk. The Company's overall risk management program, which is carried out by senior management, focuses on managing financial risks to minimize earning volatility and provide maximum return to shareholders. The risks faced by the Company and their respective mitigating strategies are summarized below.

The financial instruments comprise financial assets and financial liabilities. The Company's financial assets and liabilities consists of cash at bank, trade receivables, other receivables, due to related parties, trade payable, lease liability and accruals and other payables.

Categories of financial assets and financial liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and financial liabilities:

	2024	2023
Financial assets:		
Due from a related party (note 10)	599,610	-
Cash and cash equivalents (note 11)	74,781,304	30,965,069
Trade receivables (note 8)	20,007,152	6,440,052
Security deposits (note 9)	164,902	21,186
	95,552,968	37,220,025
Financial liabilities:		
Due to related parties (note 10)	21,102,295	26,512,340
Accruals and other payables (note 16)	62,057,790	1,947,468
Lease liabilities (note 13)	4,880,429	456,553
Trade payables (note 15)	657,970	80,121
	88,698,484	28,996,482

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22. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value and fair value hierarchy

The Company measures financial instruments 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 from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

Financial instruments not measured at fair value

Financial instruments and other assets not measured at fair value include cash and cash equivalents, trade receivables, other receivables, due from a related party, trade payable, due to related parties and other payables.

Due to their short-term nature, the carrying value of these financial instruments approximates their fair value.

There were no transfers between levels during the year.

General objectives, policies and processes

The management has overall responsibility for determining the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The overall objective of the management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness.

Credit risk

Credit risk is the risk that other parties will fail to discharge their obligations and cause the Company to incur a financial loss. Financial instruments subject to concentrations of credit risk consist of bank balance, trade receivable, other receivables and due from a related party. The Company deposits its cash balances with a major high credit-rated financial institution and does not believe that there is a significant risk of non-performance by this financial institution. Management monitors this exposure and does not believe that the credit risk is material.

The Company is exposed to credit risk for due from a related party, cash and cash equivalents, trade receivables and security deposit. Below is the maximum exposure of credit risk:

	<u>2024</u>	<u>2023</u>
Due from a related party (note 10)	599,610	-
Cash and cash equivalents (note 11)	74,781,304	30,965,069
Trade receivables (note 8)	20,007,152	6,440,052
Security deposits (note 9)	164,902	21,186
	<u>95,552,968</u>	<u>37,426,307</u>

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22. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. Management has considered the credit risk exposure on contract assets to be minimal.

Below is the information about the credit risk exposure on the trade receivables using a provision matrix:

	31 December 2024			31 December 2023		
	Gross	Expected credit loss	Rate	Gross	Expected credit loss	Rate
Past due 1-30 days	1,845,221	18,452	1%	2,250,584	22,506	1%
Past due 31-60 days	320,750	6,414	2%	1,584,844	38,545	3%
Past due 61-90 days	1,376,550	41,297	3%	2,604,625	145,231	5%
Over 90 days	1,292,500	323,125	25%	-	-	-
Special reserve	15,172,131	151,721	1%	-	-	-
	20,007,152	541,010		6,440,052	206,282	

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity is managed by the management periodically ensuring its availability of amounts sufficient to meet any future commitments. The Company does not consider itself exposed to significant risks in relation to liquidity.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows at the end of the reporting period.

	Up to a year	More than one year and up to five years	More than five years	Total
31 December 2024:				
Financial liabilities				
Due to related parties	21,102,295	-	-	21,102,295
Trade payables	657,970	-	-	657,970
Accruals and other payables	62,057,790	-	-	62,057,790
Lease liabilities	1,351,810	4,106,487	-	5,458,297
	85,169,865	4,106,487	-	89,276,352
31 December 2023:				
Financial liabilities				
Due to related parties	26,512,340	-	-	26,512,340
Trade payables	80,121	-	-	80,121
Accruals and other payables	1,947,468	-	-	1,947,468
Lease liabilities	463,760	-	-	463,760
	29,003,689	-	-	29,003,689

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22. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Market risk arises from the Company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (equity price risk).

Interest rate risk

Fair value and cash flow interest rate risks are the exposures to various risk associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company is not materially exposed to interest rate risk as at year end.

The interest rate profile of the Company's interest-bearing financial instruments is as follow:

Exposure to interest rate risk

	<u>2024</u>	<u>2023</u>
<i>Variable-rate instruments</i>		
Bank balances	74,781,304	-

Cash flow sensitivity analysis for variable-rate instrument

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by amount shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	<u>100 bp increase</u>	<u>100 bp decrease</u>	<u>100 bp increase</u>	<u>100 bp decrease</u>
31 December 2024				
Finance income on bank balances	747,813	(747,813)	-	-

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is predominantly exposed to currency risk on purchases made from major suppliers based in US Dollars. Saudi Riyal is pegged against US Dollar.

Equity price risk

Equity price risk is the risk of unfavorable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The Company is not materially exposed to equity price risk as at year end.

23. COMMITMENTS AND CONTINGENCIES

At 31 December 2024, the Company has no commitments and contingent liabilities (31 December 2023: nil).

24. SUBSEQUENT EVENTS

There have been no subsequent events after 31 December 2024, which would have material impact on these financial statements and require adjustments or additional disclosures in these financial statements.

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25. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 27 Ramadan 1446 H (corresponding to 27 March 2025 G).
