

**NATIXIS SAUDI ARABIA INVESTMENT COMPANY
(A SINGLE PERSON FOREIGN CLOSED JOINT STOCK COMPANY)**

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

**NATIXIS SAUDI ARABIA INVESTMENT COMPANY
(A SINGLE PERSON FOREIGN CLOSED JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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Independent auditor's report to the shareholder of Natixis Saudi Arabia Investment Company

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Natixis Saudi Arabia Investment Company (the "Company") as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in shareholder's equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Other information

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Company's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Independent auditor's report to the shareholder of Natixis Saudi Arabia Investment Company (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-Laws, 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, is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 scepticism throughout the audit. We also:

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



Independent auditor's report to the shareholder of Natixis Saudi Arabia Investment Company (continued)

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 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.

PricewaterhouseCoopers

Waleed A. Alhidiri
License Number 559

March 28, 2025



NATIXIS SAUDI ARABIA INVESTMENT COMPANY
(A SINGLE PERSON FOREIGN CLOSED JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at December 31, 2024	As at December 31, 2023
Assets			
Current assets			
Cash and cash equivalents	4	46,769,728	40,522,841
Due from a related party	15.2	4,113,728	4,408,580
Trade receivables		218,557	1,940,625
Prepayments and other receivables	5	834,100	573,506
Total current assets		51,936,113	47,445,552
Non-current assets			
Property and equipment, net	6	1,080,365	1,710,863
Right-of-use assets, net	7	425,675	851,351
Deferred tax assets	9.3	455,785	-
Total non-current assets		1,961,825	2,562,214
Total assets		53,897,938	50,007,766
Liabilities and shareholder's equity			
Liabilities			
Current liabilities			
Accrued and other liabilities	8	2,050,581	928,828
Due to a related party	15.2	4,426,300	1,548,250
Lease liabilities	7.1	430,445	430,445
Provision for income tax	9.1	43,379	-
Total current liabilities		6,950,705	2,907,523
Non-current liabilities			
Employees end of service benefits (EOSB)	10	138,290	185,973
Lease liabilities	7.1	-	430,445
Total non-current liabilities		138,290	616,418
Total liabilities		7,088,995	3,523,941
Shareholder's equity			
Share capital	11	50,000,000	50,000,000
Accumulated losses		(3,191,057)	(3,516,175)
Total shareholder's equity		46,808,943	46,483,825
Total liabilities and shareholder's equity		53,897,938	50,007,766
Contingencies and commitments	13		

The accompanying notes from 1 to 19 form an integral part of these financial statements.

NATIXIS SAUDI ARABIA INVESTMENT COMPANY
(A SINGLE PERSON FOREIGN CLOSED JOINT STOCK COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31,	
		2024	2023
Revenue			
Income from service support fee	15.1	9,953,633	9,621,968
Income from arranging services	15.1	162,000	253,125
Income from underwriting activities	15.1	56,250	-
Total revenue		10,171,883	9,875,093
Operating expenses			
Salaries and employee related benefits		(6,169,723)	(6,266,819)
Expense related to Master Service Agreement	15.1	(1,366,500)	(1,366,500)
Other general and administrative expenses	14	(2,935,228)	(2,407,453)
Depreciation on property and equipment and right-of-use assets	6, 7	(1,077,789)	(1,093,607)
Total operating expenses		(11,549,240)	(11,134,379)
Operating loss		(1,377,357)	(1,259,286)
Other income			
Special commission income on term deposits		1,290,069	727,439
Loss before income tax		(87,288)	(531,847)
Reversal of income tax provision	9.1	-	64,510
Income tax charge for the year	9.1	(43,379)	-
Deferred tax assets	9.3	455,785	-
Net income / (loss) for the year		325,118	(467,337)
Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year		325,118	(467,337)

The accompanying notes from 1 to 19 form an integral part of these financial statements.

NATIXIS SAUDI ARABIA INVESTMENT COMPANY
(A SINGLE PERSON FOREIGN CLOSED JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Accumulated losses	Total
Balance as at January 1, 2024	50,000,000	(3,516,175)	46,483,825
Total comprehensive income for the year:			
Net income for the year	-	325,118	325,118
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	325,118	325,118
Balance as at December 31, 2024	50,000,000	(3,191,057)	46,808,943
Balance as at January 1, 2023	50,000,000	(3,048,838)	46,951,162
Total comprehensive loss for the year:			
Net loss for the year	-	(467,337)	(467,337)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(467,337)	(467,337)
Balance as at December 31, 2023	50,000,000	(3,516,175)	46,483,825

The accompanying notes from 1 to 19 form an integral part of these financial statements.

NATIXIS SAUDI ARABIA INVESTMENT COMPANY
(A SINGLE PERSON FOREIGN CLOSED JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31,	
		2024	2023
Cash flows from operating activities:			
Loss before income tax		(87,288)	(531,847)
Adjustments for:			
Depreciation on property and equipment and right-of-use assets	6, 7	1,077,789	1,093,607
Provision for employees' EOSB	10	72,736	189,483
		<u>1,063,237</u>	<u>751,243</u>
Changes in operating assets and liabilities:			
Due from a related party		294,852	(197,184)
Trade receivables		1,722,068	(1,940,625)
Prepayments and other receivables		(260,594)	(14,435)
Accrued and other current liabilities		1,121,753	(2,088,439)
Due to a related party		2,878,050	1,434,374
Income tax paid	9.1	-	(75,087)
Employees' EOSB paid	10	(120,419)	(270,405)
		<u>6,698,947</u>	<u>(2,400,558)</u>
Net cash generated from / (used in) operating activities			
Cash flow from investing activity:			
Purchase of property and equipment	6	(21,615)	(116,422)
Net cash used in investing activity		<u>(21,615)</u>	<u>(116,422)</u>
Cash flow from financing activity:			
Payment of lease liability	7.1	(430,445)	(430,445)
Net cash used in financing activity		<u>(430,445)</u>	<u>(430,445)</u>
Net change in cash and cash equivalents		<u>6,246,887</u>	<u>(2,947,425)</u>
Cash and cash equivalents at the beginning of the year		40,522,841	43,470,266
Cash and cash equivalents at the end of the year	4	<u>46,769,728</u>	<u>40,522,841</u>

The accompanying notes from 1 to 19 form an integral part of these financial statements.

NATIXIS SAUDI ARABIA INVESTMENT COMPANY
(A SINGLE PERSON FOREIGN CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts in Saudi Riyals unless otherwise stated)

1 GENERAL INFORMATION

Natixis Saudi Arabia Investment Company is a Saudi Closed Joint Stock Company. The Company was registered as A Single Person Foreign Closed Joint Stock Company in the Kingdom of Saudi Arabia under Commercial Registration number 1010616683 issued in Riyadh on Rabi II 14, 1441H (corresponding to December 12, 2019) and the Capital Market Authority (CMA) license number 19205-31 dated Muharram 25, 1441H (corresponding to September 24, 2019).

The Company's registered office is located at 16th Floor, Al Faisaliah Tower, Riyadh, Kingdom of Saudi Arabia.

The objectives of the Company are to conduct dealing (as an underwriter) and arranging services. The Company has further updated its licensed activities and cancelled the advising license. The Company obtained the CMA's approval to operate with Dealing and arranging licenses on September 20, 2021.

The accompanying financial statements were authorized for issue by the Company's Board of Directors on March 25, 2025.

2 BASIS OF PREPARATION

a) Statement of compliance

These financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and in compliance with the applicable requirements of the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's By-Laws.

b) Basis of measurement and presentation

These financial statements have been prepared under the historical cost convention except for employees' end of service benefits (EOSB) measured at present value of defined benefit obligation calculated using the projected unit credit method and using accrual basis.

c) Functional and presentation currency

These financial statements are presented in Saudi Riyals ("SR") which is the functional and presentation currency of the Company.

d) Critical accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS, that are endorsed in the Kingdom of Saudi Arabia requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and judgments concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results.

There are no critical estimates that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

NATIXIS SAUDI ARABIA INVESTMENT COMPANY
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3 MATERIAL ACCOUNTING POLICIES

The material accounting policy adopted in the preparation of these financial statements are set out below.

a) New standards, interpretations and amendments

The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the year ended December 31, 2023. Based on the adoption of new standard, the following accounting policies are applicable effective January 1, 2024 replacing, amending, or adding to the corresponding accounting policies set out in 2023 annual financial statements.

New standards, interpretations and amendments adopted by the Company

Following standard, interpretation or amendment are effective from the annual reporting period beginning on January 1, 2024 and are adopted by the Company, however, these does not have any impact on the financial statements of the year unless otherwise stated below:

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

Standards issued but not yet effective and not early adopted

The listing of standards and interpretations issued which are applicable at a future date are as follows. The Company intends to adopt these standards when they become effective. These amendments and standards are not expected to have any impact on the financial statements of the Company except IFRS 18.

Standard/ Interpretation	Description	Effective from periods beginning on or after
Amendments to IAS 21 – Lack of Exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	January 1, 2025

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(All amounts in Saudi Riyals unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES (continued)

a) New standards, interpretations and amendments (continued)

Standards issued but not yet effective and not early adopted (continued)

Standard / Interpretation	Description	Effective from periods beginning on or after
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	January 1, 2026
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	January 1, 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	January 1, 2027
Other standards		
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability – related risks and opportunities across an entity's value chain.	January 1, 2024, however, not yet endorsed by SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	January 2024 1, however, not yet endorsed by SOCPA

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NOTES TO THE FINANCIAL STATEMENTS
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(All amounts in Saudi Riyals unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES (continued)

b) Cash and bank balances

Cash and cash equivalents include bank account maintained with Saudi Awwal Bank (SAB) and is carried in the statement of financial position at amortised cost. For the purpose of statement of cash flows, cash and cash equivalent include cash at bank and term deposits with original maturity of three months or less on the date of acquisition, if any.

c) Accounts receivables

Accounts receivables are amounts due from customers for the services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Accounts receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for Expected Credit Losses (ECL). Subsequent recoveries of amount previously written-off are credited to statement of income in "General and administrative expenses".

d) Financial instruments

i. Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The Company records investments on a 'trade date' basis.

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 statement of income, 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.

ii. Classification and subsequent measurement of financial assets

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

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through statement of income (FVSI)

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 FVSI.

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.

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3 MATERIAL ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

ii. Classification and subsequent measurement of financial assets (continued)

Debt instruments (continued)

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 FVSI.

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 FVSI.

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

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 FVSI, are measured at amortised cost.

Fair value through statement of income (FVSI)

If debt instrument's cash flows do not represent solely SPPP or if it is not held within the hold to collect or the hold to collect and sell business model, or if it is designated as FVSI, then it is measured at FVSI. A gain or loss on a debt investment measured at FVSI, where cash flows do not represent SPPP, is recognised in the statement of income, within "Net gain / (loss) on investments mandatorily measured at FVSI", 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 statement of income, within "Net gain / (loss) in investments designated at FVSI 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 interest, and that are not designated at FVSI, 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, interest 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, deposit with bank, trade receivables 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.

NATIXIS SAUDI ARABIA INVESTMENT COMPANY
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(All amounts in Saudi Riyals unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

ii. Classification and subsequent measurement of financial assets (continued)

The Company subsequently measures all equity investments at FVSI, 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.

Currently the Company does not have any equity investments.

iii. 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.

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored.
- 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.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- 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.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should be consider forward-looking information.
- 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, accounts receivable and other receivables. The impact of ECL on the financial assets of the Company is immaterial. A significant exposure of the Company is held as placement with the Bank which has a sound credit rating as at the reporting date and the Company considers that it has low credit risk. The rating of the Bank as at December 31, 2024 was "A" as per Moody's credit rating.

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 interest revenue.

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3 MATERIAL ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

iii. Impairment of financial assets (continued)

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. 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).

All financial liabilities are initially recognized at fair value less transaction costs except for financial liabilities measured at FVSI 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 FVSI are measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on settlement. Currently accrued and other liabilities and lease liabilities are classified as financial liabilities at amortized cost

iv. 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.

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 best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

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. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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.

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3 MATERIAL ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

v. 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.

vi. 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.

e) Property and equipment and right-of-use assets

Property and equipment 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 furniture 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:

	Number of years
Office equipment	5 – 10
IT equipment	3

Full month depreciation / amortization is charged in the month of addition while no depreciation / amortization is charged in the month of disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of income.

f) 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 in which such reversal is determined.

g) Accrued 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.

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3 MATERIAL ACCOUNTING POLICIES (continued)

h) Employees' end of service benefits (EOSBs)

The provision for employees' end of service benefits (EOSBs) 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.

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).

i) Provisions

Provisions are recognized when; the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount can be estimated reliably.

j) Income Taxes

The Company is subject to income tax in accordance with the regulation of the Zakat, Tax and Customs Authority ("ZATCA"). Income taxes are charged to the statement of income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Deferred tax is provided in full, if material, using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax relating to items recognised outside statement of income is recognised either in statement of comprehensive income or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Company also withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

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3 MATERIAL ACCOUNTING POLICIES (continued)

j) Income Taxes (continued)

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.

k) Revenues

The Company recognises revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contract with customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue	The Company recognises revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Based on the five-step model, the revenue recognition policies for the various revenue streams are as follows:

Arranging services

Income from arranging services is recognised on an accrual basis when the agreed services are provided.

Special commission income

Special commission income is recognised on an accrual basis based on effective commission rate method.

Income from Service Level agreement / Master Service agreement

The entity enters into transactions with another company that falls within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. Related parties comprise of companies/entities under common ownership and/or common management control and key management personnel. The management decides on the terms and conditions of transactions and of services received/rendered from/to related parties as well as other charges.

Income from underwriting services

Underwriting fees are recognized when the Company has rendered all services to the issuer and is entitled to collect the fee from the issuer with no contingencies associated with the fees. Underwriting revenues are presented net of transaction-related expenses.

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3 MATERIAL ACCOUNTING POLICIES (continued)

l) 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 FVSI 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.

m) Trade date accounting

All regular way purchases and sales of financial instruments are recognized and derecognized on the trade date. Regular way purchases or sales are purchases or sales of financial instruments that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. For financial instruments held at fair value, the Company accounts for any change in fair values between the trade date and the reporting date.

n) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable by the Company under residual value guarantees.
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option.
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing, and
- makes adjustments specific to the lease, term, country, currency and security.

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3 MATERIAL ACCOUNTING POLICIES (continued)

n) Leases (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in statement of income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise information technology equipment and small items of office furniture.

4 CASH AND CASH EQUIVALENTS

	Note	As at December 31, 2024	As at December 31, 2023
Cash at bank – current account	4.1	9,724,095	2,226,652
Term deposit	4.1	37,000,000	38,000,000
Interest receivable on term deposit	4.1	45,633	296,189
		46,769,728	40,522,841

4.1 Cash at bank and term deposit are maintained with Saudi Awwal Bank. As at December 31, 2024, Saudi Awwal Bank has an investment grade rating “A” as rated by the international rating agencies. Term deposit has a maturity of three months (2023: three months) and carries profit at 5.55% (2023: 6.1%).

5 PREPAYMENTS AND OTHER RECEIVABLES

	As at December 31, 2024	As at December 31, 2023
Prepaid insurance	547,871	75,941
VAT receivables	176,019	301,830
Prepaid license fees	74,750	79,917
Office deposit	35,460	35,460
Other	-	80,358
	834,100	573,506

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6 PROPERTY AND EQUIPMENT, NET

	IT equipment	Office equipment	Total
Cost:			
At the beginning of the year	365,983	2,685,481	3,051,464
Additions during the year	21,615	-	21,615
At the end of the year	<u>387,598</u>	<u>2,685,481</u>	<u>3,073,079</u>
Accumulated depreciation:			
At the beginning of the year	182,796	1,157,805	1,340,601
Charge for the year	123,103	529,010	652,113
At the end of the year	<u>305,899</u>	<u>1,686,815</u>	<u>1,992,714</u>
Net book value			
As at December 31, 2024	<u>81,699</u>	<u>998,666</u>	<u>1,080,365</u>
	IT equipment	Office equipment	Total
Cost:			
At the beginning of the year	249,561	2,685,481	2,935,042
Additions during the year	116,422	-	116,422
At the end of the year	<u>365,983</u>	<u>2,685,481</u>	<u>3,051,464</u>
Accumulated depreciation:			
At the beginning of the year	60,281	612,389	672,670
Charge for the year	122,515	545,416	667,931
At the end of the year	<u>182,796</u>	<u>1,157,805</u>	<u>1,340,601</u>
Net book value			
As at December 31, 2023	<u>183,187</u>	<u>1,527,676</u>	<u>1,710,863</u>

7 RIGHT-OF-USE ASSETS, NET AND LEASE LIABILITY

	As at December 31, 2024	As at December 31, 2023
Cost:		
At the beginning and at the end of the year	<u>2,021,959</u>	2,021,959
Accumulated amortisation:		
At the beginning of the year	1,170,608	744,932
Charge for the year	425,676	425,676
At the end of the year	<u>1,596,284</u>	1,170,608
Net book value	<u>425,675</u>	851,351

7.1 Right-of-use assets balance include asset recognized upon adoption of IFRS 16 'Leases'. The movement of corresponding lease liability is as follows:

	As at December 31, 2024	As at December 31, 2023
Lease liability at the beginning of the year	860,890	1,291,335
Payment during the year	(430,445)	(430,445)
Lease liability at the end of the year	<u>430,445</u>	860,890
	As at December 31, 2024	As at December 31, 2023
Lease liability – current portion	430,445	430,445
Lease liability – non-current portion	-	430,445
Total lease liability	<u>430,445</u>	<u>860,890</u>

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8 ACCRUALS AND OTHER LIABILITIES

	As at December 31, 2024	As at December 31, 2023
Accrued bonus and other employee cost	1,362,090	389,892
Accrued professional fees	617,658	399,735
Board members' fee	70,833	70,833
Withholding tax accruals	-	68,368
	2,050,581	928,828

9 INCOME TAX

	<u>For the year ended December 31,</u>	
	2024	2023
Loss for the year before tax	(87,288)	(531,847)
Adjustments:		
Accounting depreciation (notes 6 & 7)	1,077,789	1,093,607
Life insurance	33,569	24,783
Penalties	-	500
Provision for employees' EOSB (note 10)	72,736	189,483
Utilization of EOSB Provision (note 10)	(120,419)	(270,405)
Entertainment expenses	15,645	7,925
Tax expense	6,007	91,933
Less: Allowable deductions		
Depreciation per ZATCA scale rates	(708,848)	(732,134)
Adjusted profit / (loss)	289,191	(126,155)
Less: Losses brought forward	(72,298)	-
Net taxable profit / (loss)	216,893	(126,155)
Tax rate	20%	20%
Provision for taxation	43,379	-

9.1 Movement in provision for income tax during the year is as follows:

	As at December 31, 2024	As at December 31, 2023
Balance at the beginning of the year	-	139,597
Charge during the year	43,379	-
Reversal during the year	-	(64,510)
Payment during the year	-	(75,087)
Balance at the end of the year	43,379	-

No tax was recorded during 2023 as the Company was in net taxable loss.

9.2 Status of assessment

The Company has filed its tax declarations till the ended December 31, 2023 with ZATCA. No assessments have been received for those years.

9.3 Deferred tax asset

	As at January 1, 2024	Recognised in the statement of income	As at December 31, 2024
Deferred tax asset			
Property and equipment	-	204,278	204,278
EOSB provision	-	27,658	27,658
Carry forward losses	-	223,849	223,849
Deferred tax asset	-	455,785	455,785

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10 EMPLOYEES' END OF SERVICE BENEFITS (EOSB)

	As at December 31, 2024	As at December 31, 2023
Balance at the beginning of the year	185,973	266,895
<u>Charge for the year:</u>		
• Amount recognised in statement of income	72,736	189,483
• Amount recognised in other comprehensive income	-	-
Payments during the year	72,736	189,483
	(120,419)	(270,405)
Balance at the end of the year	138,290	185,973

The amounts recognised in the statement of financial position and the movements in the end of service obligation over the year are as follows:

	As at December 31, 2024	As at December 31, 2023
Balance at the beginning of the year	185,973	266,895
Current service cost	67,411	189,483
Interest expense	5,325	-
	72,736	189,483
Re-measurements due to actuarial valuation	-	-
Benefits paid	(120,419)	(270,405)
Balance at the end of the year	138,290	185,973

10.1 Key actuarial assumptions

	As at December 31, 2024
End of service benefits:	
Discount rate	4.8%
Salary growth rate	4.8%
Weighted average duration of liability (in years)	-

10.2 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Description	As at December 31, 2024	Difference %
Base Assumptions	127,524	0.00%
+1% Discount rate	(121,213)	(4.95%)
-1% Discount rate	134,635	5.58%
+1% Salary increase rate	135,204	6.02%
-1% Salary increase rate	(120,576)	(5.45%)
+10% Mortality rate	(127,521)	0.00%
-10% Mortality rate	127,526	0.00%
+10% Withdrawal rate	(121,735)	(4.54%)
-10% Withdrawal rate	134,285	5.30%

10.3 Effect of employees' end of service benefits obligation on entity's future cash flows

The weighted average duration of the employees' end of service termination benefits obligation is 6 years. The expected maturity analysis of undiscounted employees' end of service termination benefits obligation is as follows:

Year 1	24,709
Year 2	21,961
Year 3	14,887
Year 4	11,074
Year 5	11,965
Years 6 and beyond	87,830

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11 SHARE CAPITAL

The authorized and paid-up share capital of the Company is divided into 5,000,000 shares of Saudi Riyals 10 each. The shareholding of the Company for the year ended December 31, 2024 and 2023 is as follows:

Shareholder	Country of origin		As at December 31, 2024	As at December 31, 2023
		Number of shares	5,000,000	5,000,000
Natixis	France	Share capital	50,000,000	50,000,000

The objective of managing capital is to safeguard the Company's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholder by pricing products and services commensurate with the level of risk. It is the policy of the Company to maintain adequate capital base so as to maintain investor, creditor, and market confidence and to support future development of the business. The Company's capital base sufficiently covers all material risks meeting the minimum capital requirement and the Company intends to maintain a healthy capital ratio to cater future business growth. The Company's objectives when managing capital are, to comply with the capital requirements set by the CMA to safeguard the Company's ability to continue as a going concern and to maintain a strong capital base. As at December 31, 2024, the Company was in compliance with the externally imposed capital restrictions.

12 STATUTORY RESERVE

In accordance with the Company's By-Laws, 10% of the net income is required to be transferred to statutory reserve until the reserve equals at least 30% of the share capital of the Company.

The Company has made a net profit for the year ended December 31, 2024, amounting to SR 325,118 (2023: incurred a net loss SR 467,337). Transfers will be made once the accumulated losses have been exhausted. Therefore, no transfer to statutory reserve has been made.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2024.

14 OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended December 31,	
	2024	2023
Professional fees	2,185,341	1,717,931
Travel services	269,029	145,087
Telecommunication expenses	195,087	219,137
Registration and license fees	190,735	167,000
Withholding taxes and bank charges	15,461	99,981
Other	79,575	58,317
	2,935,228	2,407,453

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15 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company include shareholder, entity under common control and key management personnel as defined by IAS 24 'Related Party Disclosures'. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes members of the Board of Directors of the Company. The following are the related parties which meet the definition of a related party under IAS 24. The Company has entered into these transactions in the ordinary course of business.

15.1 Related party transactions

	For the year ended December 31,	
	2024	2023
<u>Natixis Dubai DIFC – entity under common control:</u>		
Income from service level agreement	9,953,633	9,621,968
Expense related to Master Service Agreement	(1,366,500)	(1,366,500)
Recharge to a related party based on TP agreement	(4,900,500)	(1,434,375)
<u>Key management personnel:</u>		
Key management personnel compensation	4,861,618	5,678,724

Key management personnel of the Company comprise key members of the management having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel are Chief Executive Officer, Chief Financial Officer and Chief Compliance Officer.

Service Level Agreement

The Company has entered into a Service Level Agreement with a related party, the conditions upon which it agrees to provide the related party client relationship management services in relation to Global Market activities. In consideration of services provided to a related party, the Company will recharge an amount equal to 85% of the total amount of costs and expenses incurred in the performance of service plus a 15% margin.

Master Service Agreement

The Company has outsourced certain support function services to a related party as per the master service agreement between the two entities. The outsourced services include finance, information technology, human resources, operations and other support services. The costs are agreed and allocated based on terms of the said agreements and are payable annually in arrears. The cost agreed for these outsourced services amount to SR 1,366,500 for the year ended December 31, 2024 (2023: SR 1,366,501)

Recharge to a related party based on TP agreement

The Company enters into a Transfer Pricing "TP" agreement involving revenue split with related party. The conditions are determined by a benchmarking exercise that are in line with local and international guidelines issued.

The net income generated during the year as follows:

	For the year ended December 31,	
	2024	2023
Income from arranging and underwriting services	5,118,750	1,687,500
Recharge to a related party based on TP agreement	(4,900,500)	(1,434,375)
	218,250	253,125

Income from arranging service is SR 162,000 and underwriting activities SR 56,250 (2023 arranging service was SR 253,125 and underwriting services was nil).

15.2 Related party balances

	As at December 31, 2024	As at December 31, 2023
<u>Natixis Dubai DIFC – entity under common control:</u>		
Due from a related party	4,113,728	4,408,580
Due to a related party	(4,426,300)	(1,548,250)
<u>Key management personnel:</u>		
Key management personnel compensation	1,279,842	791,673

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16 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, commission rate risks and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the management under policies approved by the board of directors.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further, quantitative disclosures are included throughout these financial statements.

The Company has exposure to the following risks arising from financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Operational risk

16.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices / commission rates.

a) Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Exposure:

The currency conversion rate between the United States Dollars ("USD") and Saudi Riyals is pegged and has remained constant over the past several years. Currency risk arises on Company's transactions denominated in Euro, Bahraini Dinar, Pound Sterling, and United Arab Emirates Dirham.

The Company does not hedge against foreign currency risk.

b) Commission rate risk

Commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows.

Exposure:

The Company's commission rate risks arise mainly from its term deposits which are at fixed rate of commission and there is no risk related to rating.

Commission rate risk	Within 3 months	3-12 months	Over 1 year	Non commission bearing	Total
As at December 31, 2024					
Cash and cash equivalent	37,045,633	-	-	9,724,095	46,769,728
Due from a related party	-	-	-	4,113,728	4,113,728
Trade receivables	-	-	-	218,557	218,557
Other assets	-	-	-	35,460	35,460
Total financial assets	37,045,633	-	-	14,091,840	51,137,473
Other liabilities	-	-	-	2,050,581	2,050,581
Due to a related party	-	-	-	4,426,300	4,426,300
Lease liabilities	-	430,445	-	-	430,445
Total financial liabilities	-	430,445	-	6,476,881	6,907,326
Net	37,045,633	(430,445)	-	7,614,959	44,230,147

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16 FINANCIAL RISK MANAGEMENT (continued)

16.1 Market risk (continued)

b) Commission rate risk (continued)

Commission rate risk	Within 3 months	3-12 months	Over 1 year	Non commission bearing	Total
As at December 31, 2023					
Cash and cash equivalent	38,296,189	-	-	2,226,652	40,522,841
Due from a related party	-	-	-	4,408,580	4,408,580
Trade receivables	-	-	-	1,940,625	1,940,625
Other assets	-	-	-	115,818	115,818
Total financial assets	38,296,189	-	-	8,691,675	46,987,864
Other liabilities	-	-	-	860,460	860,460
Due to a related party	-	-	-	1,548,250	1,548,250
Lease liabilities	-	430,445	430,445	-	860,890
Total financial liabilities	-	430,445	430,445	2,408,710	3,269,600
Net	38,296,189	(430,445)	(430,445)	6,282,965	43,718,264

c) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is not exposed to price risk as there are no financial assets held by the Company which are carried at fair value.

16.2 Credit risk

Credit risk is the risk that one party to the agreement will fail to discharge its obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk from its operating activities (pertaining to cash and cash equivalents, accounts receivable, due from related party and other receivables). Outstanding accounts receivables are regularly monitored, and any credit concerns highlighted to senior management. The cash and cash equivalents is with a low credit risk bank therefore no expected credit loss is booked.

Credit quality analysis

The following table sets out the credit analysis for financial assets as at December 31, 2024 and 2023:

As at December 31, 2024	Investment grade	Unrated	Total
Cash and cash equivalent	46,769,728	-	46,769,728
Due from a related party	-	4,113,728	4,113,728
Trade receivables	-	218,557	218,557
Other assets	-	35,460	35,460
Total	46,769,728	4,367,745	51,137,473
As at December 31, 2023	Investment grade	Unrated	Total
Cash and cash equivalent	40,522,841	-	40,522,841
Due from a related party	-	4,408,580	4,408,580
Trade receivables	-	1,940,625	1,940,625
Other assets	-	115,818	115,818
Total	40,522,841	6,465,023	46,987,864

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16 FINANCIAL RISK MANAGEMENT (continued)

16.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters. In addition, the Company has access to credit facilities.

The table below analyses the Company's financial liabilities into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
As at December 31, 2024				
Other liabilities	2,050,581	-	-	2,050,581
Due to a related party	4,426,300	-	-	4,426,300
Lease liabilities	430,445	-	-	430,445
	6,907,326	-	-	6,907,326
As at December 31, 2023				
Other liabilities	860,460	-	-	860,460
Due to a related party	1,548,250	-	-	1,548,250
Lease liabilities	430,445	430,445	-	860,890
	2,839,155	430,445	-	3,269,600

16.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Company's activities either internally or externally at the Company's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

Operational risk is a distinct risk category which the Company manages within acceptable levels through sound operational risk management practices that are part of the day-to-day responsibilities of management at all levels. The objective in managing operational risk is to ensure control of the resources by protecting the assets of the Company and minimising the potential for financial loss.

The Company's risk management approach involves identifying, assessing, managing, mitigating, monitoring and measuring the risks associated with operations. The management of operational risk has a key objective of minimising the impact of losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering a large extreme (unexpected) loss.

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17 FAIR VALUE ESTIMATION

As at December 31, 2024, the fair values of the Company's financial instruments are estimated to approximate their carrying values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS that are endorsed in the Kingdom of Saudi Arabia, including the level in the fair value hierarchy in which such valuations should be classified.

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 or liabilities.

Level 2: inputs other than quoted prices 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 falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. During the year ended December 31, 2024, there were no transfers into or out of Level 3 fair value measurements.

18 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and financial liabilities are classified under amortised cost category.

	Measurement category	As at December 31, 2024	As at December 31, 2023
Financial assets			
Cash and cash equivalent	Amortised cost	46,769,728	40,522,841
Due from a related party	Amortised cost	4,113,728	4,408,580
Trade receivables	Amortised cost	218,557	1,940,625
Other assets	Amortised cost	35,460	115,818
Total financial assets		51,137,473	46,987,864
Financial liabilities			
Other liabilities	Amortised cost	2,050,581	860,460
Due to a related party	Amortised cost	4,426,300	1,548,250
Lease liabilities	Amortised cost	430,445	860,890
Total financial liabilities		6,907,326	3,269,600

19 SUBSEQUENT EVENTS

There were no subsequent events after the statement of financial position date which require adjustments to/or disclosure in the financial statements.