IMPACT FINANCIAL COMPANY
(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

IMPACT FINANCIAL COMPANY
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Independent auditor's report to the shareholder of Impact Financial Company (Impact46)

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Impact Financial Company (Impact46) (the "Company") as at 31 December 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 31 December 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.

Responsibilities of the board of directors and those charged with governance for the financial statements

The board of directors 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 Article of Association, and for such internal control as they determine 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, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors 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 audit committee, is responsible for overseeing the Company's financial reporting process.

Independent auditor's report to the shareholder of Impact Financial Company (Impact46) (continued)

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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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

Adel F. Alqahtani
License number 614
26 March 2025

IMPACT FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals unless otherwise stated)

ASSETS	Notes	**As at 31 December 2024**	As at 31 December 2023
Non-current assets			
Property and equipment	4	**1,720,276**	2,293,346
Right-of-use asset	5.1	**2,913,296**	3,548,133
Investments measured at fair value through profit or loss (FVTPL)	6	**5,501,435**	-
Total non-current assets		**10,135,007**	5,841,479
Current assets			
Cash and cash equivalent	8	**34,785,392**	9,703,782
Prepayments and other receivables	9	**2,593,138**	374,783
Due from related parties	7	**3,121,526**	1,500,918
Total current assets		**40,500,056**	11,579,483
TOTAL ASSETS		**50,635,063**	17,420,962
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	**5,000,000**	5,000,000
Statutory reserve	11	**1,500,000**	1,500,000
Retained earnings		**15,965,532**	3,347,818
Total shareholder's equity		**22,465,532**	9,847,818
EQUITY			
Non-current liabilities			
Lease liability – non current portion	5.2	**2,737,918**	3,354,636
Employees' end of service benefits (EOSB)	12	**1,266,689**	685,939
Total non-current liabilities		**4,004,607**	4,040,575
Current liabilities			
Lease liability - current portion	5.2	**616,588**	603,957
Accrued expenses and other liabilities	13	**23,041,242**	2,665,366
Zakat payable	14	**507,094**	263,246
Total current liabilities		**24,164,924**	3,532,569
Total liabilities		**28,169,531**	7,573,144
TOTAL EQUITY AND LIABILITIES		**50,635,063**	17,420,962

The accompanying notes from 1 to 24 form an integral part of these financial statements

IMPACT FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	**For the year ended 31 December 2024**	For the year ended 31 December 2023
OPERATING INCOME			
Asset management fees	15, 7	**25,224,906**	20,699,109
Arranging and consulting fees	15	**7,050,000**	160,000
Structuring fees	15	**-**	541,354
Dividend income	7	**26,217,676**	486,432,155
Loss on investments held at FVTPL		**-**	(210,338,781)
TOTAL OPERATING INCOME		**58,492,582**	297,493,837
OPERATING EXPENSES			
Salaries and employee-related expenses	16	**(38,428,159)**	(303,349,891)
Depreciation expense	4, 5	**(1,322,684)**	(1,395,675)
Professional and legal expenses	17	**(1,921,604)**	(1,127,382)
Other operating expenses	18	**(4,767,283)**	(2,694,825)
TOTAL OPERATING EXPENSES		**(46,439,730)**	(308,567,773)
INCOME / (LOSS) FROM OPERATIONS		**12,052,852**	(11,073,936)
Other income		**1,283,127**	719,498
Finance cost	5.2	**(67,913)**	(79,922)
INCOME / (LOSS) FOR THE YEAR BEFORE ZAKAT		**13,268,066**	(10,434,360)
Zakat	14	**(507,094)**	(263,246)
NET INCOME / (LOSS) FOR THE YEAR		**12,760,972**	(10,697,606)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to statement of income in subsequent periods:			
- Remeasurement (loss) / gain on employees' EOSB	12	**(143,258)**	121,197
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		**12,617,714**	(10,576,409)

The accompanying notes from 1 to 24 form an integral part of these financial statements

IMPACT FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Retained earnings	Total
For the year ended 31 December 2024					
Balance as at 1 January 2024		**5,000,000**	**1,500,000**	**3,347,818**	**9,847,818**
Net income for the year		**-**	**-**	**12,760,972**	**12,760,972**
Other comprehensive loss for the year	12	**-**	**-**	**(143,258)**	**(143,258)**
Total comprehensive loss for the year		**-**	**-**	**12,617,714**	**12,617,714**
Balance as at 31 December 2024		**5,000,000**	**1,500,000**	**15,965,532**	**22,465,532**

For the year ended 31 December 2023

	Note	Share capital	Statutory reserve	Retained earnings	Total
Balance as at 1 January 2023		5,000,000	1,500,000	28,924,227	35,424,227
Net loss for the year		-	-	(10,697,606)	(10,697,606)
Other comprehensive income for the year	12	-	-	121,197	121,197
Total comprehensive loss for the year		-	-	(10,576,409)	(10,576,409)
Dividends		-	-	(15,000,000)	(15,000,000)
Balance as at 31 December 2023		5,000,000	1,500,000	3,347,818	9,847,818

The accompanying notes from 1 to 24 form an integral part of these financial statements

IMPACT FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
(All amounts in Saudi Riyals unless otherwise stated)

	Note	**For the year ended 31 December 2024**	For the year ended 31 December 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income / (loss) before zakat		**13,268,066**	(10,434,360)
Adjustments:			
Depreciation of property and equipment	4	**687,847**	760,838
Depreciation of right-of-use assets	5	**634,837**	634,837
Employees' EOSB expense	12	**460,953**	268,431
Finance cost on lease liability	5	**67,913**	79,922
Dividend income		**-**	(486,432,155)
Incentive issued		**-**	289,625,362
Loss on financial asset at FVTPL		**-**	210,338,781
		15,119,616	4,841,656
Changes in operating assets and liabilities			
Prepayments and other receivables		**(2,218,355)**	(34,328)
Due from related parties		**(1,620,608)**	(11,320,184)
Accrued expenses and other liabilities		**20,375,876**	(770,991)
		31,656,529	(7,283,847)
Zakat paid	14	**(263,246)**	(893,783)
Employees' EOSB paid	12	**(23,461)**	(19,231)
Dividend received		**-**	7,209,505
Net cash generated from / (used in) operating activities		**31,369,822**	(987,356)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	6	**(5,501,435)**	(339,832)
Purchase of property and equipment	4	**(114,777)**	-
Net cash used in investing activities		**(5,616,212)**	(339,832)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability – Principle	5.2	**(604,087)**	(592,078)
Payment of lease liability – Finance cost		**(67,913)**	(79,922)
Dividends paid	12	**-**	(15,000,000)
Net cash used in financing activities		**(672,000)**	(15,672,000)
Net changes in cash and cash equivalents		**25,081,610**	(16,999,188)
Cash and cash equivalents at the beginning of the year		**9,703,782**	26,702,970
Cash and cash equivalents at the end of the year		**34,785,392**	9,703,782
Supplemental non-cash information			
Remeasurement (loss) / gain on employees' EOSB	12	**(143,258)**	121,197
Dividend income received		**-**	479,222,651

The accompanying notes from 1 to 24 form an integral part of these financial statements

1 CORPORATE INFORMATION

Impact Financial Company (the "Company") is a Saudi Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration number 1010519508 dated 25 Jumada Al-Awwal 1440H (corresponding to 31 January 2019) and under license number 18196-32 issued by the Capital Market Authority ("CMA") in accordance with resolution number 18/7828/6/1/S dated 25 Rabi' Al-Awwal 1440H (corresponding to 3 December 2018).

The principal activities of the Company are to provide investments management and arranging services. The registered address of the Company is P.O. Box 4054, Riyadh 12711, Kingdom of Saudi Arabia.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared on a going concern basis under historical cost convention except for the following items:

- Financial assets measured at “fair value through profit and loss”; and
- Defined benefit obligations (employees’ end of service benefits) measured at present value of related obligations using the Projected Unit Credit Method.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals (“SR”), the Company's functional and presentational currency. All amounts have been rounded to the nearest currency unit.

2.4 Critical accounting estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make judgments, 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 recognized in the period in which the estimates are revised and in any future periods affected.

2 BASIS OF PREPARATION (Continued)

2.4 Critical accounting estimates and judgements (Continued)

- *Fair value measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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

For assets and liabilities that are recognised in the financial statements at fair value 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.

- *Provisions*

Provisions are recognized when the Company has a present obligation (legal or constructive) 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 a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2 BASIS OF PREPARATION (Continued)

2.4 Critical accounting estimates and judgements (Continued)

- *Employee benefit obligations*

The cost of the employee benefit obligations is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.

These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Life expectancy is not considered a principal actuarial assumption in measuring employee benefit obligations provision and therefore, possible changes in life expectancy are not expected to have a significant impact on the level of obligation, especially since only a few employees are assumed to serve until the retirement age. Moreover, changes in life expectancy will affect the estimates related to those employees only if life expectancy becomes less than retirement age and, in such cases, the impact is not expected to be significant.

The discount rate was estimated by reference to yields on the governmental bonds, as management assessed that there is no deep market in high quality corporate bonds. The Company used a single discount rate that approximates the estimated timing and amount of benefit payments.

- *Useful lives and residual values of property and equipment*

Management determines the estimated useful lives and residual values of its property and equipment, intangible assets and investment properties. The estimate is determined after considering the expected usage of the asset or physical wear and tear. The Company periodically reviews estimated useful lives, residual values and depreciation / amortisation methods to ensure that the method and periods of depreciation / amortisation are consistent with the expected pattern of economic benefits from those assets.

- *Leases - estimating the incremental borrowing rate*

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for entity's that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the entity's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the entity's credit rating).

2 BASIS OF PREPARATION (Continued)

2.4 Critical accounting estimates and judgements (Continued)

- *Going concern*

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

3 MATERIAL ACCOUNTING POLICIES

The material accounting policies and risk management policies used in the preparation of these financial statements are set out below. These policies have consistently been consistently applied to all years presented, unless otherwise stated

3.1 New standards, interpretations and amendments

a. New standards, interpretations and amendments adopted by the Company effective in current year

The following standards, interpretations, or amendments are effective from the beginning of the current year and are adopted by the Company. The management has assessed that the amendments have no significant impact on the Company's financial statements:

Accounting Standards, interpretations, amendments	**Description**	**Effective from periods beginning on or after**
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.	1 January 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.	1 January 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.	1 January 2024

(All amounts in Saudi Riyals unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES (Continued)

3.1 New standards, interpretations and amendments (Continued)

b. <u>New standards not yet effective and not early adopted by the Company</u>

The listing of standards and interpretations issued which are applicable at a future date are as follows. The Fund 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 Fund.

Accounting Standards, interpretations, amendments	**Description**	**Effective periods beginning on or after**
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	1 January 2025
IFRS 18 - Presentation and Disclosure in Financia Statements	The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: • the structure of the statement of profit or loss; • required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and • enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.	1 January 2027
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: • IFRS 1 First-time Adoption of International Financial Reporting Standards; • IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; • IFRS 9 Financial Instruments; • IFRS 10 Consolidated Financial Statements; and • IAS 7 Statement of Cash Flows.	1 January 2026
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

3 MATERIAL ACCOUNTING POLICIES (Continued)

3.1 New standards, interpretations and amendments (Continued)

b. New standards not yet effective and not early adopted by the Company

Accounting Standards, interpretations, amendments	Description	Effective periods beginning on or after
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	These amendments: • clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and • make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI)	1 January 2026
IFRS 19 Subsidiaries without Public Accountability: Disclosures	This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if: • it does not have public accountability; and • it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.	1 January 2027
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.	1 January 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.	1 January 2024 however, not yet endorsed by SOCPA

3 MATERIAL ACCOUNTING POLICIES (Continued)

3.2 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand and at banks and short-term highly liquid deposits, if any, with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

3.3 Financial instruments

All financial assets and financial liabilities are initially recognized on the trade date i.e. the date on which the Company becomes 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 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. For financial assets or financial liabilities held at fair value through statement of income, the transaction costs are expensed in the statement of income. Immediately after initial recognition, an expected credit loss allowance ("ECL") is recognized for debt financial assets measured at amortized cost, which results in an ECL charge being recognized in the statement of income.

Classification and measurement of financial assets

On initial recognition, the Company classifies its financial assets in the following measurement categories:
- Amortized cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through statement of income (FVSI)

<u>Debt instruments</u>

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 contractual cash flow characteristics of the asset.

Business model: 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.

3 MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

3.3 Financial Instruments (Continued)

Classification and measurement of financial assets (Continued)

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
- 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 realized 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.

Debt 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.

SPPI: 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 "SPPI" 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 SPPI test does not pass, and the related financial asset is classified and measured at FVSI.

The SPPI 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:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit ("SPPI"), and that are not designated at FVSI, are measured at amortized cost. The carrying amount of these assets is adjusted by any ECL allowance recognized and measured as described above. Profit earned from these financial assets is recognized in the statement of income using the effective commission rate method.

3 MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

3.3 Financial Instruments (Continued)

Classification and measurement of financial assets (Continued)

Fair value through statement of income ("FVSI"): If debt instrument's cash flows do not represent solely SPPI 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 at FVSI, then it is measured at FVSI. A gain or loss on a debt investment measured at FVSI, where cashflows do not represents solely SPPI, is recognized 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 FVSI, 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 profit, 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 amortized 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 year.

Currently bank balances, margin lending financing receivables and other receivables are classified as held at amortized cost. There are no debts securities classified as FVSI.

<u>Equity instruments</u>

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 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 recognized in other comprehensive income and are not subsequently reclassified to the statement of income, including on disposal. On disposal, fair value gains/losses are transferred directly from fair value reserve to retained earnings. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in the statement of income when the Company's right to receive payments is established.

3 MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

3.3 Financial Instruments (Continued)

Impairment

The Company applies a simplified approach in calculating ECLs for amounts due from related parties and other receivables. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

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.

<u>De-recognition of financial instruments</u>

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.

<u>Off-setting of financial instruments</u>

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.

3 MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

3.4 Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment if the recognition criteria are met.

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. Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follow

The estimated useful lives of the Company's property and equipment are as follows:

	Years
Office equipment	5
Furniture and fixtures	5
Computer equipment	3
Leasehold improvements	5

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.5 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration.

The Company recognizes right-of-use asset and lease liability at the lease commencement date.

(i) *Right-of-use assets*

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred at and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3 MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

3.5 Lease (Continued)

(i) *Right-of-use assets* *(Continued)*

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(ii) *Lease liabilities*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate.

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

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of income. Short-term leases are leases with a lease term of 12 months or less.

3.6 Employee benefit obligations

The level of benefit provided is based on the length of service and earnings of the person entitled and computed in accordance with the rules stated under the Saudi Arabian Labor Law. The liability for employee terminal benefit obligations, being a defined benefit plan, is determined using the projected unit credit method with actuarial valuations being conducted at end of annual reporting periods. The related liability recognised in the statement of financial position is the present value of employee benefit obligations at the end of the reporting period.

3 MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

3.6 Employee benefit obligations (Continued)

The discount rate applied in arriving at the present value of employee benefit obligations represents the yield on government bonds, by applying a single discount rate that approximately reflects the estimated timing and amount of benefit payments.

Employee benefit obligations costs are categorised as follows:
i. current service cost (increase in the present value of employee benefit obligations resulting from employee service in the current period)
ii. interest expense (calculated by applying the discount rate at the beginning of the period to employee benefit obligations); and remeasurement

Current service cost and the interest expense arising on employee benefit obligations are included in the same line items in profit or loss as employee-related costs.

Remeasurement, comprising actuarial gains and losses, is recognised in full in the period in which they occur, in OCI without recycling to the profit or loss in subsequent periods. Amounts recognised in OCI are recognised immediately in retained earnings.

Past service costs are recognised in profit or loss on the earlier of:
i) The date of the plan amendment or curtailment, and
ii) The date that the Company recognises related restructuring costs.

3.7 Revenue from contract with customers

The Company is in the business of providing asset management services. Revenue from contracts with customers is recognised when rendering of the services is provided to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for these services.

Asset management fees are recognised based on a fixed percentage of assets under management ("asset-based"), or a percentage of capital contributions committed subject to applicable terms and conditions and service contracts with funds. The Company attributes the revenue from management fees to the services provided during the period, because the fee relates specifically to the Company's efforts to transfer the services for that period. As asset management fees are not subject to claw backs, the management does not expect any significant reversal of revenue previously recognised. Asset management fees is recognised on an accrual basis over time against rendering of asset management services that the Company is providing on an on-going basis.

Carried interest fee and Dividend income is 20% percent of realised gains of the related r management, after the exit and liquidation of each related investment from the fund's investments.

Arranging fee income is recognised when the services are determined as complete in accordance with the underlying agreement, agreed with the customer and invoices, as generally set forth under the terms of the engagement. There are no multiple performance obligations, and no corresponding asset or liability is recorded against the fulfillment of the obligation.

3 MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

3.8 Zakat

Current tax and zakat

The Company is subject to tax and zakat in accordance with the Regulations for Zakat, Tax and Customs Authority ("ZATCA") as applicable in the Kingdom of Saudi Arabia. The Zakat charge is computed on the Zakat base and is charged to the statement of income. The provision for income tax is charged to the statement of income using tax rates enacted or substantively enacted at the end of the reporting.

Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

Value Added Tax ("VAT")

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 and purchases is recognized 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 receivable, including VAT.

3.9 Foreign currency transactions and balances

Transactions in a foreign currency are initially recorded at the rate prevailing in the functional currency at the date on which the transaction qualifies for recognition. Monetary assets and liabilities in foreign currencies are re-translated into the functional currency at the rate prevailing at the date of preparing the financial statements. All differences arising from settlements or transactions on monetary items are recorded in statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated primarily at the rate of exchange prevailing at the dates of the transactions. Non-monetary items in a foreign currency that are measured at fair value are translated at the currency rate prevailing at the date their fair value was determined. Gains or losses arising from the translation of non-monetary items measured at fair value are treated in line with the recognition of gain and losses resulting from a change in the fair value of that item. Thus, translation differences for items whose fair value changes are recognised in the statement of comprehensive income are recognized in other comprehensive income, and items whose fair value changes recognized in through statement of income are recognized in the statement of income.

3.10 Statutory reserve

In accordance with the Company's Article of Association, the Company is required to transfer 10% of its net income for the year to a statutory reserve until such reserve equals 30% of its share capital. This statutory reserve is not available for distribution to shareholder.

IMPACT FINANCIAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in Saudi Riyals unless otherwise stated)

4 PROPERTY AND EQUIPMENT

	Office equipment	Furniture and fixtures	Computer equipment	Leasehold improvements	Total
Cost					
As at 1 January 2024	**13,101**	**563,768**	**237,008**	**3,053,879**	**3,867,756**
Additions	**-**	**10,162**	**16,095**	**88,520**	**114,777**
As at 31 December 2024	**13,101**	**573,930**	**253,103**	**3,142,399**	**3,982,533**
Accumulated depreciation					
As at 1 January 2024	**13,101**	**213,291**	**203,798**	**1,144,220**	**1,574,410**
Charge for the year	**-**	**103,891**	**23,118**	**560,838**	**687,847**
As at 31 December 2024	**13,101**	**317,182**	**226,916**	**1,705,058**	**2,262,257**
Net book value					
As at 31 December 2024	**-**	**256,748**	**26,187**	**1,437,341**	**1,720,276**

	Office equipment	Furniture and fixtures	Computer equipment	Leasehold improvements	Total
Cost					
As at 1 January 2023	13,101	500,372	205,262	2,809,189	3,527,924
Additions	-	63,396	31,746	244,690	339,832
As at 31 December 2023	13,101	563,768	237,008	3,053,879	3,867,756
Accumulated depreciation					
As at 1 January 2023	9,949	98,549	150,707	554,367	813,572
Charge for the year	3,152	114,742	53,091	589,853	760,838
As at 31 December 2023	13,101	213,291	203,798	1,144,220	1,574,410
Net book value					
As at 31 December 2023	-	350,477	33,210	1,909,659	2,293,346

(All amounts in Saudi Riyals unless otherwise stated)

5 RIGHT-OF-USE ASSET AND LEASE LIABILITY

5.1 Right-of-use asset

The Company has a lease contract for its office premises. Lease of office premises has lease term of 8 years. Set out below are the carrying amounts of right-of-use asset recognized and the movements during the year ended:

	As at 31 December 2024	As at 31 December 2023
Balance at the beginning of the year	**3,548,133**	4,182,970
Depreciation expense	**(634,837)**	(634,837)
Balance at the end of the year	**2,913,296**	3,548,133

5.2 Lease liability

Set out below are the carrying amounts of lease liability and the movements during the year ended:

	As at 31 December 2024	As at 31 December 2023
Balance at the beginning of the year	**3,958,593**	4,550,671
Finance cost on lease liability	**67,913**	79,922
Finance cost on lease liability paid	**(67,913)**	(79,922)
Principle of lease liability paid	**(604,087)**	(592,078)
Balance at the end of the year	**3,354,506**	3,958,593

	As at 31 December 2024	As at 31 December 2023
Amounts recognized in statement of financial position		
Lease liability – current portion	**616,588**	603,957
Lease liability – non-current portion	**2,737,918**	3,354,636
	3,354,506	3,958,593

	For the year ended 31 December 2024	For the year ended 31 December 2023
Amounts recognized in statement of income		
Depreciation charge on right-of-use asset	**634,837**	634,837
Finance cost on lease liability	**67,913**	79,922

(All amounts in Saudi Riyals unless otherwise stated)

6 INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Financial assets measured at fair value through profit or loss represent private equity investments in Funds and Sukuk investments carried at fair value:

	Note	**As at 31 December 2024**	As at 31 December 2023
Venture Capital Funds Units	6.1	**501,435**	-
Sukuk investments	6.2	**5,000,000**	-
		5,501,435	-

6.1 Venture Capital Funds Units as of 31 December 2024 comprises the following:

	No. of shares	**Cost (SR)**	**Fair value (SR)**	**Unrealized Gains (SR)**
Impact Growth Fund	10	151	151	-
Impact Seed Fund	10	250	250	-
Venture Capital E-Commerce, and Online sales sector	10	100	100	-
Venture Capital Insurtech Fund	10	445	445	-
Venture Capital Fintech Fund	10	97	97	-
Venture Capital Fund in Electronic Stores Sector Fund	10	97	97	-
Venture Capital Fund in Electronic Services Sector Fund	10	97	97	-
Impact Fund Third Version	10	100	100	-
Venture Capital Emerging Technologies Fund	10	98	98	-
Venture Capital Fund in Electronic Games and Sports	500	500,000	500,000	-
		501,435	**501,435**	-

6.2 Sukuk investments consist of an investment of SR 5,000,000 in the Capital Sukuk Programme "SR 500,000,000 Additional Tier 1/Series Number 1," issued by Tamweel Aloula Company (a Saudi Arabian closed joint-stock company with commercial registration no. 2050055043, established on 2 July 2015) on 20 September 2024. Subsequent to the year ended 31 December 2024, and in accordance with the agreement, the Company is required to invest SR 35,000,000 in Tier 1 Sukuks issued by Tamweel Aloula Company.

Investment	**Maturity**	**Periodic distribution rate**	**No. of Sukuk**	**Face Value of Sak**	**As at 31 December 2024**	As at 31 December 2023
Sukuk investment	No fixed maturity date	8.50%	50	100,000	**5,000,000**	-
					5,000,000	-

(All amounts in Saudi Riyals unless otherwise stated)

7 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company include the funds under management, the Company's shareholders, its equity-accounted investee and affiliated companies and directors and key management personnel. Terms and conditions of these transactions are approved by the Company's management.

a) Significant year-end balances arising from transactions with related parties are as follows:

Name of related party	**Relationship**	**Nature of transactions**	**As at 31 December 2024**	As at 31 December 2023
Due from related parties				
Impact Seed Fund	Fund under management	Accrued management fees	**471,189**	-
Venture Capital Insurtech Fund	Fund under management	Accrued management fees	**2,226,019**	325,699
Venture Capital in Electronic Stores Sector Fund	Fund under management	Accrued management fees	**188,667**	190,313
Venture Capital in Electronic Services Sector Fund	Fund under management	Accrued management fees	**69,232**	69,871
Venture Capital Fintech Fund	Fund under management	Accrued management fees	**64,685**	65,476
Venture Capital Emerging Technologies Fund	Fund under management	Accrued management fees	**101,734**	-
Venture Capital E-Commerce, and Online sales sector Fund	Fund under management	Accrued management fees	**-**	849,559
			3,121,526	1,500,918

(All amounts in Saudi Riyals unless otherwise stated)

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Name of related party	**Relationship**	**Nature of transactions**	**As at 31 December 2024**	As at 31 December 2023
Units Acquired in Fund				
Impact Growth Fund	Fund under management	Units acquired	**151**	-
Impact Seed Fund	Fund under management	Units acquired	**250**	-
Venture Capital E-Commerce, and Online sales sector	Fund under management	Units acquired	**100**	-
Venture Capital Insurtech Fund	Fund under management	Units acquired	**445**	-
Venture Capital Fintech Fund	Fund under management	Units acquired	**97**	-
Venture Capital in Electronic Stores Sector Fund	Fund under management	Units acquired	**97**	-
Venture Capital in Electronic Services Sector Fund	Fund under management	Units acquired	**97**	-
Impact Fund Third Version	Fund under management	Units acquired	**100**	-
Venture Capital Emerging Technologies Fund	Fund under management	Units acquired	**98**	-
Venture Capital Fund in Electronic Games and Sports	Fund under management	Units acquired	**500,000**	-
			501,435	-

(All amounts in Saudi Riyals unless otherwise stated)

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) The following transactions were carried out with the related parties during the year:

Name of related party	Relationship	Nature of transactions	For the year ended 31 December 2024	For the year ended 31 December 2023
Asset management fees				
Impact Growth Fund	Fund under management	Management fee	**4,896,000**	4,896,000
Impact Seed Fund	Fund under management	Management fee	**1,909,730**	2,000,000
Venture Capital Insurtech Fund	Fund under management	Management fee	**5,520,062**	1,135,891
Venture Capital Fintech Fund	Fund under management	Management fee	**226,376**	228,056
Venture Capital in Electronic Stores Sector Fund	Fund under management	Management fee	**658,879**	663,483
Venture Capital in Electronic Services Sector Fund	Fund under management	Management fee	**241,978**	243,456
Impact Fund Third version	Fund under management	Management fee	**10,618,028**	3,376,083
Venture Capital Emerging Technologies Fund	Fund under management	Management fee	**353,853**	287,999
Venture Capital Fund in Electronic Games and Sports	Fund under management	Management fee	**800,000**	**-**
Information Technology and E-Commerce Sector	Fund under management	Management fee	**-**	7,868,141
			25,224,906	20,699,109
Dividend income				
Impact Growth Fund	Fund under management	Dividend income	**6,706,234**	2,431,428
Venture Capital Insurtech Fund	Fund under management	Dividend income	**19,511,442**	**-**
Impact Seed Fund	Fund under management	Dividend income	**-**	2,755,056
Venture Capital E-Commerce, and Online sales sector Fund	Fund under management	Dividend income	**-**	2,023,020
Information Technology and E-Commerce Sector	Fund under management	Dividend income	**-**	479,222,651
			26,217,676	486,432,155

(All amounts in Saudi Riyals unless otherwise stated)

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) Compensation to key management personnel transaction:

	For the year ended 31 December 2024	For the year ended 31 December 2023
Short term employee benefits	**3,415,200**	296,596,246
	3,415,200	296,596,246

Compensation to key management personnel payable:

	As at 31 December 2024	As at 31 December 2023
Post-employment benefits	**572,966**	268,924
	572,966	268,924

8 CASH AND CASH EQUIVALENTS

	As at 31 December 2024	As at 31 December 2023
Cash at banks	**34,785,392**	1,878,375
Short-term deposit*	**-**	7,825,407
	34,785,392	9,703,782

*This represents short-term deposit placed with a local bank with an original maturity of less than 3 months and carried an average profit rate of Nil (2023: 5.75%).

9 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December 2024	As at 31 December 2023
Prepaid expenses	**251,296**	183,200
Advances to employees	**139,000**	132,000
Investment receivable*	**2,000,000**	-
Others	**202,842**	59,583
	2,593,138	374,783

*The investment receivable of SR 2 million represents Impact Financial Company's participation in the Crowd Lending Platform with Hala Financing Company, as per the agreement dated 10 July 2024, until the first close of the Impact Direct Financing Fund, after which the portfolio will be contributed in exchange for units in the Fund.

(All amounts in Saudi Riyals unless otherwise stated)

10 SHARE CAPITAL

The Company's share capital amounted to SR 5 million as at 31 December 2024 (31 December 2023: SR 5 million) and consists of 500,000 fully paid shares of SR 10 each.

11 STATUTORY RESERVE

In accordance with the Company's Article of Association, the Company is required to transfer 10% of its net income for the year to a statutory reserve until such reserve equals 30% of its share capital. This statutory reserve is not available for distribution to shareholder.

The Company has already met the minimum required statutory reserve, hence no transfer was made during the year.

12 EMPLOYEES' END OF SERVICE BENEFITS (EOSB)

The Company provides a post-employment defined benefit plan in accordance with Saudi Labor Law. The benefits are determined based on employees' final salaries, allowances, and their cumulative years of service, as outlined in the Saudi Labor Law. The liability for end-of-service benefits is estimated using actuarial techniques, specifically the projected unit credit method.

12.1 Amounts recognized in statement of financial position

	As at 31 December 2024	As at 31 December 2023
Present value of defined benefit obligation	**1,266,689**	685,939

12.2 Net benefit expense recognized in statement of income

	For the year ended 31 December 2024	For the year ended 31 December 2023
Current service cost	**435,779**	252,809
Interest cost	**25,174**	15,622
Net benefit expense	**460,953**	268,431

12.3 Movement in defined benefit obligation:

	31 December 2024	31 December 2023
As at 1 January	**685,939**	557,935
Interest cost	**25,174**	15,622
Current service cost	**435,779**	252,809
Remeasurement loss / (gain) on end of service benefits - recognized in other comprehensive income	**143,258**	(121,197)
Benefits paid	**(23,461)**	(19,231)
As at 31 December	**1,266,689**	685,939

(All amounts in Saudi Riyals unless otherwise stated)

12 EMPLOYEES END OF SERVICE BENEFITS (EOSB) (continued)

12.4 Significant assumptions

The following range of significant actuarial assumptions were used by the Company for the valuation of post-employment benefit liability:

	31 December 2024	31 December 2023
Discount rate	**4.20%**	4.75%
Long term salary increases	**2.20%**	1.00%
Weighted average future number of years of service	**3.77**	2.3

The employee benefit obligations typically expose the Company to actuarial risks such as interest risk, longevity risk and salary risk as follows:

a. Commission risk
As explained in notes 2.4 & 3.6, the discount rate used to calculate the present value of the employee benefit obligations is estimated by reference to yields on the governmental bonds. A decrease in the bond commission rate will increase the employee benefit obligations.

b. Longevity risk
The present value of the employee benefit obligations is calculated by reference to the best estimate of the number of years of employment. An increase in the number of the remaining years of employment will increase the employee benefit obligations.

c. Future salary risk
The employee benefit obligations are calculated by reference to the best estimate of future salaries of employees. An increase in the salary of employees will increase the employee benefit obligations.

12.5 Sensitivity analysis of actuarial assumptions

The impact of changes in sensitivities on present value of defined benefit obligation is as follows:

	31 December 2024	31 December 2023
Actuarial assumptions		
- Discount rate + 1%	**(1,212,928)**	(633,772)
- Discount rate - 1%	**1,366,002**	746,169
- Long term salary increase + 1%	**1,327,354**	751,612
- Long term salary decrease - 1%	**(1,197,357)**	(628,336)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the employee benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the employee benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

(All amounts in Saudi Riyals unless otherwise stated)

12 EMPLOYEES END OF SERVICE BENEFITS (EOSB) (continued)

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the employee benefit obligations recognised in the statement of financial position.

13 ACCRUED EXPENSES AND OTHER LIABILITIES

	As at 31 December 2024	As at 31 December 2023
Accrued employees leaves	**798,565**	838,347
Employee incentive provision	**20,000,000**	-
Unearned revenue	**1,516,000**	835,854
Value added tax payable	**384,816**	525,527
Others	**341,861**	465,638
	23,041,242	2,665,366

14 ZAKAT PAYABLE

Movement of the Company's Zakat provision as follows:

	As at 31 December 2024	As at 31 December 2023
As at 1 January	**263,246**	893,783
Payments during the year	**(263,246)**	(893,783)
	-	-
Charge for the year	**507,094**	263,246
Prior year charges	**-**	-
	507,094	263,246
As at 31 December	**507,094**	263,246

The significant components of the Company's Zakat base comprise of the following:

	31 December 2024	31 December 2023
Adjusted shareholders' equity	**10,211,654**	22,339,258
Adjusted net income	**12,760,972**	(10,008,510)
Provisions	**3,806,477**	4,040,575
Other additions to Zakat base	**-**	-
Less:		
Property and equipment	**(1,720,276)**	(5,841,479)
Other investments	**(5,000,000)**	-
Other deductions from Zakat base	**(2,913,296)**	-
Zakat base	**17,145,531**	10,529,844

(All amounts in Saudi Riyals unless otherwise stated)

14 ZAKAT PAYABLE (continued)

Zakat are calculated in accordance with the Zakat, Tax and Customs Authority (ZATCA) regulations and charged to the statement of comprehensive income. The Provision for zakat is calculated at the rate of 2.5% based on the Saudi shareholder's share of equity or net income using the basis defined under the zakat regulations issued by ZATCA. The Company has submitted its Zakat returns to ZATCA up to year ended 31 December 2023 and received a Zakat certificate for the year 2023.

15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The disaggregation of the Company's revenue from contracts with customers is as follows:

	For the year ended 31 December 2024	For the year ended 31 December 2023
Types of services		
Asset management fee	**25,224,906**	20,699,109
Arranging and consulting fee	**7,050,000**	160,000
Structuring fee	**-**	541,354
	32,274,906	21,400,463

	For the year ended 31 December 2024	For the year ended 31 December 2023
Types of customers		
Related party	**25,224,906**	21,240,463
Third party	**7,050,000**	160,000
	32,274,906	21,400,463

All revenue is generated in the Kingdom of Saudi Arabia.

	For the year ended 31 December 2024	For the year ended 31 December 2023
Timing of revenue recognition		
Services transferred over time	**25,224,906**	20,699,109
Services transferred at point in time	**7,050,000**	701,354
	32,274,906	21,400,463

16 SALARIES AND EMPLOYEES RELATED EXPENSES

	For the year ended 2024	For the year ended 2023
Salaries and employee benefits	**37,029,530**	302,277,949
Social security expense	**937,676**	803,511
Employees' EOSB (note 12.2)	**460,953**	268,431
	38,428,159	303,349,891

(All amounts in Saudi Riyals unless otherwise stated)

17 PROFESSIONAL AND LEGAL EXPENSES

	For the year ended 31 December 2024	For the year ended 31 December 2023
Consultancy fees	**1,106,237**	534,582
Professional fees	**622,417**	522,800
Audit fees	**145,000**	70,000
Legal fees	**47,950**	-
	1,921,604	1,127,382

18 OTHER OPERATING EXPENSES

	For the year ended 31 December 2024	For the year ended 31 December 2023
Marketing and advertising expenses	**2,309,808**	662,463
Write-off	**763,895**	-
Insurance	**431,874**	255,209
Subscriptions fees	**366,168**	532,658
Miscellaneous	**361,322**	318,188
Meals and entertainment	**205,149**	123,145
Governmental expenses	**169,602**	78,173
Training expenses	**71,773**	398,122
Utilities	**87,692**	326,867
	4,767,283	2,694,825

19 FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise other liabilities. The Company's principal financial assets include cash and cash equivalents, investments held at FV, investments held at amortised cost, amounts due from related parties and other assets that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees with policies for managing each of these risks, which are summarized below.

Market risk
Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk applicable to the Company comprises: price risk, interest rate risk and foreign currency risk.

(All amounts in Saudi Riyals unless otherwise stated)

19 FINANCIAL RISK MANAGEMENT (continued)

Commission rate risk

Special commission rate risk arises from the possibility that the changes in commission rates will affect either the fair values or the future cash flows of the financial instruments. The Company's commission rate risk arises mainly from investment held at amortised cost. The Company has limited commission rate risk due to the short-term maturity of these financial instruments.

Commission rate risk	**Within 3 months**	**3-12 months**	**Over 1 year**	**Non commission bearing**	**Total**
As at 31 December 2024					
Cash and cash equivalents	-	-	-	**34,785,392**	**34,785,392**
Investments held at FVSI	-	-	**5,000,000**	**501,435**	**5,501,435**
Due from related parties	-	-	-	**3,121,526**	**3,121,526**
Other receivables	-	-	-	**341,842**	**341,842**
Total financial assets	-	-	**5,000,000**	**38,750,195**	**43,750,195**
Other liabilities	-	-	-	**22,656,426**	**22,656,426**
Lease liability	-	**616,588**	**2,737,918**	-	**3,354,506**
Total financial liabilities	-	**616,588**	**2,737,918**	**22,656,426**	**26,010,932**
Cumulative commission rate sensitivity gap	-	**(616,588)**	**2,262,082**	**16,093,769**	**17,739,263**

Commission rate risk	**Within 3 months**	**3-12 months**	**Over 1 year**	**Non commission bearing**	**Total**
As at 31 December 2023					
Cash and cash equivalents	-	-	-	9,703,782	9,703,782
Due from related parties	-	-	-	1,500,918	1,500,918
Other receivables	-	-	-	191,583	191,583
Total financial assets	-	-	-	11,396,283	11,396,283
Other liabilities	-	-	-	2,139,839	2,139,839
Lease liability	-	603,957	3,354,636	-	3,958,593
Total financial liabilities	-	603,957	3,354,636	2,139,839	6,098,432
Cumulative commission rate sensitivity gap	-	(2,743,796)	(3,354,636)	9,256,444	5,297,851

19 FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue and expense are denominated in a foreign currency).

The Company did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars during the reporting years. As Saudi Riyals are pegged to US Dollars, balances in US Dollars are not considered to represent significant currency risk.

Price Risk
Price risk is the risk that the value of a financial instrument will fluctuate because 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 exposed to market risk with respect to its investments in mutual funds. The Company limits market risks by only investing in the mutual funds managed by the Company.

Management's best estimate of the effect on statement of income due to a reasonably possible change in aggregate NAV of all the mutual funds invested in, with all other variables held constant is indicated in the table below. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material.

		Effect on statement of comprehensive income for the year ended	
Variable	**Change in %**	**31 December 2024**	**31 December 2023**
Investment held at FVSI	+/- 1	**+/- 55,014**	-

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Cash is placed with a bank having sound credit ratings. The Company seeks to limit its credit risk with respect to counterparties by setting credit limits for individual counterparties and by monitoring outstanding receivables.

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

	As at 31 December 2024	As at 31 December 2023
Cash at bank	**34,785,392**	9,703,782
Investments measured at fair value through profit or loss	**5,501,435**	-
Due from related parties	**3,121,525**	1,500,918
Other receivables	**341,842**	191,583
	43,750,194	11,396,283

(All amounts in Saudi Riyals unless otherwise stated)

19 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The Company applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss. As at 31 December 2024, the Company has outstanding balances with related parties, which is being settled as per the agreed terms with no prior historical credit loss experience. For other financial assets, management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized.

Credit quality analysis

The following table sets out the credit analysis for financial assets:

As at 31 December 2024	**Investment grade**	**Non-Investment grade**	**Unrated**	**Total**
Financial assets				
Cash and cash equivalents	**34,785,392**	**-**	**-**	**34,785,392**
Investments held at FVTPL	**5,000,000**	**-**	**501,435**	**5,501,435**
Due from related parties	**-**	**-**	**3,121,526**	**3,121,526**
Other receivables	**-**	**-**	**341,842**	**341,842**
Total	**39,785,392**	**-**	**3,964,803**	**43,750,195**

As at 31 December 2023	**Investment grade**	**Non-Investment grade**	**Unrated**	**Total**
Financial assets				
Cash and cash equivalents	9,703,782	-	-	9,703,782
Due from related parties	-	-	1,500,918	1,500,918
Other receivables	-	-	191,583	191,583
Total	9,703,782	-	1,692,501	11,396,283

Liquidity risk

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

(All amounts in Saudi Riyals unless otherwise stated)

19 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Commission rate risk	Within 3 months	3-12 months	Over 1 year	No fixed maturity	Total
As at 31 December 2024					
Cash and cash equivalents	**34,785,392**	-	-	-	**34,785,392**
Investments held at FVSI	-	-	**5,000,000**	**501,435**	**5,501,435**
Due from related parties	**3,121,526**	-	-	-	**3,121,526**
Other receivables	**341,842**	-	-	-	**341,842**
Total financial assets	**38,248,760**	-	**5,000,000**	**501,435**	**43,750,195**
Other liabilities	-	**22,656,426**	-	-	**22,656,426**
Lease liability	-	**616,588**	**2,737,918**	-	**3,354,506**
Total financial liabilities	-	**23,273,014**	**2,737,918**	-	**26,010,932**
Maturity gap	**38,248,760**	**(23,273,014)**	**2,262,082**	**501,435**	**17,739,263**

Commission rate risk	Within 3 months	3-12 months	Over 1 year	No fixed maturity	Total
As at 31 December 2023					
Cash and cash equivalents	9,703,782	-	-	-	9,703,782
Due from related parties	1,500,918	-	-	-	1,500,918
Other receivables	191,583	-	-	-	191,583
Total financial assets	11,396,283	-	-	-	11,396,283
Other liabilities	-	2,139,839	-	-	2,139,839
Lease liability	-	603,957	3,354,636	-	3,958,593
Total financial liabilities	-	2,743,796	3,354,636	-	6,098,432
Cumulative commission rate sensitivity gap	11,396,283	(2,743,796)	(3,354,636)	-	5,297,851

20 FAIR VALUE 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 are accessible by the Company.

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

As at the reporting period, the carrying values of the financial assets not carried at fair value such as cash and cash equivalents, prepayments and other receivables, and amounts due from related parties. Financial liabilities consist of other liabilities. The fair values of financial assets and financial liabilities approximate their carrying values at the reporting date mainly due to the short-term maturities of these instruments. The investment measured at FVTPL are categorized within level 3 in fair hierarchy.

21 ASSETS HELD UNDER FIDUCIARY CAPACITY

Assets under management

Assets under management represent the private equity funds' assets and investments managed by the Company on behalf of its customers amounting to SR 2,081 million (31 December 2023: SR 916 million). Consistent with the Company's accounting policy, such balances are not included in the Company's financial statements.

22 CONTINGENCIES AND COMMITMENTS

Contingencies

There were no contingencies as at the 31 December 2024 (31 December 2023: nil) against the Company or any of the Funds under management of the Company that can have any impact of the financial statements of the Company.

Capital commitments

There were no capital commitments as at the reporting date (31 December 2023: nil).

23 SUBSEQUENT EVENTS

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

24 APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Company on – 25 March 2025 corresponding to – 25 Ramadan 1446H.