

SHARAKA CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
AND INDEPENDENT AUDITOR'S REPORT

**SHARAKA CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Sharaka Capital Company (A Closed Joint Stock Company)

Opinion

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

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

Basis for Opinion

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

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

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

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

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 ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with 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.

INDEPENDENT AUDITOR'S REPORT (continued)
To the Shareholder of Sharaka Capital Company
(A Closed Joint Stock Company)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

for Alluhaid & Alyahya Chartered Accountants



Turki Alluhaid
Certified Public Accountant
License number 438

Riyadh: 12 Shawwal 144VH
(31 March 2026)



**SHARAKA CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	31 December 2025 SR	31 December 2024 SR
Income from asset management services	5	5,919,550	2,288,428
Income from advisory services	5	1,530,000	-
Total operating income		7,449,550	2,288,428
Salaries and employee-related expenses		(4,173,421)	(1,437,616)
General and administrative expenses	6	(2,464,199)	(773,065)
Finance charges, net		(4,698)	(16,325)
Total operating expenses		(6,642,318)	(2,227,006)
Income from operations		807,232	61,422
Loss from financial assets at FVTPL	11	(7,232)	-
Net income before zakat		800,000	61,422
Zakat	15	(33,122)	(31,888)
Net income for the year		766,878	29,534




SHARAKA CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Notes	2025 SR	2024 SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment, net	9	134,749	179,832
Right-of-use assets	10	82,517	247,550
Financial assets at fair value through profit or loss ("FVTPL")	11	32,768	-
TOTAL NON-CURRENT ASSETS		250,034	427,382
CURRENT ASSETS			
Cash and cash equivalents	7	1,415,159	1,259,866
Due from related party	14	102,985	-
Prepayments and other assets	8	269,840	561,413
TOTAL CURRENT ASSETS		1,787,984	1,821,279
TOTAL ASSETS		2,038,018	2,248,661
LIABILITIES AND EQUITY			
EQUITY			
Share capital	18	1,500,000	1,200,000
Accumulated losses		(230,757)	(997,635)
TOTAL EQUITY		1,269,243	202,365
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liabilities – non-current portion		-	-
Employees' benefit defined obligations	12	230,000	92,047
TOTAL NON-CURRENT LIABILITIES		230,000	92,047
CURRENT LIABILITIES			
Amounts due to related parties		-	1,344,180
Lease liabilities - current portion	10	-	255,302
Accrued expenses and other current liabilities	13	505,653	322,879
Zakat payable	15	33,122	31,888
TOTAL CURRENT LIABILITIES		538,775	1,954,249
TOTAL LIABILITIES		768,775	2,046,296
TOTAL LIABILITY AND EQUITY		2,038,018	2,248,661




The accompanying notes 1 to 20 form an integral part of these financial statements.

**SHARAKA CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Share capital SR	Accumulated losses SR	Total SR
Balance as at 1 January 2024	1,200,000	(1,027,169)	172,831
Comprehensive income:			
Net income for the year	-	29,534	29,534
Other comprehensive income for the year	-	-	-
Balance as at 31 December 2024	1,200,000	(997,635)	202,365
Comprehensive income:			
Net income for the year	-	766,878	766,878
Other comprehensive income for the year	-	-	-
Increase in share capital during the year	300,000	-	300,000
Balance as at 31 December 2025	1,500,000	(230,757)	1,269,243




**SHARAKA CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	2025 SR	2024 SR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit or loss before zakat		766,878	61,422
Adjustments for:			
Depreciation of right-of-use-assets	10	165,033	165,034
Finance cost on lease liabilities	10	4,698	16,325
Depreciation of property and equipment	9	68,911	62,325
Provision of employees' defined benefit obligation		137,953	75,350
		<u>1,143,473</u>	<u>380,456</u>
Changes in operating asset and liabilities:			
Prepayments and other assets		291,573	(3,776,798)
Accrued expenses and other current liabilities		182,774	3,659,170
Amounts due from related parties		(102,985)	-
Amounts due to related parties		(1,344,180)	1,223,543
Zakat paid		1,234	(15,082)
(decrease) in financial assets at FVTPL		(32,768)	-
		<u>139,121</u>	<u>1,471,289</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	9	(23,828)	(33,694)
		<u>(23,828)</u>	<u>(33,694)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital		300,000	-
Repayments of lease liabilities		(260,000)	(260,000)
		<u>40,000</u>	<u>(260,000)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		<u>155,293</u>	<u>1,177,595</u>
Cash and cash equivalents at the beginning of the period/ year		<u>1,259,866</u>	<u>82,271</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/ YEAR			
		<u><u>1,415,159</u></u>	<u><u>1,259,866</u></u>




The accompanying notes 1 to 20 form an integral part of these financial statements.

**SHARAKA CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

1- CORPORATE INFORMATION

SHARAKA CAPITAL COMPANY (“Company”) is a Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia (“KSA”) under Commercial Registration number 1010814575 dated 26 Thul-Hujjah 1443H (corresponding to 25 July 2022).

The Company is engaged in investment management and advisory activities.

The registered address of the Company is P.O. B. Box 12251, Riyadh 6533, Kingdom of Saudi Arabia.

2- BASIS OF PREPARATION

The Company financial statements of the Company 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 Saudi Organization for Chartered and Professional Accountants (“SOCPA”), collectively hereafter referred to as “IFRS”.

The financial statements have been prepared under the historical cost convention on the accrual basis of accounting, except for employee benefit obligations which are recognised at the present value of the future obligations using the projected unit credit method. The financial statements are presented in Saudi Riyals (SR), which is the Company’s functional currency. All financial information has been rounded off to the nearest currency unit, unless otherwise indicated.

3- MATERIAL ACCOUNTING POLICIES INFORMATION

The significant accounting policies adopted by the Company in preparing these financial statements are as follows: These policies have been consistently applied to the years presented, unless otherwise stated.

Current versus non-current classification

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

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

All other assets are classified as non-current assets.

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.

All other liabilities are classified as non-current.

Fair value measurement

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.

**SHARAKA CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

3- MATERIAL ACCOUNTING POLICIES INFORMATION(CONTINUED)

Fair value measurement (Continued)

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.

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

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

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

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

Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and cash on hand.

Financial Instruments

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

1. Recognition, classification and presentation

Financial instruments are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

The Company determines the classification of its financial instruments at initial recognition.

The Company classifies its financial assets in the following categories:

- a. Fair value (either through other comprehensive income, or through profit or loss); and
- b. Amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company has classified all the non-derivative financial liabilities at amortised cost.

2. Measurement

Initial measurement

Financial assets and financial liabilities are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or disposal of financial assets and liabilities or, where appropriate, deducted from them (Except for financial assets and liabilities at fair value where transaction costs directly attributable to the acquisition of financial assets or liabilities are recognized directly in the statement of profit or loss and other comprehensive income "OCI").

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification as described below:

a. Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost using the effective interest rate ("EIR") method. Interest income from these financial assets is included in finance income.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

**SHARAKA CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

3- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Financial instruments (continued)

2. Measurement (continued)

The Company's financial assets at amortized cost include cash and cash equivalents, trade receivables and other financial assets at amortised cost.

b. Financial assets at FVTPL

The financial assets measured at FVTPL are re-measured to fair value at each financial reporting date without the deduction of transaction costs that the Company may incur on sale or disposal of the financial asset in future.

c. Financial assets at FVOCI

The financial assets measured at FVOCI are re-measured to fair value at each financial reporting date. No deduction is made for transaction costs that might be incurred when the asset is disposed of in the future.

When the financial asset is derecognized, the accumulated fair value adjustments that are recognised in OCI are reclassified to profit or loss. However, there is no subsequent reclassification of fair value gains and losses to profit or loss in case of equity instruments.

The Company has no financial assets measured at FVTPL and FVOCI.

The recognition and presentation of gains and losses for each measurement category are as follows:

Measurement category	Recognition and presentation of gains and losses
Amortized cost	<p>The following items are recognized in profit or loss:</p> <ul style="list-style-type: none"> • Interest income using the EIR method, • Expected credit losses and reversals; and • Foreign exchange gains and losses. <p>When the financial asset is derecognized, the gain or loss is recognized in profit or loss.</p>
Fair value through other comprehensive income.	<p>Gains and losses are recognized in OCI, except for the following items, which are recognized in statement of profit or loss in the same manner as for financial assets measured at amortised cost:</p> <ul style="list-style-type: none"> • Interest income using the EIR method, • Expected credit losses and reversals; and • Foreign exchange gains and losses.
Equity investments – presentation of gains or losses in OCI	<p>Gains and losses are recognized in OCI. Dividends are recognized in profit or loss unless they clearly represent a repayment of part of the cost of the investment. The amounts recognized in OCI are not reclassified to profit or loss under any circumstances.</p>
Fair value through profit or loss	<p>Gains and losses, both on subsequent measurement and derecognition, are recognized in profit or loss.</p>

SHARAKA CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Financial instruments (continued)

2. Measurement (continued)

Subsequent measurement of financial liabilities

a. Amortized cost

Subsequent to initial recognition, financial liabilities are measured at amortized cost calculated under the effective interest method except for the following liabilities:

1. Measured at fair value through profit or loss;
2. That arise when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuing involvement approach;
3. That are commitments to provide a loan at a below-market interest rate and not measured at fair value through profit or loss;
4. That are financial guarantee contracts; and
5. Contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognized in profit or loss.

Gains or losses on financial liabilities that are measured at fair value recognized in profit or loss. The only exception is for gains and losses on certain financial liabilities designated as FVTPL when the entity is required to present the effects of changes in the liability's credit risk in OCI.

The Company's financial liabilities at amortized cost include trade payables and other payables and amounts due to the Owner.

b. Financial liabilities at FVTPL

Financial liabilities falling under this category include:

1. Liabilities held for trading; and
2. Those classified at fair value through profit or loss.

After initial recognition, the Company measures financial liabilities at fair value with changes recognized in profit or loss.

Gains or losses on a financial liability designated at FVTPL are generally split and presented as follows:

1. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that financial liabilities is presented in OCI; and
2. The remaining amount of change in the fair value of the financial liabilities is presented in profit or loss.

c. Liabilities other than financial liabilities at FVTPL

Financial liabilities are measured at amortised cost using the effective interest rate ("EIR") method. The proceeds from issuing debt are adjusted over the life of the debt so that the carrying amount at maturity is the amount repayable at maturity.

3. Impairment of financial instruments

The Company assesses on a forward looking basis the Expected Credit Losses ("ECL") associated with its debt instrument as part of its financial assets, carried at amortised cost and FVOCI, the ECL is based on a 12-month ECL and life time ECL. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within a period of 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. Where there is no significant financing component in the financial instruments recognised at amortised cost or FVOCI, then the Company can use simplified approach and assess allowance on lifetime ECL using a forward-looking provision matrix.

SHARAKA CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Financial instruments (continued)

3. Impairment of financial instruments (continued)

Expected credit loss assessment for trade receivables

The Company applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance. The method is applied for assessing an allowance against financial assets measured at amortised cost.

The expected loss rates are based on the payment profiles of receivables over a period of 12 months before each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified inflation rate to be the most relevant factor and accordingly adjusts the historical loss rates based on expected changes in these factors.

The expected credit loss approach breaks the total loss amount modelling into the following parts: Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD). These are briefly described below:

Probability of Default (PD): the likelihood of a default over a particular time horizon.

Loss Given Default (LGD): This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.

Exposure at Default (EAD): This is an estimate of the exposure at a future default rate, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to rent receivables are presented separately in the statement of comprehensive income.

4. Derecognition of financial instruments

Derecognition of financial assets

The financial assets are derecognized from the statement of financial position when the rights to receive cash flows from the financial assets have expired or have been transferred or transferred substantially all risks and rewards of ownership. The difference in carrying amount is recognized in profit or loss.

Derecognition of financial liabilities

The financial liabilities are derecognized when the underlying obligations are extinguished, discharged, lapsed, cancelled, expired, or legally released.

5. Offsetting of financial instruments

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

Prepayments

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at nominal amounts. These are derecognized and charged to profit or loss and OCI either with the passage of time or through use or consumption.

Prepayments are included in current assets, except when the related goods or services are expected to be received and rendered more than twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

**SHARAKA CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)**
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Financial instruments (continued)

5. Offsetting of financial instruments (continued)

Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of the fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value in use requires entities to make estimates of future cash flows to be derived from the particular asset, and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset.

Impairment losses, if any, are recognized in statement of profit or loss and other comprehensive income within other expenses.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. When impairment loss subsequently reverses, the carrying amount of the assets or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss has been recognized for the asset or cash-generating unit in prior years. Reversals of previously recorded impairment provisions are credited against provision account in statement of profit or loss and other comprehensive income.

Zakat

The Company is subject to zakat in accordance with the regulations of Zakat, Tax and Customs Authority ("ZATCA"). Zakat provision is charged to profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Expenses

Expenses are recognized when incurred based on the accrual basis of accounting. Selling and distribution expenses are those that specifically relate to salesmen, showroom, marketing and delivery expenses. All other expenses are classified as general and administrative expenses.

New IFRS Accounting Standards, issued and adopted

3.1 Standards and amendments to existing standards effective 1 January 2025

The Fund applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated).

Amendments to IAS 21: Lack of exchangeability:

The Effects of Changes in Foreign Exchange Rates requires an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to use and the disclosures to provide.

The amendment had no impact on the financial statements of the Company.

**SHARAKA CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

3- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.2 Standards Issued But Not Yet Effective

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

Standards/amendments to standards/interpretations	<u>Effective date</u>
<i>Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments</i>	<i>1 January 2026</i>
<i>Annual Amendments to the IFRS Accounting Standards</i>	<i>1 January 2026</i>
<i>IFRS 18 - Presentation and Disclosure in Financial Statements</i>	<i>1 January 2027</i>
<i>IFRS 19 - Subsidiaries without Public Accountability: Disclosures</i>	<i>1 January 2027</i>

Lease liabilities

Leases

At inception of the contract, the Company assesses whether the contract is, or contains a lease. For all leases, the Company recognizes right-of-use assets and lease liabilities except for short-term leases and leases of low-value assets as follows:

Right of use assets

The Company recognizes the right to use the assets on the commencement date of the lease (i.e. the date the underlying asset is available for use). The right to use asset is measured at cost, less any accumulated impairment losses and depreciation, and adjusted for any re-measurement of the lease liability. The cost of the right-to-use asset comprises the amount of the lease liability recognized, the initial direct costs incurred, and lease payments made on 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 recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The right of use asset is also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes the lease liability measured at the present value of the lease payments to be paid over the lease term. Lease payments include fixed payments (including embedded fixed payments) less lease incentives receivable and variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the price of exercising the purchase option that the Company is certain to exercise and the penalty payments for terminating the lease, if the lease term reflects that the Company exercises the termination option. Variable lease payments, which are not dependent on an index or rate, are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of the lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of the lease liability is increased to reflect the accrual of interest and a reduction by 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 short-term leases of commercial premises, places of residence and offices (i.e. leases that have a term of 12 months or less from the start date and do not include a purchase option).

The Company also applies the low value asset lease exemption to lease contracts of commercial buildings, places of residence and offices that are considered low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the term of the lease.

**SHARAKA CAPITAL COMPANY
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

4- SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's 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. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

5- REVENUE

	2025 SR	2024 SR
Management services	5,919,550	2,288,428
Advisory services	1,530,000	-
	<u>7,449,550</u>	<u>2,288,428</u>
<i>Timing of revenue recognition</i>		
Recognized at a point in time	2,091,250	856,250
Recognized over a period of time	5,358,300	1,432,178
	<u>2,091,250</u>	<u>1,432,178</u>

6- GENERAL AND ADMINISTRATIVE EXPENSES

	2025 SR	2024 SR
Employee related expenses	1,302,840	-
Governmental expenses	216,117	316,371
Depreciation of right-of-use assets	165,033	165,034
Professional fees	121,550	55,000
Depreciation of property and equipment	68,911	62,326
Other	589,748	174,334
	<u>2,464,199</u>	<u>773,065</u>

7- CASH AND CASH EQUIVALENTS

	2025 SR	2024 SR
Cash on hand	7,984	1,533
Cash at bank	1,407,175	1,258,333
	<u>1,415,159</u>	<u>1,259,866</u>

SHARAKA CAPITAL COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

8- PREPAYMENT AND OTHER CURRENT ASSETS

	2025	2024
	SR	SR
Prepaid Medical Insurance	254,971	118,418
Sharaka Ventures Fund	-	392,072
Others	14,868	50,923
	269,839	561,413

9- PROPERTY AND EQUIPMENT, NET

a- This item consists of the following:

As at 31 December 2025	Electrical appliances and office equipment	Furniture	Leasehold improvements	Total
<u>Cost</u>				
At 1 January	27,920	87,686	154,117	269,723
Additions during the year	23,828	-	-	23,828
Balance at the end of the year	51,748	87,686	154,117	293,551
<u>Accumulated depreciation</u>				
At 1 January	3,462	13,957	72,472	89,891
Charge for the year	9,284	8,769	50,858	68,911
Balance at the end of the year	12,746	22,726	123,330	158,802
<u>Net carrying amount</u>				
As at 31 December 2025	39,002	64,960	30,787	134,749
As at 31 December 2024	24,458	73,729	81,645	179,832

10- RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company leases an office space for a period of 3 years. Information about leases for which the Company is a lessee is presented below:

Right of use assets

	2025	2024
	SR	SR
Cost		
Balance at the beginning of the year	247,550	412,584
Balance at the end of the year	247,550	412,584
Accumulated depreciation		
Depreciation expense for the year	165,033	165,034
Balance at the end of the year	165,033	165,034
Net carrying amount at 31 December	82,517	247,550

**SHARAKA CAPITAL COMPANY
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

10- RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Lease liabilities

	2025	2024
	SR	SR
Additions during the year/period	255,302	498,977
Finance charges	4,698	16,325
Paid during the year/period	(260,000)	(260,000)
	<hr/>	<hr/>
Balance at the end of the year/period	-	255,302
	<hr/> <hr/>	<hr/> <hr/>

Lease liabilities are presented in the statement of financial position as follows:

	2025	2024
	SR	SR
Non-current portion of lease liabilities	-	-
Current portion of lease liabilities	-	255,302
	<hr/>	<hr/>
	-	255,302
	<hr/> <hr/>	<hr/> <hr/>

Amounts recognized in profit or loss during the year

	2025	2024
	SR	SR
Depreciation of right-of-use-assets	165,033	165,034
	<hr/>	<hr/>
Finance expenses on lease liabilities	4,698	16,325
	<hr/> <hr/>	<hr/> <hr/>

11- FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets classified at FVTPL comprised of investments in units of public mutual fund, as detailed below, which are registered in the Kingdom of Saudi Arabia.

	<i>Cost</i>	<i>Fair value</i>
	SR	SR
Investments in units of mutual fund	40,000	32,768
	<hr/> <hr/>	<hr/> <hr/>

The loss from financial assets at FVTPL during the year ended 31 December 2025 amounted to RS 7,232 (31 December 2024: Nil). Loss from financial assets at FVTPL comprises of unrealised losses.

SHARAKA CAPITAL COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

12- END OF SERVICE INDEMNITIES

The movement in employee defined benefit obligation during the year is as follow:

	2025 SR	2024 SR
Balance at the beginning of the year	92,047	16,697
Expenses charged to statement of profit or loss	137,953	75,350
At the end of the year/period	<u>230,000</u>	<u>92,047</u>

The expense charged to statement of profit or loss comprise of:

	2025 SR	2024 SR
Current service cost	218,000	-
Interest cost	12,000	-
	<u>230,000</u>	<u>-</u>

Significant actuarial assumptions:

	2025 SR	2024
Discount rate	5.30%	-
Salary growth rate	3.00%	-

Sensitivity analysis

The sensitivity of employee benefit obligation is calculated based on a change in an assumption while all other significant actuarial assumptions, used in the valuation of employee benefit obligation, remained unchanged. The value impact in the obligation with a change in an assumption as follows:

	2024 SR	2024 SR
Discount rate		
1% increase	217,000	-
1% decrease	245,000	-
Salary growth rate		
1% increase	245,000	-
1% decrease	216,000	-

13- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2025 SR	2024 SR
Value added tax	197,038	158,146
Medical Insurance	184,060	81,355
Accrued expenses	124,555	83,378
	<u>505,653</u>	<u>322,879</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

14- RELATED PARTY TRANSACTIONS AND BALANCES

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

There were no special terms and conditions with related parties compared to non-related parties. Outstanding balances at the period-end are unsecured, carry no interest and are settled in cash. There have been no guarantees provided or received for any related party balances.

Related party transactions

Below are the details of the transactions with the major related parties during the year:

				2025	2024
	<u>Nature of relationship</u>	<u>Nature of Transaction</u>	<u>No. of units</u>	SR	SR
Faris Ibrahim Al-Humaid	Shareholder	Financing	-	-	1,223,544
		Additional capital			
	Shareholder	contribution	-	300,000	-
	Shareholder	Repayment	-	1,044,180	-
Private Equity Fund 1	Fund under management	Management services	-	102,985	-
Venture Fund 2	Fund under management	Subscription of units	4,000	40,000	

Related party balances

The following are the details of related party balances at the year-end:

Amounts due to related parties

	2025	2024
	SR	SR
Faris Ibrahim Al-Humaid	-	1,344,180
Private Equity Fund 1	102,985	-
	102,985	1,344,180

SHARAKA CAPITAL COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

15- ZAKAT

The movement in the provision during the year is as follows:

	2025 SR	2024 SR
Balance at beginning of the year	31,888	15,081
Zakat charged for current year	33,122	31,888
Payment during the year	(31,888)	(15,081)
	<u>33,122</u>	<u>31,888</u>
Balance at the end of the year	<u>33,122</u>	<u>31,888</u>

The current year's provision for zakat is based on the following:

	2025 SR	2024 SR
Equity	1,500,000	1,200,000
Shareholder's loans treated as equity, provisions, and others		
Cumulative gains and losses	-	1,344,180
Carrying value of long-term assets	(197,636)	(965,747)
	<u>1,302,364</u>	<u>1,578,433</u>
Zakat base before adjusted net income for the year/period	<u>1,302,364</u>	<u>1,578,433</u>
Non-current and long-term assets	(134,749)	(436,775)
Provisions and others	(199,858)	92,047
	<u>1,284,956</u>	<u>1,233,705</u>
Zakat base	<u>1,284,956</u>	<u>1,233,705</u>

Zakat is payable at 2.5% of the higher of approximate the Company's zakat base or adjusted net income.

Status of assessments

The Company has filed the zakat returns for the years up to 31 December 2024; however, the zakat assessments have not yet been raised by the ZATCA

16- FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets consist of cash and cash equivalents, trade receivables and other financial assets at amortised cost. Financial liabilities include trade payables and other payables including amounts due to the owner.

Management believes that the fair value of all financial assets and liabilities at the reporting date that are classified as amortised costs approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. These are all classified within level 2 of the fair value hierarchy. There were no transfers between the various levels of the fair value hierarchy during the current year.

17- FINANCIAL RISK MANAGEMENT

The Company's principal financial risks relate to market risk (including cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company is not exposed to foreign currency risk as the Company's transactions are in Saudi Riyals.

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Additional quantitative information regarding these risks is presented in all of these financial statements.

There have been no significant changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous period.

**SHARAKA CAPITAL COMPANY
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

The Board has overall responsibility for setting the Company's risk management objectives and policies and the Company's finance function assist the Board in discharging its responsibility by designing and operating processes that ensure the effective implementation of the objectives and policies.

The overall objective of the Board is to develop policies aimed at minimizing risk.

17- FINANCIAL RISK MANAGEMENT (CONTINUED)

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. Cash is placed with banks having sound credit ratings. The Company seeks to limit its credit risk with respect to counterparties by setting credit limits for individual counterparties and by monitoring outstanding receivables.

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

	2025	2024
	SR	SR
Cash and cash equivalents	1,415,159	1,259,866
	1,415,159	1,259,866

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and other financial assets at amortised cost.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly and at an amount equivalent to its fair value. The Company manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis. The Company limits its liquidity risk by ensuring that sufficient funds are available from its shareholders and from bank facilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Less than 3 months SR	3 to 12 months SR	More than 12 months SR	Total SR
<u>31 December 2025</u>				
Accrued expenses and other current liabilities	505,653	-	-	505,653
	505,653	-	-	505,653
<u>31 December 2024</u>				
Accrued expenses and other current liabilities	322,879	-	-	322,879
	322,879	-	-	322,879

**SHARAKA CAPITAL COMPANY
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

18- SHARE CAPITAL

On 5 Ramadan 1446H (corresponding to 05 March 2025), the Company resolved to increase its share capital from SR 1,200,000 to SR 1,500,000 through the transfer of an amount of SR 300,000 from a related party balance to the share capital account.

The authorized, issued, and fully paid-up share capital of the Company at 31 December 2025 amounts to SR 1,500,000, divided into 150,000 shares of equal nominal value of SR 10 each (31 December 2024: SR 1,200,000 divided into 120,000 shares of SR 10 each). All shares are ordinary shares issued for cash consideration. The entire share capital amounting to SR 1,500,000 has been fully paid in cash.

19- COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform with the presentation in the current year.

20- APPROVAL OF FINANCIAL STATEMENTS

The Company's financial statements for the year ended 31 December 2025 were approved by the Company's Board of Directors on 11-10-1447H (corresponding to 30-03-2026).