

**EJADA CAPITAL
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**INDEPENDENT AUDITORS' REPORT TO THE BOARD
OF DIRECTORS AND FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 1 MARCH 2023 (DATE OF
INCORPORATION) TO 31 DECEMBER 2023**

**PKF****Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants****INDEPENDENT AUDITOR'S REPORT**

(1/3)

TO THE SHAREHOLDERS OF EJADA CAPITAL**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 Ejada Capital – Saudi closed joint stock company (the "Company") as at 31 December 2023, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) 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 of the following:

- The statement of financial position as at 31 December 2023;
- The statement of loss for the period then ended;
- The statement of other comprehensive loss for the period then ended;
- The statement of changes in equity for the period then ended;
- The statement of cash flows for the period then ended, and;
- The notes to the financial statements, comprising material accounting policies and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of professional conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Company's 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 in the financial statements, which indicates that the Company's loss reached to SR 13,647,825 being 59.33% of the capital of SR 23,000,000. These events or conditions, along with other matters as set forth in note 2 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

RIYADH

Tel. +966 11 206 5333 | P.O Box 69658
Fax +966 11 206 5444 | Riyadh 11557

JEDDAH

Tel. +966 12 652 5333 | P.O Box 15651
Fax +966 12 652 2894 | Jeddah 21454

AL KHOBAR

Tel. +966 13 893 3378 | P.O Box 4636
Fax +966 13 893 3349 | Al Khobar 31952

**INDEPENDENT AUDITOR'S REPORT****TO THE SHAREHOLDERS OF EJADA CAPITAL**

(2/3)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OTHER MATTER

The financial statement of the Company for the period ended 31 December 2023 are audited for the first time.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies 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.

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

RIYADHTel. +966 11 206 5333 | P.O Box 69658
Fax +966 11 206 5444 | Riyadh 11557**JEDDAH**Tel. +966 12 652 5333 | P.O Box 15651
Fax +966 12 652 2894 | Jeddah 21454**AL KHOBAR**Tel. +966 13 893 3378 | P.O Box 4636
Fax +966 13 893 3349 | Al Khobar 31952



PKF

Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

(3/3)

TO THE SHAREHOLDERS OF EJADA CAPITAL

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

- 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 the material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For Al-Bassam & Co.

Ibrahim Al Bassam
Certified Public Accountant
License No. 337
Riyadh: 21 Ramadan 1445H
Corresponding to: 31 March 2024



RIYADH

Tel. +966 11 208 5333 | P.O. Box 89058
Fax +966 11 206 6444 | Riyadh 11157

JEDDAH

Tel. +966 12 362 6333 | P.O. Box 15651
Fax +966 12 362 2691 | Jeddah 21454

AL KHOBAR

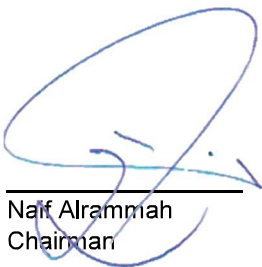
Tel. +966 13 836 3378 | P.O. Box 4636
Fax +966 13 836 3949 | Al Khobar 31962

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

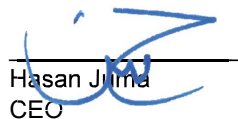
STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

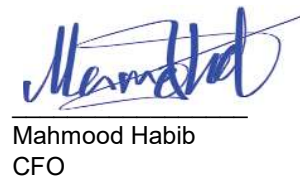
	<i>Note</i>	As at 31 December 2023 SAR
ASSETS		
Cash and cash equivalents	4	12,824,539
Prepayments and other receivables	5	267,734
Due from a related party	13	3,648,789
Fixtures and equipments, net	6	436,741
TOTAL ASSETS		17,177,803
LIABILITIES AND EQUITY		
Liabilities		
Accruals and other payables	7	730,674
Zakat payable	14	34,302
Due to a related party	13	6,786,693
Defined benefits obligation	8	273,959
Total liabilities		7,825,628
Equity		
Share capital	9	23,000,000
Accumulated losses		(13,647,825)
Total Equity		9,352,175
TOTAL LIABILITIES AND EQUITY		17,177,803



Naif Alrammah
Chairman



Hasan Jilma
CEO



Mahmood Habib
CFO

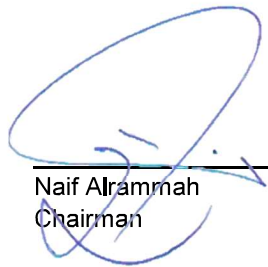
The accompanying notes 1 through 20 form an integral part of these financial statements.

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

STATEMENT OF COMPREHENSIVE LOSS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

	<i>Note</i>	<i>For the period from 1 March 2023 to 31 December 2023 SAR</i>
Revenues	1	<u>-</u>
Expenses		
Staff costs and employee related benefits	10	(6,443,214)
Pre-operating expenses	11	(6,126,057)
General and administrative expenses	12	(987,308)
Depreciation	6	(56,944)
Total operating expenses		<u>(13,613,523)</u>
Loss before zakat		<u>(13,613,523)</u>
Zakat expense	14	(34,302)
LOSS FOR THE PERIOD AFTER ZAKAT		<u>(13,647,825)</u>
Other comprehensive profit (loss)		<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u><u>(13,647,825)</u></u>


 Naif Alrammah
 Chairman


 Hasan Junaid
 CEO


 Mahmood Habib
 CFO

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

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

	<i>Share capital SAR</i>	<i>Accumulated losses SAR</i>	<i>Total SAR</i>
Balance at 1 March 2023	23,000,000	-	23,000,000
Loss for the period	-	(13,647,825)	(13,647,825)
Other comprehensive profit (loss) for the period	-	-	-
Total comprehensive loss for the period	-	(13,647,825)	(13,647,825)
Balance at 31 December 2023	23,000,000	(13,647,825)	9,352,175

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

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

	<i>For the period from 1 March 2023 to 31 December 2023</i>
<i>Note</i>	<i>SAR</i>
CASHFLOWS FROM OPERATING ACTIVITIES	
Loss for the period before zakat	(13,613,523)
Adjustments for non-cash items:	
Depreciation	6 56,944
Provision for defined benefit obligation	8 304,139
Movement in working capital:	
Prepayments and other receivables	(267,734)
Accruals and other payables	730,674
Due from a related party	(3,648,789)
Due to a related party	6,786,693
Net cash used in operations	(9,651,596)
Employee benefits paid	8 (30,180)
Net cash used in operating activities	(9,681,776)
CASHFLOWS FROM INVESTING ACTIVITY	
Purchase of fixtures and equipments	6 (493,685)
Net cash used in investing activity	(493,685)
CASHFLOWS FROM FINANCING ACTIVITY	
Proceeds from issuance of shares	23,000,000
Net cash generated from financing activity	23,000,000
INCREASE IN CASH AND CASH EQUIVALENTS	12,824,539
Cash and cash equivalents at 1 March 2023	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2023	4 12,824,539

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

EJADA CAPITAL (A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

1 ACTIVITIES

Ejada Capital (the "Company") is a Saudi Closed Joint Stock Company. The Company was registered as a Saudi Closed Joint Stock Company in the Kingdom of Saudi Arabia under Commercial Registration number 1010865003 issued in Riyadh on Sha'ban 9, 1444 AH (corresponding to 1 March 2023) and the Capital Market Authority ("CMA") license number 22236-12 dated Dhu'l-Qi'dah 16, 1444 H (corresponding to 5 June 2023).

As per the By-laws of the Company, the first fiscal period under legal status of a Saudi Closed Joint Stock Company will be from the date the commercial registration obtained i.e. 1 March 2023 and shall end on 31 December 2023. The Company's statutory financial statements for the subsequent years will be prepared from 1 January to 31 December 31 of each Gregorian year. These are the first set of financial statements for the Company, accordingly no comparatives were presented.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26 Jamad-ul-Thani 1444H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26 Jamad-ul-Thani 1444H (corresponding to 19 January 2023). The management is in the process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align the Articles to the provisions of the new Law.

The Company's registered office is located at 3rd floor, Raden Commercial Center, Olaya Street, Al Muruj district, Riyadh, Kingdom of Saudi Arabia.

The principal activities of the Company are to operate and manage investments, funds and providing arranging services. The Company is yet to commence its commercial operations as of the period ended 31 December 2023.

2 BASIS OF PREPARATION

Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) ("IFRS" as endorsed in KSA") and the By-laws of the Company.

The preparation of financial statements in conformity with the IFRS as endorsed in KSA requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in this note below.

Basis of measurement

These financial statements have been prepared under the historical cost convention except for defined benefits obligation carried at present value using Projected Unit Credit Method.

Functional and presentation currency

The financial statements are prepared under the historical cost convention and are presented in Saudi Riyals ("SAR") which is the functional and presentation currency of the Company.

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

2 BASIS OF PREPARATION (continued)

Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in future periods affected.

Areas where management has used significant estimates are as follows:

Impairment losses on due from a related party

The Company measures the loss allowance for due from a related party at an amount equal to lifetime expected credit loss (ECL). The allowance for ECL on receivables is estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Receivable are normally assessed collectively unless there is a need to assess a particular debtor on an individual basis.

Recognition and measurement of provisions

By their nature, the measurement of provisions depends upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. The Company's estimates related to provisions for environmental matters are based on the nature and seriousness of the contamination, as well as on the technology required for remediation. Provisions for litigation are based on an estimate of costs, considering legal advice and other information available.

Provision for zakat

The calculation of the Company's zakat charge necessarily involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant zakat authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits or losses and/or cash flows.

Defined benefits obligation

The liabilities relating to defined benefit plans are determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting year. This method involves making assumptions about discount rates and future salary increases. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in note 8 to these financial statements.

Useful lives and residual values of fixtures and equipment

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

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

2 BASIS OF PREPARATION (continued)

Use of judgements

Critical judgements in applying the Company's accounting policy are as follows:

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 16 of these financial statements.

Going concern

The Company has reported a net loss for the period ended 31 December 2023 amounting to SAR 13,647,825 which represents 59% of the paid up share capital of the Company as of the same date. This requires as per Article No. (132) of the companies law, that the extraordinary general assembly be called for a meeting within one hundred and eighty days from the date of knowledge of this to consider the continuity of the Company taking any of the necessary actions to remedy or resolve such losses. The Company's going concern assessment is as follows:

- a) The Company has an onshore presence and have valid licenses from regulators to operate and based on the current available licenses and the products of the Company, management is confident about the existence and continuity prospects of the Company.
- b) For the purpose of the Company's going concern assessment, management has also considered the available liquidity in the Company. As of 31 December 2023, the Company has cash and cash equivalents amounting to SAR 12,824,539 compared to total liabilities amounting to SAR 7,825,628. The available cash and cash equivalents after deducting total liabilities will be sufficient to cover all the expenses of the Company for the next 12 months. Further, the Company is confident of its business projections for 2024 as well as its business projection under stress scenario, both of which would not result in any breach of liquidity, capital or accumulated losses to capital ratio requirement.

Taken into account the cash flow forecasts based upon its assumptions as to commence operations, the Company's Board of Directors confirms that the going concern basis used for the preparation of these financial statements remains appropriate.

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) New and amended standards and interpretations issued and effective during the period

Amendments to standards	Description	Effective from accounting period beginning on or after	Summary of amendment
IFRS 9 (Amendments to IFRS 4)	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	January 1, 2023	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
IFRS 17	Insurance Contracts and its amendments	January 1, 2023	This is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements.
IAS 8	Amendment to the definition of accounting estimate	January 1, 2023	These amendments regarding the definition of accounting estimates help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023	These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

a) New and amended standards and interpretations issued and effective during the period (continued)

Amendments to standards	Description	Effective from accounting period beginning on or after	Summary of amendment
IAS 12	International tax reform (pillar two model rules)	January 1, 2023	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

b) New and amended standards and interpretations issued but not yet effective

Amendments to standards	Description	Effective from accounting period beginning on or after	Summary of amendment
IAS 1	Classification of liabilities as current or non-current	January 1, 2024	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification.
IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024	These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

b) New and amended standards and interpretations issued but not yet effective (continued)

IFRS 16	Leases on sale and leaseback	January 1, 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
IAS 21	Lack of Exchangeability	January 1, 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

c) Cash and cash equivalents

Cash and cash equivalents consist of cash with local banks having original maturity of ninety days or less and is carried in the statement of financial position at amortised cost.

d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions 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. Immediately after initial recognition, an expected credit loss allowance ("ECL") is recognised for financial assets measured at amortised cost, which results in an impairment charge being recognised in the statement of income when an asset is newly originated.

Classification and measurement of financial assets

On initial recognition, the Company classifies its financial assets in the following measurement

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective.

Classification and subsequent measurement of debt instruments depend on:

- The Company's business model for managing the asset; and
- The cash flow characteristics of the asset.

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the Company in determining the business model for a group of assets include:

- past experience on how the cash flows for these assets were collected;
- how the asset's performance is internally evaluated and reported to key management personnel;
- how risks are assessed and managed; and
- and how managers are compensated.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Securities held for trading, if any, are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in 'other' business model and measured at FVTPL.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payment of principal and profit (the "SPPP" test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. profit (or special commission income) includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The SPPP assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPP, and that are not designated at FVTPL, are measured at amortised cost.

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

Fair value through profit or loss (FVTPL)

If debt instrument's cash flows do not represent solely SPPP or if it is not held within the held to collect or the held to collect and sell business model, or if it is designated as FVTPL, then it is measured at FVTPL.

A gain or loss on a debt investment measured at FVTPL, where cash flows do not represents SPPP, is recognised in the statement of income, within "Net gain / (loss) on investments mandatorily measured at FVTPL", in the period in which it arises. A gain or loss from debt instruments that were designated at fair value or which are held for trading are presented separately from debt investments that are mandatorily measured at fair value through profit or loss, within "Net gain / (loss) in investments designated at FVTPL or held for trading".

Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, profit revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognized in statement of income. When the debt financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period. Currently, cash at bank - current account and other receivables are carried at amortised cost.

Equity 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 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. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to the statement of income, including on disposal. On disposal, FV gain/losses in FV reserve is transferred directly to retained earnings.

Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost. The Company recognises 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; and
- 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.

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

Impairment of financial assets (continued)

(i) A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored.

(ii) If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.

(iii) If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

(iv) Financial instrument in Stage 1 have their ECL measured at an amount equal to the portion of expected credit losses that result from the default events possible within the next 12 months.

Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

(v) A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should be consider forward-looking information.

(vi) Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Stage 1: (Initial recognition) 12-month expected credit losses

Stage 2: (Significant increase in credit risk since initial recognition) Lifetime expected credit losses

Stage 3: (Credit impaired assets) Lifetime expected credit losses

The financial assets of the Company, which are subjected to ECL review include bank balances and receivables.

The impact of ECL on the financial assets of the Company is immaterial.

IFRS 9 outlines a 'three stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

Stages of Impairment under IFRS 9

The impairment approach of IFRS 9 provides a framework for Expected Credit Losses (ECL) where in, the assets have to be segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial asset. The three stages differ in terms of recognition of expected credit losses and the presentation of profit revenue.

Stage 1 - Performing financial assets

Stage 1 assets are assessed based on Company's existing credit risk management standards for acceptable credit quality. Overall, the financial assets falling under this category have the following characteristics at minimum:

- Adequate capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability to fulfil its obligations.

Stage 2 - Financial Assets with significant increase in credit risk

These are financial assets whose credit quality has deteriorated significantly since origination but do not have objective evidence of impairment.

Stage 3 - Credit impaired financial assets

Financial assets classified under this category have exceeded either the objective thresholds set by the Company i.e. have defaulted or have been subjectively considered as obligors which lack a capacity to repay their contractual obligations, on a timely basis.

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

Stage 3 - Credit impaired financial assets

The Company considers "Default" event when the obligor is unlikely to pay for its credit obligations in full, without recourse by the Company to the actions such as realizing security (if held).

e) Financial liabilities

Initial recognition and measurement

All financial liabilities are initially recognized at fair value less transaction costs except for financial liabilities measured at FVTPL where transactions cost, if any, are not deducted from the fair value measurement at initial recognition and are included in the statement of income.

Subsequently, all special commission bearing financial liabilities other than those held at FVTPL are measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on settlement.

f) Fair valuation of financial instruments

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.

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.

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

g) Derecognition of financial instruments

A financial asset is derecognized, when the contractual rights to the cash flows from the financial asset expire or the asset is transferred and the transfer qualifies for de-recognition. In instances where the Company is assessed to have transferred a financial asset, the asset is derecognized if the Company has transferred substantially all the risks and rewards of ownership. Where the Company has neither transferred nor retained substantially all the risks and rewards of ownership, the financial asset is derecognized only if the Company has not retained control of the financial asset. The Company recognizes separately as assets or liabilities any rights and obligations created or retained in the process.

A financial liability is derecognized only when it is extinguished, that is when the obligation specified in the contract is either discharged, cancelled or expired.

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

h) Offsetting of financial instruments

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

i) Fixtures and equipments

Fixtures and equipments are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on fixtures and equipments so as to allocate its cost, less estimated residual value, on a straight line basis over the estimated useful lives of the assets.

Depreciation is charged to the statement of income over the following estimated economic useful lives:

- Leasehold improvements 10 years
- Furnitures 5 years
- Computer hardware and equipments 3 years

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of income.

j) Impairment of non-current assets

The Company reviews its non-current assets for impairment at each reporting date 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 is the higher of an asset's fair value less costs to sell or value-in-use.

Non-current assets that suffer impairment loss are reviewed for possible reversal of the impairment at each reporting date. When it becomes evident that the circumstances which resulted in the impairment no longer exist, the impairment amount is reversed (except for goodwill) and recorded as income in the statement of income in the year/period in which such reversal is determined.

k) Accruals and other current liabilities

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company. The Company is carrying these at amortised cost.

l) Defined benefits obligation

The provision for defined benefits obligation is made based on an actuarial valuation of the Company's liability under the Saudi Arabian Labour Law.

In accordance with the provisions of IAS 19 "Employee benefits", management carries out an exercise to assess the present value of its obligations, using the projected unit credit method. Under this method an assessment is made of the employees' expected service life with the Company and expected salary at the date of leaving the service.

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

l) Employees benefit obligation (continued)

The cost of providing benefits under the Company's defined benefit plans is determined using the projected unit credit method by professionally qualified actuaries and arrived at using actuarial assumptions based in the market expectations at the date of statement of financial position. These valuations attribute entitlement benefits to the current period (to determine the current service cost). Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through statement of comprehensive income in the period in which these occur. Re-measurements are not reclassified to statement of income in subsequent periods.

Past service costs are recognized in the statement of income on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Company recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The defined benefit liability in the statement of financial position comprises the present value of the defined benefit obligation (using a discount rate).

m) Zakat

The company is subject to zakat in accordance with the regulations issued by the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. A provision for zakat is made on an accrual basis, and this provision is charged to the statement of income. The zakat provision is calculated according to the zakat base or the adjusted net profit, whichever is higher, and any differences between the calculated zakat and the final assessment (if any) are recognized within the statement of income in the period in which the assessment is finalized. Zakat is calculated based on 2.5% of the zakat base or adjusted net income, whichever is higher.

n) Withholding tax

The management withholds taxes on non-resident parties (if any) according to the ZATCA's regulations, which are not recognized as expenses because the amounts of the obligations on the counterparty are deducted on its behalf.

o) Value added tax ("VAT")

The Company is subject to VAT in accordance with the regulations in the Kingdom of Saudi Arabia. Output VAT related to revenue is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales/services and purchases is recognised in the statement of financial position on a gross basis and disclosed separately as an asset and a liability. Where provision has been made for ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT. VAT that is not recoverable is charged to the statement of income as expense.

p) Leases

Rental contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

p) Leases (continued)

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 other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in statement of profit and loss. Short-term leases are leases with a lease term of 12 months or less. Short-term leases comprise premises rent of 12 months with no extension option.

q) Foreign currency translations and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies other than Saudi Riyals are recognized in the statement of income.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of income, within finance costs. All other foreign exchange gains and losses are presented in the statement of income on a net basis within other gains / (losses), if any.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVTPL are recognised in statement of income as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at FVOCI are recognised in other comprehensive income.

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

4 CASH AND CASH EQUIVALENTS

	<i>31 December</i>
	2023
	SAR
Cash at bank - current account	<u><u>12,824,539</u></u>

Cash at bank is maintained with local banks with sound credit rating and no commission was earned during the period ended 31 December 2023.

5 PREPAYMENTS AND OTHER RECEIVABLES

	<i>31 December</i>
	2023
	SAR
Input VAT	181,955
Prepaid medical insurance	75,681
Prepaid indemnity insurance	791
Staff advances	306
Other receivables	9,001
	<u><u>267,734</u></u>

6 FIXTURES AND EQUIPMENTS, NET

	<i>Leasehold improvements</i>	<i>Furnitures</i>	<i>Computer hardware and equipments</i>	<i>Total</i>
2023				
Cost				
As at 1 March 2023	-	-	-	-
Additions during the period	381,844	3,525	108,316	493,685
As at 31 December 2023	<u>381,844</u>	<u>3,525</u>	<u>108,316</u>	<u>493,685</u>
Accumulated depreciation				
As at 1 March 2023	-	-	-	-
Charge for the period	31,820	372	24,752	56,944
As at 31 December 2023	<u>31,820</u>	<u>372</u>	<u>24,752</u>	<u>56,944</u>
Net Book Value				
As at 31 December 2023	<u><u>350,024</u></u>	<u><u>3,153</u></u>	<u><u>83,564</u></u>	<u><u>436,741</u></u>

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

7 ACCRUALS AND OTHER PAYABLES

	31 December 2023 SAR
Employee leave days accrual	292,888
Board of Directors fees	253,000
Accrued professional fees	114,880
Other payables	69,906
	730,674

8 DEFINED BENEFITS OBLIGATION

The following tables summarise the components of defined benefits obligation recognised in the statements of financial position, income and other comprehensive income.

a) Amount recognised in the statement of financial position:

	31 December 2023 SAR
Present value of defined benefit obligation	304,139

b) Benefit expense (recognised in statement of income):

	31 December 2023 SAR
Current service cost	304,139
Special commission cost	-
Past service cost	-
Benefit expense	304,139

c) Movement in the present value of defined benefit obligation:

	For the period from 1 March 2023 to 31 December 2023 SAR
Present value of defined benefit obligation at beginning of the period	-
Charge recognised in statement of income:	
Current service cost	304,139
Special commission cost	-
Past service cost	-
Actuarial gain/ (loss) on defined benefit plan recognized in the statement of other comprehensive income	-
Benefits paid	(30,180)
Present value of defined benefit obligation at end of the period	273,959

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023
 (All amounts in Saudi Riyals unless otherwise stated)

8 DEFINED BENEFITS OBLIGATION (continued)

d) Principal actuarial assumptions:

	31 December 2023
Discount rate	4.75%
Salary increase rate	2.50%

The economic and demographic assumptions used in the valuation are unbiased, mutually compatible and best estimates as per the requirements of IAS 19. Financial assumptions are based on market expectations as at the valuation date.

e) Maturity profile of defined benefit obligation:

	31 December 2023
Weighted average duration of the defined benefit obligation	
Distribution of timing of benefit payments	
Year 1	44,461
Year 2	54,689
Year 3	70,883
Year 4	87,981
Year 5	101,989
Year 6 and beyond	1,949,574

f) Sensitivity analysis

The table below shows the change in defined benefits obligation based on a reasonable possible change in the base assumption value for discount and salary increment rates:

	31 December 2023 - SAR	
	<u>Increase</u>	<u>Decrease</u>
Discount rate (1% movement)	256,839	293,167
Future salary growth (1% movement)	294,843	255,069

9 SHARE CAPITAL

	31 December 2023 SAR
Authorised shares	
4,000,000 shares of nominal value SAR 10 each	<u>40,000,000</u>
Share capital issued and fully paid	
2,300,000 shares of nominal value SAR 10 each	<u>23,000,000</u>

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

9 SHARE CAPITAL (continued)

The details of the issued and fully paid shareholding as at reporting date are as follows:

	<i>Domicile country</i>	<i>Percentage of holding</i>	<i>Number of shares</i>	<i>31 December 2023 SAR</i>
Barak African Assets LTD	Mauritius	56.25%	1,293,750	12,937,500
Essam Albakr	Saudi	43.75%	1,006,250	10,062,500
		100%	2,300,000	23,000,000

At 31 December 2023, all shares of Essam Albakr which represents 43.75% from the share capital were pledged to Barak African Assets Limited.

10 STAFF COSTS AND EMPLOYEE RELATED BENEFITS

	<i>For the period from 1 March 2023 to 31 December 2023 SAR</i>
Salaries and employment related benefits	4,626,779
General organization for social insurance	391,478
Defined benefit obligation expense	304,139
Leave salary expense	292,888
Board of Directors fees	253,000
Medical insurance expense	141,826
Other staff expenses	433,104
	6,443,214

11 PRE-OPERATING EXPENSES

Pre-operating expenses are incurred before obtaining the commercial registration and are considered as initial costs associated with setting up and preparing the company for its intended activities. The table below summarises the breakup of pre-operating expenses.

	<i>For the period from 1 March 2023 to 31 December 2023 SAR</i>
Staff costs	4,854,913
Office related expenses	917,852
Regulatory fees and professional fees	353,292
	6,126,057

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

12 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>For the period from 1 March 2023 to 31 December 2023</i>
	SAR
Professional fees	511,236
Rent expense	234,647
Marketing and public relations	100,293
Maintenance and office supplies	66,123
Utilities and telecommunication expenses	45,884
Other expenses	29,125
	987,308

13 RELATED PARTY TRANSACTION AND BALANCE

Related parties of the Company include its major shareholders, associated and affiliated companies, funds under management, directors and key management personnel of the Company. These transactions are carried out on mutually agreed terms and approved by the management of the Company.

During the period, the Company transacted with related parties in the normal course of business. The significant transactions with related parties and the related amounts other than those disclosed elsewhere in these financial statements are as follows:

a) *Significant transactions arising from transactions with related parties are as follows:*

		<i>For the period from 1 March 2023 to 31 December 2023</i>
<i>Relationship</i>	<i>Nature of transaction</i>	SAR
Shareholders	Pre-operating expenses	6,126,057

b) Key management personnel of the Company comprise senior executive management and the Board of Directors. The compensation summary of key management personnel during the period ended 31 December 2023 is set out below:

	<i>For the period from 1 March 2023 to 31 December 2023</i>
	SAR
Remuneration	1,848,414

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

13 RELATED PARTY TRANSACTION AND BALANCE (continued)

- c) The following receivable/ (payable) balances arose as a result of transactions with related parties:

<i>Name of related party</i>	<i>Relationship</i>	31 December 2023 SAR
Essam Albakr	Shareholder	3,648,789
Barak African Assets LTD	Shareholder	(6,786,693)

14 ZAKAT

a) Zakat

The zakat charge consists of the current period provision amounting to SAR 34,302. The provision is based on the following:

	31 December 2023 SAR
Equity share as at 1 March 2023	10,062,500
Provisions and other adjustments	(13,204)
Book value of long term assets	(191,074)
	9,858,222
Adjusted loss for the period	(7,149,444)
Zakat base	2,708,778
Zakat charged for the period ended 31 December 2023	34,302

Movement in zakat payable during the period

The movement in zakat payable for the period ended 31 December 2023 is as follows:

	For the period from 1 March 2023 to 31 December 2023 SAR
At the beginning of the period	-
Provided during the period	34,302
Payments during the year	-
At 31 December 2023	34,302

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

15 FINANCIAL RISK MANAGEMENT

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has appointed the Audit Committee, which has the responsibility to monitor the overall risk process within the Company.

The Board of Directors has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits.

Credit risk

The Company manages exposure to credit risk, which 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 assesses the probability of default of counterparties using internal rating mechanism. This is done for corporate and high net worth individuals only.

The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Company's risk management policies are designed to identify, to set appropriate risk limits, and to monitor the risks and adherence to limits. Actual exposures against limits are monitored on regularly basis. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Management monitors the market value of collateral obtained during its review of the adequacy of the impairment allowance for credit losses. The Company regularly reviews its risk management policies and systems to reflect changes in markets products and emerging best practice.

The carrying amount of financial assets represents the maximum credit exposure. The exposure to credit risk at the reporting date was on account of:

	31 December 2023 SAR
Cash and cash equivalents	12,824,539
Other receivables	191,262
Due from a related party	3,648,789
	16,664,590

Market risk

Market risk is measured, monitored and managed with a blend of quantitative and qualitative approach along with experienced talent and quantitative tools including sensitivity analysis and Value at Risk approach. In addition, exposure limits for individual transactions, concentration, maturities and other risk parameters captures the risk timely.

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

15 FINANCIAL RISK MANAGEMENT (continued)

a) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars. Since Saudi Riyals is on a fixed parity to the US Dollar, management believes that the Company is not subject to any significant currency risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its net financing requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of financing to dry up immediately. Management monitors the maturity profile to ensure that adequate liquidity is maintained.

i) Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2023 based on contractual undiscounted repayment obligations. The contractual maturities of liabilities have been determined based on the remaining period at the statement of financial position date to the contractual maturity date.

	Fixed maturity		No fixed maturity	Total
	Within 1 year	More than 1 year		
Accruals and other payables	437,786	292,888	-	730,674
Due to a related party	6,786,693	-	-	6,786,693
Defined benefits obligation	-	273,959	-	273,959
Total	7,224,479	566,847	-	7,791,326

ii) Analysis of financial assets and liabilities according to when they are expected to be recovered or settled

The table shows an analysis of financial assets and liabilities according to when they are expected to be recovered or settled:

	Fixed maturity		No fixed maturity	Total
	Within 1 year	More than 1 year		
Financial assets				
Cash and cash equivalents	12,824,539	-	-	12,824,539
Other receivables	306	-	190,956	191,262
Due from a related party	3,648,789	-	-	3,648,789
Total	16,473,634	-	190,956	16,664,590
Financial liabilities				
Accruals and other payables	437,786	292,888	-	730,674
Due to a related party	6,786,693	-	-	6,786,693
Defined benefits obligation	-	273,959	-	273,959
Total	7,224,479	566,847	-	7,791,326
Net financial assets (liabilities)	9,249,155	(566,847)	190,956	8,873,264

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023
(All amounts in Saudi Riyals unless otherwise stated)

16 FINANCIAL INSTRUMENTS AND FAIR VALUE

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 to by the Company. Financial instruments comprise financial asset and financial liabilities. Financial assets consist of bank balances, other receivables. Financial liabilities consist of accounts payable and accruals and amounts due to a related party.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the period, there were no transfers between the levels.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Company's management determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement, such as assets held for distribution in a discontinued operation.

Due to the short-term nature of the financial assets and liabilities; the fair values of the financial assets and liabilities are not materially different from their carrying values. There have been no transfers to and from Level 3 during the period.

EJADA CAPITAL
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 March 2023 (date of incorporation) to 31 December 2023
(All amounts in Saudi Riyals unless otherwise stated)

17 REGULATORY REQUIREMENTS FOR CAPITAL AND CAPITAL ADEQUACY

In accordance with the Prudential Rules issued by the Capital Market Authority ("CMA") (the Rules), given below are the capital base, minimum capital requirement and total capital ratio as at December 31, 2023.

	<i>For the period from 1 March 2023 to 31 December 2023</i>
	SAR
Capital base	
Tier-I Capital	9,352,175
Tier-II Capital	-
Total capital base	9,352,175
Minimum capital requirement	
Market Risk	-
Credit Risk	16,023,988
Operational Risk	37,036,875
Total minimum capital requirement	53,060,863
Capital Adequacy Ratio	
Tier 1 capital ratio	17.63%
Total capital ratio	17.63%
Surplus in capital	5,107,306

(a) The above information has been extracted from the Company's Capital Adequacy Model for the period from 1 March, 2023 to 31 December 2023 to be submitted to CMA.

(b) The Capital Base consists of Tier 1 Capital and Tier 2 Capital calculated as per Article 4 and 5 of the Rules respectively. The Minimum Capital Requirements for Market, Credit and Operational Risk are calculated as per the requirements specified in Part 3 of the Rules.

(c) The Company is required to maintain adequate capital as specified in the Rules. The capital adequacy ratio for Tier 1 shall not be less than 6% and total Tier 1 and Tier 2 Capital shall not be less than 8%.

18 EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the date of the statement of financial position.

19 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments exist at reporting date.

20 BOARD OF DIRECTORS' APPROVAL

These financial statements were approved by the Board of Directors on 28 March 2024.