

ARTAL CAPITAL COMPANY
(Joint Stock Company)
Financial Statements
For the year ended 31 December 2025
Together with
Independent Auditor's Report

ARTAL CAPITAL COMPANY
(Joint Stock Company)
Financial Statements For the year ended 31 December 2025
(Amounts in Saudi Riyals)

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ARTAL CAPITAL COMPANY
A SAUDI JOINT STOCK COMPANY

(1 /3)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

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

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

- The statement of financial position as at 31 December 2025;
- The statement of profit or loss and other comprehensive income for the year then ended;
- The statement of changes in equity for the year then ended;
- The statement of cash flows for the year then ended; and
- The notes to the financial statements, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with the 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 from the Company in accordance with the International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA and Regulations for Companies and the Company's Article of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ARTAL CAPITAL COMPANY
A SAUDI JOINT STOCK COMPANY

(2 /3)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ARTAL CAPITAL COMPANY
A SAUDI JOINT STOCK COMPANY

(3 /3)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

- 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.

PKF Al-Bassam
Chartered Accountants



Abdullellah Al Bassam
Certified Public Accountant
License No. 703
Riyadh, Kingdom of Saudi Arabia
10 Shawwal 1447H
Corresponding to: 29 March 2026



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ARTAL CAPITAL COMPANY
(Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2025
(Amounts in Saudi Riyals)

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	6	426,563	538,240
Intangible assets	7	875,561	1,248,724
Total Non-Current Assets		1,302,124	1,786,964
Current Assets			
Receivables, prepayments and other assets	9	7,503,850	11,075,507
Cash and cash equivalents	10	15,517,739	2,875,335
Murabaha deposits	12	-	10,513,628
Investments carried at FVTPL	11	20,881,567	15,736,836
Total Current Assets		43,903,156	40,201,306
TOTAL ASSETS		45,205,280	41,988,270
LIABILITIES AND EQUITY			
EQUITY			
Share capital	13	20,000,000	20,000,000
General reserve	14	2,159,457	2,159,457
Actuarial reserve		(129,481)	(170,889)
Retained earnings		11,080,229	8,886,416
TOTAL EQUITY		33,110,205	30,874,984
LIABILITIES			
Non-Current Liabilities			
Employee benefits obligations	15	2,227,877	1,564,988
Total Non-Current Liabilities		2,227,877	1,564,988
Current Liabilities			
Accrued expenses and other liabilities	16	8,964,681	8,642,283
Zakat provision	17	902,517	906,015
Total Current Liabilities		9,867,198	9,548,298
TOTAL LIABILITIES		12,095,075	11,113,286
TOTAL EQUITY AND LIABILITIES		45,205,280	41,988,270

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors

The accompanying notes (1) to (27) form an integral part of these financial statements.

ARTAL CAPITAL COMPANY
(Joint Stock Company)
STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
For the year ended 31 December 2025
(Amounts in Saudi Riyals)

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
PROFIT OR LOSS			
Revenue	18	33,819,522	25,848,414
Cost of revenue	19	<u>(26,851,621)</u>	<u>(21,691,221)</u>
Gross Profit		<u>6,967,901</u>	<u>4,157,193</u>
General and administrative expenses	20	<u>(4,938,566)</u>	<u>(4,020,673)</u>
Net profit for the year from main operations		<u>2,029,335</u>	<u>136,520</u>
Realized gain on investments carried at FVTPL		137,436	95,805
Unrealized gain on investments carried at FVTPL	11	842,294	406,637
Special commission income		647,975	562,956
Finance cost	15	(73,744)	(48,318)
Other income		<u>405,059</u>	<u>10,680</u>
Net Income Before Zakat		<u>3,988,355</u>	<u>1,164,280</u>
Zakat		<u>(794,542)</u>	<u>(405,000)</u>
Net Income for The Year		<u>3,193,813</u>	<u>759,280</u>
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Gain / (loss) on re-measurement of employee defined benefits plan obligations	15	41,408	(75,290)
Net comprehensive income for the year		<u>3,235,221</u>	<u>683,990</u>

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors

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ARTAL CAPITAL COMPANY
(Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025
(Amounts in Saudi Riyals)

	<u>Share Capital</u>	<u>General Reserve</u>	<u>Retained Earnings</u>	<u>Actuarial Reserve</u>	<u>Total</u>
Balance as at 1 January 2024	20,000,000	2,159,457	13,008,741	(95,599)	35,072,599
Net income for the year	-	-	759,280	-	759,280
Other Comprehensive loss	-	-	-	(75,290)	(75,290)
Total Comprehensive income for the year	-	-	759,280	(75,290)	683,990
Dividends	-	-	(4,881,605)	-	(4,881,605)
Balance as at 31 December 2024	<u>20,000,000</u>	<u>2,159,457</u>	<u>8,886,416</u>	<u>(170,889)</u>	<u>30,874,984</u>
Balance as at 1 January 2025	20,000,000	2,159,457	8,886,416	(170,889)	30,874,984
Net income for the year	-	-	3,193,813	-	3,193,813
Other Comprehensive income	-	-	-	41,408	41,408
Total Comprehensive income for the year	-	-	3,193,813	41,408	3,235,221
Dividends (Note 24)	-	-	(1,000,000)	-	(1,000,000)
Balance as at 31 December 2025	<u>20,000,000</u>	<u>2,159,457</u>	<u>11,080,229</u>	<u>(129,481)</u>	<u>33,110,205</u>

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors

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ARTAL CAPITAL COMPANY
(Joint Stock Company)
STATEMENT OF CASH FLOW
For the year ended 31 December 2025
(Amounts in Saudi Riyals)

	Note	31 December 2025	31 December 2024
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the year before zakat		3,988,355	1,164,280
Adjustments to reconcile net income for the year before zakat to net cash available from operating activities:			
Depreciation of property, plant and equipment	6	218,417	213,720
Amortization of intangible assets	7	625,108	551,951
Depreciation of the right of use asset		-	540,942
Unrealized gain on investments carried at FVTPL	11	(842,294)	(406,637)
Unrealized Murabaha profits	12	(35,367)	(513,623)
Finance costs		73,744	48,318
Employee defined benefits obligations - charged	15	690,553	629,128
		<u>4,718,516</u>	<u>2,228,079</u>
Changes in operating assets and liabilities			
Due from related parties		-	18,750,000
Receivables, prepayments and other assets		3,571,657	16,043,608
Accrued expenses and other liabilities		322,398	(6,936,257)
Due to related parties		-	(14,994,933)
Employee defined benefits plan obligations – paid	15	(60,000)	(95,396)
Zakat paid	17	(798,040)	(556,948)
Net cash generated from operating activities		<u>7,754,531</u>	<u>14,438,153</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Additions of property and equipment	6	(106,740)	(28,620)
Additions of intangible assets	7	(251,945)	(422,513)
Payments for the purchase of Murabaha deposit		-	(10,000,000)
Proceeds from sale of Murabaha deposit		10,548,995	-
Payments for the purchase of investments carried at FVTPL	11	(9,363,570)	(10,000,000)
Proceeds from sale of investments FVTPL		5,061,133	4,904,195
Net cash generated from / (used in) investing activities		<u>5,887,873</u>	<u>(15,546,938)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Lease liabilities paid		-	(580,368)
Dividends paid	24	(1,000,000)	(4,881,605)
Net cash (used in) financing activities		<u>(1,000,000)</u>	<u>(5,461,973)</u>
Net changes in cash and cash equivalents		12,642,404	(6,570,758)
Cash and cash equivalents at beginning of the year		<u>2,875,335</u>	<u>9,446,093</u>
Cash and cash equivalents at the end of the year	10	<u>15,517,739</u>	<u>2,875,335</u>
Non-cash transactions			
Gain / (loss) on re-measurement of employee defined benefit obligations	15	<u>41,408</u>	<u>(75,290)</u>

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors

The accompanying notes (1) to (27) form an integral part of these financial statements

ARTAL CAPITAL COMPANY
(Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025
(Amounts in Saudi Riyals)

1- ORGANIZATION AND PRINCIPAL ACTIVITIES

ARTAL Capital Company (“the Company”) is a Joint Stock Company registered in Riyadh, under commercial registration No. 1010501601, dated 26 Rabi' al- Thani 1440 (corresponding to 2 January 2020) and licensed by the Capital Market Authority (CMA) under License No. (02-18195), issued on 14 November 2018.

The principal activities of the Company are investment management and fund operation. The Company commenced its operations pursuant to a letter from the Capital Market Authority (LU-23-005128) dated 6 Rabi' al-Awwal 1444H (corresponding to September 21, 2023).

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

ARTAL Capital Company
Riyadh - Abu Bakr Al-Siddiq Road
Postal code: 12444

2- BASIS OF PREPARATION

2-1 Compliance Statement

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The financial statements have been prepared on a historical cost convention, except for investments measured at fair value through profit or loss (FVTPL) and the defined benefit obligation is recognised at the present value of future obligation using the unit credit method.

2-2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary in which the Company operates (the “functional currency”). These financial statements are presented in Saudi Arabian Riyal (“SAR”) which is the Company’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into SAR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SAR using the exchange rates at the date of statement of financial position. Foreign exchange gains and losses arising from translation, if any are included in the statement of comprehensive income.

3- CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTION

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized prospectively. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

3- CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTION (CONTINUED)

3-1 Judgments

Going Concern basis

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

3-2 Estimation and Unconfirmed Assumptions

Impairment of non-financial assets

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

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present values using the pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

The fair value less cost to sell is based on observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are available, then based on future cash flow calculations.

Actuarial valuation of employee benefits obligations

The cost of the defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions.

4- MATERIAL ACCOUNTING POLICIES

4-1 Cash and cash equivalents

Cash and cash equivalents comprise cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less, which are available to the Company without any restrictions.

4-2 Financial instruments

4-2-1 Measurement methods

Initial recognition and measurement

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

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

4-2-2 Classification and measurement of financial assets through profit or loss

Debt instruments

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

The Company classifies its equity instruments at FVTPL. 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.

Losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss, including disposal. Impairment losses and (reversals of impairment losses) are not reported separately from other changes in fair value. Dividends, when presenting a return on such investments, continue to be recognized in the statement of comprehensive income when the Company has the right to receive such payments.

4- MATERIAL ACCOUNTING POLICIES (CONTINUED)

4-2-3 Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit loss (“ECL”) associated with its financial assets carried at amortized cost. The Company recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

4-2-4 Derecognition

A financial asset or, a part of a financial asset is derecognized where the rights to receive cash flows from the asset have expired, or the company has transferred its rights to receive cash flows from the asset (1) Transferred substantially all of the risks and rewards of ownership of the financial asset or (2) Neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the asset.

4-2-5 Financial liabilities

The Company classifies its financial liabilities at amortised cost unless it has designated liabilities at FVTPL. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

4-3 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4-4 Employees end-of-service benefits

Employees end-of-service benefits are payable to all employees employed under the terms and conditions of the Labour Laws applicable on the Company, on termination of their employment contracts.

The Company’s obligation in respect of defined benefit plan is calculated by estimating the number of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value.

Company sets the assumptions used in determining the key elements of the costs of meeting such future obligations. These assumptions are set after consultation with the Company’s actuaries and include those used to determine regular service costs and the financing elements related to the liabilities. The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method.

The revaluation of defined benefit obligation, which comprise of actuarial gains and losses are recognised immediately in the Statement of Other Comprehensive Income. The Company determines interest expense on the defined benefit obligation for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any change in the net defined benefit obligation during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit are recognised in the Statement of Comprehensive Income.

4- MATERIAL ACCOUNTING POLICIES (CONTINUED)

4-5 Accrued expenses and other payables

Accrued expenses and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective profit rate method.

4-6 Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognised for future operating loss.

4-7 Zakat

The Zakat cost is calculated on the basis of the Company's net profit for the year before deduction of Zakat or Zakat base, whichever is greater, according to the regulations of the Zakat, Tax and Customs Authority (ZATCA) The provision is charged to the statement of Profit or Loss and Other Comprehensive 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.

4-8 Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment in value, if any. Property and equipment acquisition cost include expenditures that are directly attributable to the acquisition. The cost of property and equipment is depreciated and amortised on the straight-line method over the estimated useful lives as follows:

Furniture and fixtures	5 years
Computer and office equipment	3 years

Any gain or loss on disposal of an item of Property and Equipment is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

The assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

4-9 Intangible Assets

Intangible assets are measured at cost, less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight-line basis over the estimated useful as follow:

Computer Software	3 years
Brand	3 years
Website	10 years

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and amount can be measured reliably.

Intangible assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary

4- MATERIAL ACCOUNTING POLICIES (CONTINUED)

4-10 Right of Use Asset and Lease Liability

The Company has recognised new assets and liabilities for its operating leases of office premises. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to statement of Comprehensive Income over the lease period so as to produce a constant yearly rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

1) Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

2) Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in- substance fixed payments), less any lease incentives receivable
- Variable lease payments 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.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the Statement of Profit or Loss and Other Comprehensive Income. Short-term leases are leases with a term of 12 months or less.

Low-value assets comprise small items relating to office equipment.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

4-11 Assets under management

The Company offers asset management services to its customers, which include management of certain investment funds. Such assets are held in fiduciary capacity and are not treated as assets of the Company. Accordingly, these are not recognized in the financial statements and are treated as off-statement of financial position items.

4- MATERIAL ACCOUNTING POLICIES (CONTINUED)

4-12 Revenue recognition

The Company recognizes revenue under IFRS 15 using the following five-step model.

Step 1: Define the contract with the customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets standards for each contract that must be fulfilled.

Step 2: Determine performance obligations

A performance obligation is a promise in a service contract to a 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 promised services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Customize the transaction price

For a contract that contains more than one performance obligation, the Company allocates the transaction price to each performance obligation at an amount that shows the amount of consideration that the Company expects to be entitled in exchange for fulfilling each performance obligation.

Step 5: Revenue recognition

The Company recognizes revenue when (or when) it satisfies a performance obligation by transferring the promised service to the customer under a contract.

Revenue from asset management activities

Management fees for investment funds and private portfolios are recognized as revenue in proportion to the provision of services, based on the applicable service contracts. These management fees are included net of discounts and are generally calculated as a percentage of the net assets of the respective funds. The subscription fee is recognized upon subscription.

Performance fees are included after deducting discounts and are calculated as a percentage of the consideration in the fund's net asset value above a specified threshold. Performance fees are earned from some arrangements when contractually agreed levels of performance are exceeded during specified performance measurement periods, usually over one year. Fees are recognized when they can be reliably estimated and/or crystallized.

Revenue from Arrangement Services Activities

Revenue from alternative investments, management advisory and other service fees is recognized on the basis of applicable service contracts, usually on a time-proportionate basis whether at a point in time or over a period.

Dividend income

Dividends are recognized when the right to receive them is established.

Other income

Other income is recorded when earned.

4- MATERIAL ACCOUNTING POLICIES (CONTINUED)

4-13 Fair value measurement

The Company measures financial instruments such as equity 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 fair value of an asset or a liability is measured on the assumption that market participants would take advantage when pricing the asset or liability and act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities that are measured at fair value or disclosed in the financial statements are categorized within the fair value levels hierarchy mentioned below and on the basis of the input to the lowest level of the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company verifies whether transfers have been made between the fair value hierarchy by recalibrating the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial year. The Company determines the policies and procedures for both recurring fair value measurement and non-recurring fair value measurement.

On each reporting date, the Company analyses changes in the value of assets and liabilities to be re-measured or re-evaluated in accordance with the company's accounting policies. For the purposes of this analysis, the company verifies the main inputs applied in the latest valuation by matching the information used in calculating the valuation with contracts and other relevant documents. The Company also compares changes in the fair value of each class of assets and liabilities with relevant external sources to determine whether the change is reasonable. For the purpose of disclosing the fair value, the company has determined the classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets and liabilities and the hierarchy of fair value measurement levels mentioned above.

4-14 Expenses

All expenses are classified as general and administrative expenses, except for employee salaries and benefits, which are presented as a separate item in the Statement of profit or Loss and Other comprehensive income.

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5- NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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

New amendments to standards issued and applied effective January 1, 2025

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of the amendment	Management assessment
IAS 21	Lack of Exchangeability	1 January 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.	Management has assessed the adoption of these amendments and concluded that they did not have a material impact on the Company's financial position, financial performance, or cash flows for the current reporting period.

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

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of the standards and amendments	Management assessment
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026	The amendments clarify the recognition and derecognition of financial assets and financial liabilities, including settlement date accounting for certain electronic payment systems. They also provide additional guidance on assessing contractual cash flow characteristics of financial assets, including contingent cash flows arising from environmental, social and governance (ESG)-linked features. The amendments also introduce new and updated disclosure requirements in IFRS 7.	Management has performed a preliminary assessment and does not expect the adoption of these amendments to have a material impact on the Company's financial statements, as the Company's financial instruments and settlement arrangements are not expected to be significantly affected.
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026	These amendments modify the 'own use' requirements and hedge accounting provisions in IFRS 9 for contracts that expose entities to variability in electricity prices due to uncontrollable natural conditions such as weather. Targeted disclosure requirements are introduced in IFRS 7.	Based on the nature of the Company's operations and contractual arrangements, management does not expect these amendments to have a material impact on the Company's financial statements upon initial application.

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5- New amended standards and interpretations (continued)

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

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of the amendment	Management assessment
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	IFRS 18 replaces IAS 1 and establishes a new framework for the presentation and disclosure of financial statements. The standard introduces new categories for income and expenses (operating, investing and financing) and requires presentation of new subtotals, including operating profit or loss and profit or loss before financing and income taxes. It also enhances guidance on aggregation and disaggregation, introduces disclosure requirements for management-defined performance measures, and removes classification options for interest and dividends in the statement of cash flows.	Management is currently assessing the impact of IFRS 18. While the standard is expected to result in changes to presentation and disclosures, it is not expected to have a material impact on the recognition or measurement of the Company's assets, liabilities, income or expenses.
IFRS 19	Subsidiaries without Public Accountability	1 January 2027	IFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to apply full IFRS recognition and measurement principles. The standard affects disclosure requirements only and does not impact recognition or measurement.	Management will assess the applicability of IFRS 19 at the date of adoption. The standard is expected to affect disclosure requirements only and is not expected to have a material impact on the Company's financial position, financial performance or cash flows.

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6- PROPERTY AND EQUIPMENT

	Furniture and fixtures	Computers and office equipment	Total
Cost:			
Balance at the beginning of the year	794,282	347,754	1,142,036
Additions during the year	46,137	60,603	106,740
As at 31 December 2025	840,419	408,357	1,248,776
Accumulated Depreciation:			
Balance at the beginning of the year	(348,863)	(254,933)	(603,796)
Charged for the year	(155,790)	(62,627)	(218,417)
As at 31 December 2025	(504,653)	(317,560)	(822,213)
Net book value:			
As at 31 December 2025	335,766	90,797	426,563

	Furniture and fixtures	Computers and office equipment	Total
Cost:			
Balance at the beginning of the year	794,282	319,134	1,113,416
Additions during the year	-	28,620	28,620
As at 31 December 2024	794,282	347,754	1,142,036
Accumulated Depreciation:			
Balance at the beginning of the year	(193,358)	(196,718)	(390,076)
Charged for the year	(155,505)	(58,215)	(213,720)
As at 31 December 2024	(348,863)	(254,933)	(603,796)
Net book value:			
As at 31 December 2024	445,419	92,821	538,240

7- INTANGIBLE ASSETS

	Computer Software	Brand	Website	Total
Cost:				
Balance at the beginning of the year	1,781,762	195,000	215,041	2,191,803
Additions during the year	251,945	-	-	251,945
As at 31 December 2025	2,033,707	195,000	215,041	2,443,748
Accumulated amortization:				
Balance at the beginning of the year	(762,114)	(122,709)	(58,256)	(943,079)
Charged for the year	(544,376)	(59,246)	(21,486)	(625,108)
As at 31 December 2025	(1,306,490)	(181,955)	(79,742)	(1,568,187)
Net book value:				
As at 31 December 2025	727,217	13,045	135,299	875,561

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7- INTANGIBLE ASSETS (CONTINUED)

	Computer Software	Brand	Website	Total
Cost:				
Balance at the beginning of the year	1,359,249	195,000	215,041	1,769,290
Additions during the year	422,513	-	-	422,513
As at 31 December 2024	<u>1,781,762</u>	<u>195,000</u>	<u>215,041</u>	<u>2,191,803</u>
Accumulated amortization:				
Balance at the beginning of the year	(296,827)	(57,590)	(36,711)	(391,128)
Charged for the year	(465,287)	(65,119)	(21,545)	(551,951)
As at 31 December 2024	<u>(762,114)</u>	<u>(122,709)</u>	<u>(58,256)</u>	<u>(943,079)</u>
Net book value:				
As at 31 December 2024	<u>1,019,648</u>	<u>72,291</u>	<u>156,785</u>	<u>1,248,724</u>

8- RELATED PARTY TRANSACTIONS

Related parties of the Company include the Board of Directors and their relatives, senior executives, committees derived from the Board of Directors, and investment funds managed by the Company.

There are transactions that took place during the year with related parties within the Company's normal business and with the approval of management. Management believes that the terms of these transactions are not materially different from any other transactions carried out by management with any third party

a. The following are the related parties' transactions of the Company that occurred:

Related party	Nature of relationship	Nature of transaction	During the year ended in 31 December 2025	During the year ended in 31 December 2024
Fawaz Suleiman Alrajhi	Shareholder	Finance (Finance paid)	-	(14,994,933)
		Management fee	2,272,663	2,697,809
Artal Growth Opportunities Fund	Funds managed by the Company	Finance	-	987,085
Artal Growth Opportunities Fund	Funds managed by the Company	Management fees	5,215,057	2,358,272
Raj Real Estate Company	Affiliated	Rent	718,455	580,368
Artal MENA Fund	Funds managed by the Company	Management and performance fees	17,958	447,908
Artal Special Situations Fund I	Funds managed by the Company	Management fees	-	969,823
Artal Murabaha Fund	Funds managed by the Company	Management fees	311,711	145,991
Artal Saudi Equity Freestyle Fund	Funds managed by the Company	Management fees	6,208	-
Artal MENA Equity Fund	Funds managed by the Company	Management fees	5,432	-
Artal Monthly Distribution Fund	Funds managed by the Company	Management fees	1,456	-

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8- RELATED PARTY TRANSACTIONS (CONTINUED)

Related party	Nature of relationship	Nature of transaction	During the year ended in 31 December 2025	During the year ended in 31 December 2024
Artal Private Equity Fund	Funds managed by the Company	Management fees	1,008,384	-
		Management fees	416,560	-
Artal Real Estate Fund Two	Funds managed by the Company	Structure fee	1,532,000	-
		Arranging fee	885,000	-
		Payments on behalf	150,529	-
Artal Real Estate Fund Three	Funds managed by the Company	Management fees	592,214	2,358,272
		Arranging fee	1,070,000	-
		Structure fee	1,400,000	-
Artal Real Estate Fund One	Funds managed by the Company	Payments on behalf	69,472	-
Artal Automotive Sector Fund	Funds managed by the Company	Payments on behalf	2,300	-
Artal Monthly Distribution Fund	Funds managed by the Company	Payments on behalf	27,356	-
Board members	Board of Directors	Allowance	118,000	210,000
Committees	Sub committees	Remunerations	193,000	186,000
Senior Staff	Employees	Salaries	8,939,844	8,080,650

Year-end balances arising from transactions with related parties are as follows:

Related party	Nature of relation	Nature of transaction	Balance Receivables	
			2025	2024
Fawaz Suleiman Alrajhi	Shareholder	Management fee	214,946	819,001
Artal Murabaha Fund	Fund Manager	Management fee	31,208	14,758
Artal Saudi Equity Freestyle Fund	Fund Manager	Management fee	702	-
Artal MENA Equity Fund	Fund Manager	Management fee	584	359,426
Artal Monthly Distribution Fund	Fund Manager	Management fee	930	-
Artal Growth Opportunities Fund	Fund Manager	Management fee	1,499,325	2,712,013
Artal Private Equity Fund	Fund Manager	Management fee	446,389	-
Artal Real Estate Fund Two	Fund Manager	Management fee	1,496,795	-
Artal Real Estate Fund Three	Fund Manager	Management fee	681,046	-

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8- RELATED PARTY TRANSACTIONS (CONTINUED)

Related party	Nature of relation	Nature of transaction	Balance Receivables	
			2025	2024
Artal Real Estate Fund One	Funds managed by the Company	Payments on behalf	79,822	4,049
Artal Automotive Sector Fund	Funds managed by the Company	Payments on behalf	2,300	-
Artal Monthly Distribution Fund	Funds managed by the Company	Payments on behalf	27,356	-
Artal Real Estate Fund Two	Funds managed by the Company	Payments on behalf	150,529	-
Board members	Board of Directors	Allowance	140,000	210,000
Committees	Sub committees	Remunerations	175,000	175,000

The year-end balances receivable from related parties are included in receivables (note 9).

9- RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

	31 December 2025	31 December 2024
Receivables	6,551,724	10,143,567
Prepaid Expenses	927,239	555,329
Other	-	351,724
Recovered Insurance	24,887	24,887
	7,503,850	11,075,507

The Company has assessed the expected credit losses (ECL) for receivables and other assets. After considering the nature of these balances and the payment default (PD) history, it was determined that no ECL provision is necessary. This is because, in its capacity as an asset manager, the Company holds the primary right to recover the outstanding balances from the funds invested with it under its management, specifically regarding the management fees payable.

10- CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Cash at banks	2,459,622	2,875,335
	2,459,622	2,875,335

-The Company maintains cash with local banks that have a good credit rating and do not bear any interest.

10.1 Cash and Cash Equivalents for the purpose of the Cash Flow Statement:

	Note	31 December 2025	31 December 2024
Cash at bank		2,459,622	2,875,335
Murabaha deposits with a maturity of 3 months or less	12	13,058,117	-
		15,517,739	2,875,335

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11- INVESTMENTS CARRIED AT FVTPL

31 December 2025	Number of Units	Cost	Market value
Al Rajhi Returns Fund	6,138,564	6,700,000	6,888,083
Artal Murabaha Fund	591,458	6,241,453	6,971,561
Alpha Murabaha Fund	539,674	6,600,000	6,940,358
Investment in equities	3,260	63,570	81,565
Total		19,605,023	20,881,567

	Number of Units	Cost	Market value
31 December 2024			
Artal Murabaha Fund	505,990	5,330,197	5,639,460
Al Rajhi Returns Fund	4,776,005	5,000,000	5,061,133
Alpha Murabaha Fund	414,346	5,000,000	5,036,243
Total		15,330,197	15,736,836

The following is a summary of the movement on investments during the year:

	31 December 2025	31 December 2024
Balance at the beginning of the year	15,736,836	10,234,394
Additions during the year	9,363,570	10,000,000
Disposals during the year	(5,198,569)	(5,000,000)
Unrealized gains	842,294	406,637
Realized gains	137,436	95,805
Balance at the end of the year	20,881,567	15,736,836

12- MURABAHA DEPOSITS

	31 December 2025	31 December 2024
Murabaha Deposits	13,058,117	10,513,628
Total Book Value	13,058,117	10,513,628
Expected Credit Losses	-	-
Net Book Value as at the end of the year	13,058,117	10,513,628

	31 December 2025	31 December 2024
Murabaha Deposits		
National Bank of Kuwait	13,058,117	-
Banque Saudi Fransi	-	10,513,628
Total	13,058,117	10,513,628

Murabaha deposits with an original maturity of less than 3 months, with a Murabaha deposit yield rate of 5% per annum.

	31 December 2025	31 December 2024
Book value as at January 1	10,513,628	8,074,672
Additions during the year	41,614,450	10,000,000
Matured during the year	(39,105,328)	(8,000,000)
Unrealized Murabaha profits at the Statement of Profit or Loss with a maturity of less than three months	35,367	513,623
Realized Murabaha profits during the year	612,608	49,333
Murabaha profits received during the year	(612,608)	(124,000)
Total	13,058,117	10,513,628

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12- MURABAHA DEPOSITS (CONTINUED)

The table below represents the maturity statement based on the contractual maturity of the instruments

	<u>31 December 2025</u>	<u>31 December 2024</u>
Murabaha deposits maturing within three months*	13,058,117	-
Murabaha deposits maturing in more than three months	-	10,513,628
Total	<u>13,058,117</u>	<u>10,513,628</u>

*Murabaha placements with original maturity of 3 months or less are classified within cash and cash equivalents for the Cash flow Purpose (note 10).

13- SHARE CAPITAL

The paid-up capital of the Company as at 31 December 2025, and 31 December 2024, amounts to SAR 20 million, divided into 2,000,000 shares of equal value, each valued at 10 SAR.

14- GENERAL RESERVE

In accordance with the previous Companies Law, the Company used to allocate 10% of net income to a statutory reserve. Following the amendments to the Companies Law and the company's Articles of Association, no further allocations have been made, and the previously established reserves have not been reclassified to retained earnings. Consequently, these balances continue to be presented as a general reserve.

15- EMPLOYEE DEFINED BENEFIT OBLIGATIONS

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

	<u>31 December 2025</u>	<u>31 December 2024</u>
The present value of the employees' defined benefits	2,227,877	1,564,988

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

Benefits expenses (recognized in the statement of comprehensive income)	<u>31 December 2025</u>	<u>31 December 2024</u>
Current service cost	690,553	629,128
Interest cost on benefit obligation	73,744	41,166
Net Employee defined benefits Expenses	<u>764,297</u>	<u>670,294</u>

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15- EMPLOYEE DEFINED BENEFIT OBLIGATIONS (CONTINUED)

c. The measurement movement for employee defined benefit plan obligations is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Benefits expenses (recognized in the statement of comprehensive income)		
Balance at the beginning of the year	1,564,988	914,798
Paid during the year	(60,000)	(95,396)
<u>Listed in the profit and loss statement</u>		
Service cost	690,553	629,128
Interest cost	73,744	41,168
<u>listed in the statement of other comprehensive income</u>		
(Gain) / loss on remeasurement of employee benefit plan obligations determined by changing the interest	(41,408)	75,290
Balance at the end of the year	<u>2,227,877</u>	<u>1,564,988</u>

d. Key actuarial assumptions

	<u>2025</u>	<u>2024</u>
Salary increase rate	3%	3%
Discount rate	4.8%	4.9%
Rate of employee turnover	7.5%	7.5%

e. Sensitivity Analysis of significant actuarial assumptions

	Change in assumption	Impact on employee's end of service benefit	
		<u>2025</u>	<u>2024</u>
Discount rate	+1%	2,125,686	1,499,407
	-1%	2,336,088	1,634,373
Salary increase rate	+1%	3,336,944	1,634,991
	-1%	2,122,962	1,497,595

16- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>31 December 2025</u>	<u>31 December 2024</u>
Employees' Payables	7,316,497	6,539,758
VAT payable	1,069,374	1,714,143
Professional and consulting fees payable	152,500	258,225
Social Insurance payable	150,307	116,259
Other	276,003	13,898
	<u>8,964,681</u>	<u>8,642,283</u>

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17- ZAKAT PROVISION

a) Zakat Base Components	31 December 2025	31 December 2024
Equity	35,012,722	30,874,984
positive elements of the base	-	-
Adjusted profit for the year	-	-
Negative elements of the base	-	-
Net Zakat base	35,012,722	30,874,984
Zakat	902,517	798,040
Zakat differences	-	-
Charged for the year	902,517	798,040

b) The movement of the zakat provision during the year

	31 December 2025	31 December 2024
Balance at the beginning of the year	906,015	1,057,963
Charged for the year	902,517	798,040
Adjustments*	(107,975)	(393,040)
Payments during the year	(798,040)	(556,948)
Balance at the end of the year	902,517	906,015

* Adjustment is related to excess provision is charged in previous period.

Zakat status

- The Company submitted its zakat declaration to the Zakat, Tax and Customs Authority (“ZATCA”) for the year ending on 31 December, 2024, and the due zakat amounting to 798,040 Saudi Riyals was paid.

18- REVENUE

	31 December 2025	31 December 2024
Management fees	27,368,883	19,689,301
Performance fees	31,639	6,159,113
Subscription fees	1,532,000	-
Fund structuring fees	2,932,000	-
Arranging fee	1,955,000	-
	33,819,522	25,848,414

Timing of revenue recognition

2025	Management fees	Performance fees	Subscription fee	Structuring fee	Arranging fee
<u>Nature and timing of revenue recognition:</u>					
Over a period	27,368,883	-	-	-	-
Point in time	-	31,639	1,532,000	2,932,000	1,955,000
	27,368,883	31,639	1,532,000	2,932,000	1,955,000
2024					
<u>Nature and timing of revenue recognition:</u>					
Over a period	19,689,301	-	-	-	-
Point in time	-	6,159,113	-	-	-
	19,689,301	6,159,113	-	-	-

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19- COST OF REVENUE

	<u>31 December 2025</u>	<u>31 December 2024</u>
Employee salaries and benefits	24,714,927	19,366,576
Subscriptions and license fees	1,464,326	1,501,370
Professional and consulting fee	623,255	818,300
Other	49,113	4,975
	<u>26,851,621</u>	<u>21,691,221</u>

20- GENERAL AND ADMINISTRATIVE EXPENSES

	<u>31 December 2025</u>	<u>31 December 2024</u>
Professional and consulting fees	2,108,494	1,236,002
Subscriptions	423,976	633,030
Amortization of intangible assets (Note 7)	625,108	551,951
Governmental fees	33,594	64,946
Rent	718,455	-
Remuneration of members of the Board of Directors and Committees	311,000	396,000
Depreciation of plant and equipment (Note 6)	218,417	213,720
Withholding tax	179,189	179,850
IT Related expenses	181,472	-
Other	138,861	148,602
Depreciation of the right to use assets	-	540,942
Insurance	-	44,991
Stationery and publications	-	10,639
	<u>4,938,566</u>	<u>4,020,673</u>

21- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

21-1 Financial risk factors

The Company's objective when managing risk is to create and protect shareholder value. Risks are an inherent part of the Company's activities and are managed through a process of determining their nature, measurement and continuous monitoring, according to risk limits and other control elements. The risk management process is important to the continued profitability of the Company.

The members of the Company's Board of Directors have overall responsibility for setting and overseeing the Company's risk management framework. The Company's risk management policies are designed to identify and analyse the risks faced by the company, to set appropriate limits and controls, and to monitor them while adhering to those limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company is exposed to the following risks arising from financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Capital management risks

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21- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

21-1 Financial risk factors (continued)

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk for its Murabaha deposits cash and cash equivalent and receivables. Bank balances are deposited in National Bank of Kuwait and Alinma Bank which is Bank with good financial rating

The following table shows the Company's maximum exposure to credit risk for components of the statement of financial position:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Receivables	6,551,724	10,143,567
Murabaha deposits	-	10,513,628
Cash and cash equivalent	15,517,739	2,875,335
	<u>22,069,463</u>	<u>23,532,530</u>

The Company seeks to monitor credit risks by monitoring credit exposure, in addition to identifying and analysing risks, setting appropriate control limits, monitoring risks and adhering to limits through reliable management information data in a timely manner. The Company also takes the necessary measures to recover overdue debts. Moreover, it the Company reviews the recoverable amount of all receivables and other assets on an individual basis at the end of the financial period in order to ensure that an adequate loss allowance is set aside for the non-recoverable amounts.

On the date of each financial report, the bank balances are evaluated as to whether they contain low credit risks as they are kept with reputable financial institutions with a high local bank credit rating, and there is no default history for any of the bank balances. Therefore, the probability of default is based on future factors and any losses resulting from default are negligible.

The following is a statement of the ages of receivables:

Aging Bucket	<u>31 December 2025</u>		<u>31 December 2024</u>	
	Total receivables	Provision	Total receivables	Provision
0 – 90 days	4,672,057	-	10,143,567	-
90 – 180 days	1,879,667	-	-	-
180 -270 days	-	-	-	-
270 – 360 days	-	-	-	-
360 – 450 days	-	-	-	-
Total Balance	<u>6,551,724</u>	<u>-</u>	<u>10,143,567</u>	<u>-</u>

The Company conducted an assessment of the expected credit losses due from related parties and receivables, and after considering the nature of these balances, it became clear to the company that it does not require making an allowance for expected credit losses because, as an asset manager, the company has the first right to recover the balance due from the funds and portfolios invested in under Company management in relation to management fees payable. As at the date of the financial statements, the concerned entities have a positive net asset value, and according to management's estimate, the expected credit losses, if any, will not be significant.

21- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

21-1 Financial risk factors (continued)

(a) Credit risk (continued)

Credit concentration

Concentrations of credit risk arise when a number of counterparties are engaged in similar activities, or activities within the same geographic region, or have similar economic characteristics due to changes in economic policies or other conditions.

At the statement of financial position date, management determined that significant concentrations of credit risk were in the funds managed by the Company.

b) Liquidity risk

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

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

	31 December 2025		
	Less than 1 year	More than 1 Year	Total
Accrued expenses and other current liabilities	8,964,681	-	8,964,681
Zakat provision	902,517	-	902,517
TOTAL LIABILITIES	9,867,198	-	9,867,198
	31 December 2024		
	Less than 1 year	More than one year	Total
Accrued expenses and other current liabilities	8,642,283	-	8,642,283
Zakat provision	906,015	-	906,015
TOTAL LIABILITIES	9,548,298	-	9,548,298

c) Capital management risks

The Board of Directors' policy is to maintain an adequate and strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital employed and the level of dividends paid to common shareholders and monitors the capital base using the ratio of net debt to equity.

d) Fair value estimation

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales were reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying value less impairment provision of financial instruments carried at amortised cost are assumed to approximate their fair values.

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21- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

21-1 Financial risk factors (continued)

d) Fair value estimation (continued)

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

21-2-1 Financial instruments by category

31 December 2025	Amortized cost	Fair value through profit and loss
Assets as at the statement of financial position		
Cash and Cash Equivalents	15,517,739	-
Receivables, prepayments and other assets	7,503,850	-
Investments carried at FVTPL	-	20,881,567
Total	23,021,589	20,881,567
31 December 2024	Amortized cost	Fair value through profit and loss
Assets as at the statement of financial position		
Cash and Cash Equivalents	2,875,335	-
Murabaha deposits	10,513,628	-
Receivables, prepayments and other assets	10,143,567	-
Investments carried at FVTPL	-	15,736,836
Total	23,532,530	15,736,836

All financial liabilities as at 31 December 2025, (31 December 2024) are classified as financial liabilities measured at amortized cost.

21-2-2 Fair value

The table below displays financial instruments at their fair value as at 31 December 2025, based on the fair value hierarchy:

	31 December 2025			
	Level 1	Level 2	Level 3	Total
	SAR	SAR	SAR	SAR
Investment funds	-	20,800,002	-	20,800,002
Investment in equities	81,565	-	-	81,565
TOTAL	81,565	20,800,002	-	20,881,567

21- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

21-1 Financial risk factors (continued)

d) Fair value estimation (continued)

Fair value estimation

The table below displays financial instruments at their fair value as of 31 December 2024, based on the fair value hierarchy:

	31 December 2024			
	Level 1	Level 2	Level 3	Total
	SAR	SAR	SAR	SAR
Investment funds	-	15,736,836	-	15,736,836
TOTAL	-	15,736,836	-	15,736,836

The fair value of financial instruments that are not quoted in an active market is determined using valuation methods. These valuation methods maximize the use of observable market data and rely as little as possible on the entity's own estimates. If all significant inputs required to measure the fair value of an instrument are observable, then the instrument is classified within Level 2. If one or more significant inputs are not based on observable market data, then the instrument classified within Level 3. Changes in assumptions of These inputs can affect the reported fair value of items in these financial statements and the level within which items are disclosed in the fair value hierarchy.

Financial instruments at fair value through profit or loss that are classified under level 2 consists of investments in open-ended public Funds, whose fair values are determined based on the last recorded net asset value as of the reporting date.

22- REGULATORY REQUIREMENT AND CAPITAL ADEQUACY RATIO

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

22- REGULATORY REQUIREMENT AND CAPITAL ADEQUACY RATIO (CONTINUED)

The Company has calculated its minimum capital required and capital adequacy ratios as follows:

	(Thousands of Saudi Riyals)	
	31 December 2025	31 December 2024
Capital Base:		
Tier 1 capital	32,234	29,626
Tier 2 capital	-	-
Total Capital Base	32,234	29,626
Minimum Capital Required:		
Credit risk	53,825	56,083
Operational risk	60,023	47,336
Market risk	164	-
Total Minimum Capital Required	114,012	103,419
Capital Adequacy Ratio:		
Surplus in Capital	23,113	21,353
Capital Adequacy Ratio (times)	28.27%	28.65%

The capital that the Company is required to hold is determined by on-balance sheet, off-balance sheet, counterparty and other risk exposures. Suitable processes and controls are in place to monitor and manage capital adequacy and ensure compliance with local regulatory ratios. These processes are designed to ensure that the Company has sufficient capital available to meet local regulatory capital requirements at all times.

- a) Capital base of the Company comprises of
 - Tier-1 capital consists of paid-up share capital, retained earnings, reserves excluding revaluation reserves and intangibles.
 - Tier-2 capital consists of revaluation reserves.
- b) The minimum capital requirements for market, credit and operational risk are calculated as based on the requirements specified in the Part 3 of the Prudential Rules issued by the CMA.
- c) The Company's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.

23- COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period presentation.

24- DIVIDENDS

Subsequent to the reporting date, the Board of Directors proposed a dividend of SAR 4,000,000 for the year ended 31 December 2025. The proposed dividend is subject to approval by the shareholders at the Extraordinary General Meeting and therefore has not been recognized as a liability in these financial statements.

During the year, the Extraordinary General Assembly held on 30 June 2025 approved the distribution of dividends relating to the year ended 31 December 2024 amounting to SAR 1,000,000.

25- ASSETS UNDER MANAGEMENT

These represent the investment assets being managed by the Company as at 31 December 2025 amounting to 3,836,207,647 SAR (31 December 2024: 2,766,986,000 SAR).

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

26- SUBSEQUENT EVENTS

There are no subsequent events that have a material impact on the financial statements until the date of approval of the financial statements.

27- APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 27 Ramadan 1447H (Corresponding to 16 March 2026G).