

SOCIETE GENERALE SAUDI ARABIA COMPANY
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
together with
INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2025

SOCIETE GENERALE SAUDI ARABIA COMPANY

(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS

For the year ended 31 December 2025

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KPMG Professional Services Company

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P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No. 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة الروشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤
المركز الرئيسي في الرياض

Independent auditor's report

To the shareholders of Societe Generale Saudi Arabia Company

Opinion

We have audited the financial statements of **Societe Generale Saudi Arabia Company** ("the Company"), which comprise the statement of financial position as at 31 December 2025, the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

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

Basis for opinion

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

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

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

Independent auditor's report

To the shareholders of Societe Generale Saudi Arabia Company (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 ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then 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, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Societe Generale Saudi Arabia Company**.

KPMG Professional Services Company



Saleh Mohammed S. Mostafa
License no: 524

Riyadh: 12 Shawwal 1447H
Corresponding to: 31 March 2026



SOCIETE GENERALE SAUDI ARABIA COMPANY

(A Saudi Closed Joint Stock Company)

STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2025

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	4	176,994	275,815
Right of use assets	5	373,736	766,832
Deferred tax assets	6	935,867	801,958
Total Non-Current Assets		1,486,597	1,844,605
Current Assets			
Due from a related party	7	16,318,379	13,224,397
Account receivables - net	8	3,737,280	2,784,218
Prepayments and other current receivables	9	746,282	604,555
Cash and bank balances	10	50,790,766	51,167,792
Total Current Assets		71,592,707	67,780,962
Total Assets		73,079,304	69,625,567
<u>SHAREHOLDERS' EQUITY AND LIABILITIES</u>			
Shareholders' Equity			
Share capital	11	50,000,000	50,000,000
Statutory reserve		1,951,092	1,841,171
Retained earnings		11,573,833	10,584,540
Other reserves		(328,287)	(125,210)
Total Shareholders' Equity		63,196,638	62,300,501
Liabilities			
Non-Current Liabilities			
Employees' end of service benefits	12	2,169,535	1,540,018
Current Liabilities			
Lease liability – current portion	5	-	388,142
Income tax payable	6	456,968	640,009
Due to related parties	7	838,659	1,048,579
Accruals and other payables	13	6,417,504	3,708,318
Total Current Liabilities		7,713,131	5,785,048
Total Liabilities		9,882,666	7,325,066
Total Shareholders' Equity and Liabilities		73,079,304	69,625,567

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



SOCIETE GENERALE SAUDI ARABIA COMPANY

(A Saudi Closed Joint Stock Company)

STATEMENT OF COMPREHENSIVE INCOME**For the year ended 31 December 2025**

	<i>Notes</i>	2025	2024
Revenue	14	15,666,460	13,785,413
Operating expenses	15	(14,242,237)	(10,998,103)
Income from main operations		1,424,223	2,787,310
Expected credit losses		-	(1,687,500)
Profit before tax		1,424,223	1,099,810
Current income tax charge	6	(458,918)	(660,840)
Deferred tax income	6	133,909	348,652
Profit for the year		1,099,214	787,622
<i>Other comprehensive income that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement (loss) / gain on employees' end of service benefits	12	(203,077)	61,913
Total comprehensive income for the year		896,137	849,535

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



SOCIETE GENERALE SAUDI ARABIA COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(Saudi Arabian Riyals)

	Share Capital	Statutory reserve	Retained earnings	Other reserves	Total Shareholder's equity
Balance at 1 January 2024	50,000,000	1,762,409	9,875,680	(187,123)	61,450,966
Comprehensive income:					
Profit for the year	-	-	787,622	-	787,622
Other comprehensive gain for the year	-	-	-	61,913	61,913
Total comprehensive income for the year	-	-	787,622	61,913	849,535
Transfer to statutory reserve	-	78,762	(78,762)	-	-
Balance At 31 December 2024	50,000,000	1,841,171	10,584,540	(125,210)	62,300,501
Comprehensive income:					
Profit for the year	-	-	1,099,214	-	1,099,214
Other comprehensive loss for the year	-	-	-	(203,077)	(203,077)
Total comprehensive income for the year	-	-	1,099,214	(203,077)	896,137
Transfer to statutory reserve	-	109,921	(109,921)	-	-
Balance at 31 December 2025	50,000,000	1,951,092	11,573,833	(328,287)	63,196,638

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



SOCIETE GENERALE SAUDI ARABIA COMPANY

(A Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

(Saudi Arabian Riyals)

	Notes	2025	2024
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax		1,424,223	1,099,810
Adjustments for non-cash items:			
Provision for employees' end of service benefits	12	426,440	301,351
Depreciation of property and equipment	4	156,051	163,063
Depreciation of right of use assets	5	393,096	342,459
Accretion of interest on lease	5	9,358	3,741
Impairment of financial asset		-	1,687,500
Special commission income		-	-
		<u>2,409,168</u>	<u>3,597,924</u>
(Increase) / decrease changes in current assets and liabilities:			
Due from a related party		(4,047,044)	(7,321,903)
Prepayments and other current receivables		(141,726)	(4,026,671)
Due to a related party		(209,920)	(128,297)
Accruals and other payables		2,709,185	695,362
Cashflow from operating activities		<u>719,663</u>	<u>(7,183,585)</u>
Income tax paid	6	(641,959)	(317,080)
Employees' end of service benefits paid	12	-	(30,842)
Net cash generated / (used in) from operating activities		<u>77,704</u>	<u>(7,531,507)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment	4	(57,230)	(48,780)
Net cash used in from investing activities		<u>(57,230)</u>	<u>(48,780)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liability	5	(397,500)	(399,584)
Net cash used in financing activity		<u>(397,500)</u>	<u>(399,584)</u>
Net increase in cash and bank during the year		(377,026)	(7,979,871)
Cash and bank balances at the beginning of the year	10	51,167,792	59,147,663
Cash and bank balance at the end of the year	10	<u>50,790,766</u>	<u>51,167,792</u>
NON-CASH TRANSACTIONS			
Right-of-use assets addition		-	783,985
Remeasurement (loss) / gain on employees' defined benefits liabilities		(203,077)	61,913

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



SOCIETE GENERALE SAUDI ARABIA COMPANY

(A Saudi Closed Joint Stock Company)

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

(Saudi Arabian Riyals)

1. CORPORATE INFORMATION AND ACTIVITIES

Societe Generale Saudi Arabia Company (the “Company”) is a Saudi Closed Joint Stock Company, registered in Riyadh, Kingdom of Saudi Arabia. The Company obtained a service investment license numbered 102030093963 dated 16 Shawwal 1430H (corresponding to 5 October 2009) from the Saudi Arabian General Investment Authority. The Company is incorporated and domiciled under commercial registration number 1010279178 and Unified National Number 7001611305 dated 18 Muharram 1431H (corresponding to 4 January 2010). The Company has also obtained a license number 14182-30 dated 1 Ramadan 1430H (corresponding to 22 August 2009) from the Capital Market Authority (“CMA”).

The Company is owned 96% by Societe Generale (“SG”), registered in France, and 4% by SG’s subsidiaries. In 2014, the Company received approval from the CMA in respect of its application to cancel certain licensed activities. The Company is now licensed to provide advisory and arranging services.

The registered address of the Company is Abraj Al Ta’awuneya, North Tower, King Fahad Road, P.O. Box 53828, Riyadh 11593, Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost basis of accounting. The financial statements are presented in Saudi Riyals (“SR”), which is the Company’s functional currency. All financial information has been rounded off to the nearest unit, unless otherwise indicated.

2.3 Critical accounting judgment and estimates

The preparation of the Company’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of an asset or liability affected in future periods.

a. Useful lives of property and equipment (refer note 4)

The management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and the future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

SOCIETE GENERALE SAUDI ARABIA COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(Saudi Arabian Riyals)

2. BASIS OF PREPARATION (CONTINUED)

2.3 Critical accounting judgment and estimates (continued)

b. Assumptions for end of service benefits (refer note 12)

The calculation of the end of service benefits provision greatly depends on the employees' estimated length of service and their estimated salary at end of service. Such estimates were based on the actuarial assumptions developed by management. Those actuarial assumptions were based on the Company's historical data, recent trends, and management plans and forecasts with respect to salary levels.

Life expectancy is not considered a principal actuarial assumption in measuring end of service benefits 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.

2.4 New IFRS standards, IFRIC interpretations and amendments thereof issued but not yet effective

New IFRS Standards, interpretations and amendments adopted by the Company:

The below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2025. Management has assessed that these amendments have no significant impact on the Company's financial statements.

- Amendments of IFRS 21 – Lack of exchangeability

2.5 New standards and amendments issued but not yet effective and not early adopted

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Company's accounting years beginning on or after 1 January 2026 are listed below. The Company has opted not to early adopt these pronouncements.

- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an investor and its associate or joint venture
- Amendments to IFRS 9 Financial instruments and IFRS 7 Financial instruments: Disclosures
- IFRS 18, Presentation and Disclosure in Financial Statements
- IFRS 19, Subsidiaries without Public Accountability: Disclosures

Management anticipates that the application of these new standards and amendments in the future will not have significant impact on the amounts reported other than IFRS 18. However, the Company is currently evaluating the impact of adoption of IFRS 18 standard on the financial statements.

SOCIETE GENERALE SAUDI ARABIA COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(Saudi Arabian Riyals)

3. MATERIAL ACCOUNTING POLICIES

Current versus non-current classification

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

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

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other assets and liabilities as non-current. Deferred tax assets/liabilities are classified as non-current assets/liabilities.

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.

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 utilise 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.

SOCIETE GENERALE SAUDI ARABIA COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(Saudi Arabian Riyals)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

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

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.

Financial instruments

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

i. Recognition, classification and presentation

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

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

The Company classifies its financial assets in the following categories:

- a) Amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company has classified all the non-derivative financial liabilities at amortised cost.

ii. Measurement

Initial measurement

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

SOCIETE GENERALE SAUDI ARABIA COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(Saudi Arabian Riyals)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Subsequent measurement of financial assets

The subsequent measurement of the financial assets depends on their classification as follows:

a) Financial assets measured at amortised cost

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

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

The Company's financial assets at amortised cost include cash and cash equivalents, amounts due from shareholder and long-term deposits.

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

Subsequent measurement of financial liabilities

a) Financial liabilities at amortised cost

Subsequent to initial recognition, financial liabilities are measured at amortised cost using EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

The Company's financial liabilities at amortized cost include amounts due to a related party.

iii. Impairment of financial assets

The Company assesses the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. The Company applies a simplified approach in calculating ECLs. 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. For credit risk, please see note 17.

Derecognition of financial assets

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

Derecognition of financial liabilities

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

SOCIETE GENERALE SAUDI ARABIA COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

iv. 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 a currently enforceable legal right to offset the recognised amounts and an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and bank balances

Cash and bank balances in the statement of financial position comprise cash on hand and at banks.

Prepayments and other current receivables

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

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

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or 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 recognized 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.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property and equipment is derecognized upon disposal 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 the statement of comprehensive income when the asset is derecognized.

The residual values, useful lives (see note 4) and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

SOCIETE GENERALE SAUDI ARABIA COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(Saudi Arabian Riyals)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases

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

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

i) Lease liabilities

Lease liabilities include, if applicable, the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payment 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.

ii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Low-value assets are items that do not meet the Company's capitalisation threshold and are considered to be insignificant for the statement of financial position of the Company as a whole. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a financial charge.

SOCIETE GENERALE SAUDI ARABIA COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related party transactions and relationships

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Trade receivables and balance due from a related party are non-interest bearing and are generally on terms of 30 to 90 days.

Employees' end of service benefits

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 as per Saudi Arabian Labour Law.

The liability for end of service benefits, being a defined benefit plan, is determined using the projected unit credit method with actuarial valuations being conducted at the end of the annual reporting periods. The related liability recognised in the statement of financial position is the present value of the end of service benefits obligation at the end of the reporting period.

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

Employees' end of service benefits

End of service benefits costs are categorised as follows:

- i) current service cost (increase in the present value of end of service benefits obligation resulting from employee service in the current period)
- ii) interest expense (calculated by applying the discount rate at the beginning of the period to the end of service benefits liability); and
- iii) remeasurement

Current service cost and the interest expense arising on the end of service benefits liability are included in the same line items in the statement of comprehensive income 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 recognized 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.

Statutory reserve

In accordance with Company's By-Laws, the Company may transfer 10% of the profit for the year to a statutory reserve, and the general assembly may decide to stop this once the reserve equals to 30% of share capital. The reserve is not available for distribution.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The Company is in the business of providing arranging and advisory services. The Company also has a transfer pricing agreement for the provision of general administrative and representative services in Saudi Arabia on behalf of Societe Generale Paris (“SG Paris”). Revenue from contracts with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

a) Arranging services

Arranging services represent the services performed to the customers for arranging securities market advice and obtaining approval from the legal authorities for treatment of such advices. The Company is acting as an agent in these arrangements. The Company’s revenue is in the form of fixed commission.

When another party is involved in providing services to its customer, the Company determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Company is a principal and records revenue on a gross basis if it controls the promised services before transferring them to the customer. However, if the Company’s role is only to arrange for another entity to provide the services, then the Company is an agent and will need to record revenue at the net amount that it retains for its agency services.

Revenue from arranging services is recognized at a point in time when it satisfies its promise to facilitate the service.

b) Advisory services

Advisory services represent the services related to financial and investment advice provided to the customers under fixed-price contracts.

Under the terms of advisory services contracts, the Company’s performance obligations represent the delivery of technical advisory reports to the customers. The price for each performance obligation is allocated as per the terms of the contract and the Company’s customary business practices. Revenue is recognised at the amount of consideration to which an entity expects to be entitled, excluding amounts collected on behalf of third parties, at a point in time when the control is transferred to the customer.

The Company pays, as part of its advisory and distribution activities, retrocessions to its related parties in connection with advising services. These retrocessions typically represent an equal share of fees or other charges associated with such services.

c) Service fees - Revenue from transfer pricing

The Company has a transfer pricing agreement for the provision of general administrative and representative services in Saudi Arabia on behalf of SG Paris. The Company is providing certain services relating to assisting SG Paris to obtain all information needed on the customers concerned from the business lines and sectors, determining the scope of potential sales efforts, providing the necessary analytical support to some business lines, providing information pertaining to the customer to appropriate units, complying the group file enabling management to assess the customer’s industrial strategy and formulate the action plan and defining the customers groups for purpose of commercial follow-up and pertinent analysis of global risk.

The above services are considered as one performance obligation considering the interdependence among the services and the fact that the customer (SG Paris) is considering such services as a whole and not considering each of the above services as a separate performance obligation that has to be fulfilled on its own. The service fee is charged to SG Paris at cost plus 10% of all expenses (excluding income tax and any other expenses charged by SG Paris) incurred by the Company.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Cost to obtain a contract

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Expenses

Expenses are recognised when incurred based on the accrual basis of accounting.

Income tax

Income tax is provided for in accordance with Saudi Arabian fiscal regulations. The provision is charged to the statement of comprehensive income.

Deferred tax liabilities and assets are recognised for all temporary differences at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. 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. Unrecognized deferred tax assets are re-assessed 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. The deferred tax is charged to the statement of comprehensive income. Deferred tax relating to items recognised outside profit or loss are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions in foreign currencies are recorded in Saudi Riyals at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

4. PROPERTY AND EQUIPMENT

The cost of property and equipment is depreciated on a straight-line basis over the following estimated useful lives:

Leasehold improvements	10 years	IT (Information Technology) equipment	3 to 5 years
		<u>Leasehold Improvements</u>	<u>IT Equipment</u>
			<u>Total</u>
Cost			
At 1 January 2025		961,070	1,552,696
Additions during the year		-	57,230
At 31 December 2025		<u>961,070</u>	<u>1,609,926</u>
Accumulated depreciation:			
At 1 January 2025		908,274	1,329,677
Charge for the year		17,692	138,359
At 31 December 2025		<u>925,966</u>	<u>1,468,036</u>
Net book amount:			
At 31 December 2025		<u>35,104</u>	<u>141,890</u>
		<u>176,994</u>	

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4. PROPERTY AND EQUIPMENT (CONTINUED)

	<u>Leasehold Improvements</u>	<u>IT Equipment</u>	<u>Total</u>
Cost:			
At 1 January 2024	961,070	1,503,916	2,464,986
Additions during the year	-	48,780	48,780
At 31 December 2024	<u>961,070</u>	<u>1,552,696</u>	<u>2,513,766</u>
Accumulated depreciation:			
At 1 January 2024	886,356	1,188,532	2,074,888
Charge for the year	21,918	141,145	163,063
At 31 December 2024	<u>908,274</u>	<u>1,329,677</u>	<u>2,237,951</u>
Net book amount:			
At 31 December 2024	<u>52,796</u>	<u>223,019</u>	<u>275,815</u>

4.1 The cost of fully depreciated assets that are in use at 31 December are as follows;

	<u>2025</u>	<u>2024</u>
Vehicles	<u>359,050</u>	359,050
Furniture	<u>523,860</u>	523,860

5. RIGHT OF USE ASSETS AND LEASE LIABILITIES

This represents right of use asset related to the Company's office building lease that is amortized over the lease term.

	<u>2025</u>	<u>2024</u>
Cost		
At 1 January	783,985	2,022,816
Addition during the year	-	783,985
Retirement of lease during the year	-	(2,022,816)
At 31 December	<u>783,985</u>	783,985
Accumulated depreciation		
At 1 January	17,153	1,697,510
Charge for the year	393,095	342,459
Acc. Depreciation related to retirement of lease during the year	-	(2,022,816)
At 31 December	<u>410,249</u>	17,153
Net book amount	<u>373,736</u>	766,832

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5. RIGHT OF USE ASSETS (CONTINUED)

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

	<u>2025</u>	<u>2024</u>
At 1 January	388,142	-
Addition during the year	-	783,985
Accretion of interest	9,358	3,741
Payments during the year	<u>(397,500)</u>	<u>(399,584)</u>
At 31 December	<u>-</u>	<u>388,142</u>
	<u>2025</u>	<u>2024</u>
Lease liability – current portion	<u>-</u>	<u>388,142</u>
Lease liability – non - current portion	<u>-</u>	<u>-</u>

6. CURRENT AND DEFERRED INCOME TAX

6.1 Charge for the year

The significant components of the taxable income of the Company for the years ended 31 December, as per the tax declarations as per the income tax regulations are as follows:

	<u>2025</u>	<u>2024</u>
Profit before income tax	1,424,223	1,099,810
Tax at the statutory income tax rate of 20%	284,845	219,962
Depreciation differences	(12,071)	(15,967)
Other taxes (WHT)	65,848	38,849
Disputed debt provision	-	337,500
End of service provision and other benefits	91,519	66,248
Lease Liability	2,683	(18,485)
Repairs and maintenance expenses in excess of legal limitations	20,090	11,901
Others	4,054	-
Tax at the effective income tax rate of 20%	456,968	640,008
Prior year income tax	1,950	20,832
Income tax expenses charged to profit or loss	458,918	660,840

Current income tax has been provided for based on 20% of the adjusted taxable income. The differences between the financial and adjusted taxable income are mainly due to certain disallowed provisions.

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6. CURRENT AND DEFERRED INCOME TAX (CONTINUED)

6.2 Deferred Tax Assets

The deferred tax assets charge comprises temporary differences attributable to:

	<i>Statement of financial position</i>		<i>Statement of profit or loss</i>	
	2025	2024	2025	2024
Depreciation differences of property and equipment	164,460	156,454	8,006	9,397
Employees' end of service benefits	433,907	308,004	125,903	1,755
Expected credit losses on account receivable	337,500	337,500	-	337,500
	935,867	801,958	133,909	348,652

6.3 Movement in Provision

	<i>Current income tax</i>		<i>Deferred tax asset</i>	
	2025	2024	2025	2024
At the beginning of year	640,009	296,249	801,958	453,306
Provided during the year	458,918	660,840	133,909	348,652
Payments during the year	(641,959)	(317,080)	-	-
At the end of the year	456,968	640,009	935,867	801,958

6.4 Status of assessment

The Company has filed its tax declarations for all fiscal years up to 31 December 2025 with the Zakat, Tax and Customs Authority ("ZATCA"). The assessments have been finalised by the ZATCA up to 31 December 2013. The assessments for the years ended 31 December 2014 to 2025 have not yet been raised by ZATCA.

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7. RELATED PARTY TRANSACTIONS AND BALANCES

The Company is a member of an affiliated group of companies which are directly or indirectly controlled by the ultimate parent undertaking, Societe Generale – Paris, a company registered in France, which is also the Company’s immediate parent entity.

7.1 Related party transactions

The following are the details of major related party transactions during the year:

<u>Related parties</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	
		<u>2025</u>	<u>2024</u>
<i>Shareholder and related entities</i>			
Societe Generale – Paris	Service fees charged by the Company (a)	17,108,170	13,224,397
	Arranging fees (a)	789,791	-
	Payment made by SG Paris	13,224,397	5,903,245
	Other Service (IT Service)	163,080	-
Societe Generale – Dubai	Expenses charged by SG Dubai (b)	458,875	395,328
	Payment made to SG Dubai	456,347	370,097
	Advising retrocession fees to SG Dubai	-	343,750
	Expense charged to SG Dubai	50,630	-
Societe Generale – Bangalore	Expenses charged by SG Bangalore (b)	20,474	129,740
	Payment made to SG Bangalore	29,189	133,237
Societe Generale – London	Advising retrocession fees paid to SG London (d)	789,791	598,436
Board of Directors	Board of Directors fees (Note 15)	450,000	450,000
Key management personnel	Short-term employee benefits (c)	8,083,640	5,180,306

There are terms and conditions mutually agreed between the related parties. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

- a) The Company has a transfer pricing agreement for the provision of general administrative and representative services in Saudi Arabia on behalf of SG Paris. The service fee is charged to SG Paris at cost plus 10% of all expenses (excluding income tax and any other expenses charged by SG Paris) incurred by the Company and value added tax on revenue earned. Further, the Company entered into several arranging deals in cooperation with SG Paris.
- b) The Company also has a service level agreement with Societe Generale, Dubai for provision of human resources and information technology services to the Company and a service level agreement with Societe Generale Bangalore for bookkeeping services.
- c) Short-term employee benefits of the Company’s key management personnel include salaries, allowances, bonuses and contributions to the General Organization for Social Insurance.
- d) The company has a revenue split agreement with Societe Generale London for local clients, based on which revenue earned is equally split between the Company and Societe Generale London.

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7. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

7.2 Related party balances

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

Amounts due from a related party

	<u>2025</u>	<u>2024</u>
Societe Generale – Paris	<u>16,318,379</u>	<u>13,224,397</u>

7.2 Related party balances (continued)

Amounts due to related parties

	<u>2025</u>	<u>2024</u>
Societe Generale – Dubai	48,868	450,142
Societe Generale – London	789,791	598,437
	<u>838,659</u>	<u>1,048,579</u>

8. ACCOUNT RECEIVABLES – NET

		<u>2025</u>	<u>2024</u>
Gross receivables from customers	8.1	10,487,280	9,534,218
Less: expected credit losses (“ECL”)		<u>(6,750,000)</u>	<u>(6,750,000)</u>
		<u>3,737,280</u>	<u>2,784,218</u>

8.1 This includes a balance from customer amounting to SAR 7.76 million which has been classified as stage 3 as of 31 December 2025 and 31 December 2024. The management has recognized an ECL allowance of SAR 6.75 million.

8.2 The aging of the account receivables is as follows:

Aging	0-30 Days	31-60 Days	61-90 days	90 Above	Total
Account Receivable (gross and net)	2,724,780	-	-	7,762,500	10,487,280

9. PREPAYMENTS AND OTHER CURRENT RECEIVABLES

	<u>2025</u>	<u>2024</u>
Prepaid expenses	417,637	397,997
Advances to employees	235,917	113,830
Security deposits	92,728	92,728
	<u>746,282</u>	<u>604,555</u>

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10. CASH AND BANK BALANCES

	<u>2025</u>	<u>2024</u>
Bank balances	50,788,581	51,166,102
Cash in hand	2,186	1,690
	50,790,767	51,167,792

Bank balances include balance in current accounts with Riyadh Bank with a rating of A1, Al-Rajhi Bank with a rating of A- and with HSBC Bank with a rating of A+ which is a long-term credit rating operating in the Kingdom of Saudi Arabia.

11. SHARE CAPITAL

The authorized, issued and paid-up share capital consists of 5,000,000 shares of SR 10 each as At 31 December 2025 and 2024.

12. EMPLOYEES' END OF SERVICE BENEFITS

The Company has an unfunded plan for end of service benefits for its employees. Cash generated from operations are sufficient to meet end of service benefits obligations as they become due.

12.1 Changes in employees' end of service

	<u>2025</u>	<u>2024</u>
At the beginning of the year	1,540,018	1,331,422
Interest expense	84,643	82,419
Current service cost	341,797	218,932
End of service expense recognized in profit or loss	426,440	301,351
Actuarial changes arising from changes in financial assumptions	96,482	59,655
Actuarial changes arising from changes in demographic assumptions	-	(386)
Actuarial changes arising from experience adjustments	106,595	(121,182)
Actuarial loss / (gain) recognized in other comprehensive income	203,077	(61,913)
Benefits paid during the year	-	(30,842)
At the end of the year	2,169,535	1,540,018

End of service benefits expenses are included in general and administrative expenses in the statement of comprehensive income as employee-related costs. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred.

12.2 Assumptions used and risks

The principal assumptions used in determining the end of service benefit liability are shown below:

	<u>2025</u>	<u>2024</u>
Discount rate	4.75%	5.50%
Weighted average of the annual increase in compensation used in the calculation of end of service	4%	4%
Weighted average future number of years of service	6.7	5.5

The end of service benefit typically exposes the Company to actuarial risks such as interest risk, longevity risk and salary risk as follows:

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12. EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)

12.2 Assumptions used and risks (Continued)

a) Interest risk

As explained in Note 2.3b., the discount rate used to calculate the present value of the end of service benefits obligation is estimated by reference to yields on the available corporate bonds. A decrease in the bond interest rate will increase the end of service benefit liability.

b) Longevity risk

The present value of the end of service benefits obligation 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 end of service benefit liability.

c) Salary risk

The end of service benefits liability is calculated by reference to the best estimate of future salaries of employees. An increase in the salary of employees will increase the end of service benefit liability.

12.3 Sensitivity Analysis

A quantitative sensitivity analysis for significant assumptions on the end of service benefits liability as At 31 December 2025 and December 2024 is as shown below:

	<u>2025</u>	<u>2024</u>
Discount rate:		
1% increase	2,042,633	1,461,509
1% decrease	2,311,520	1,627,487

Weighted average of the annual increase in compensation used in the calculation of end of service.

	<u>2025</u>	<u>2024</u>
1% increase	2,311,520	1,621,927
1% decrease	2,040,596	1,465,318

Weighted average future number of years of service

	<u>2025</u>	<u>2024</u>
10% increase	2,166,636	1,538,985
10% decrease	2,172,507	1,540,962

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the end of service benefits liability 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 end of service benefits liability as it is unlikely that changes in assumptions would occur in isolation of one another.

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 end of service benefit liability recognised in the statement of financial position.

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13 ACCRUALS AND OTHER PAYABLES

	<u>2025</u>	<u>2024</u>
Accrual expenses	5,021,049	2,547,884
Other payables	396,878	395,000
VAT payable	999,577	765,434
	<u>6,417,504</u>	<u>3,708,318</u>

14 REVENUE

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	<u>2025</u>	<u>2024</u>
<i>Type of service</i>		
Service fees	14,876,669	11,499,476
Arranging fees	-	-
Advising fees	2,369,374	8,290,624
Less: Advising retrocession fee	(1,579,583)	(6,004,687)
	<u>789,791</u>	<u>2,285,937</u>
Total revenue from contracts with customers	<u>15,666,460</u>	<u>13,785,413</u>

15 OPERATING EXPENSES

	<u>2025</u>	<u>2024</u>
Salaries and employee related expenses	9,849,602	6,135,507
Professional and consulting fees	1,946,835	2,652,553
Depreciation (Notes 4 and 5)	549,146	505,494
Board of Directors fees (Note 7.1)	450,000	450,000
Insurance	467,600	368,226
Travelling	53,333	76,362
Occupancy expenses	171,078	129,022
IT related fees	104,345	76,214
Postage and communication	126,075	122,312
Advertising and public relations	108,574	101,295
Others	415,649	381,118
	<u>14,242,237</u>	<u>10,998,103</u>

16 FAIR VALUES 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. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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16 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

When measuring the fair value, the Company uses market observable 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 (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.

As At 31 December 2025, the Company's financial instruments comprise of cash and bank balances, due from a related party, and other current receivables, due to related party and accruals and other payables which are measured at amortised cost and management believes that the fair values of the Company's financial instruments are not materially different from their carrying values.

17 FINANCIAL RISK MANAGEMENT

The principal financial risks faced by the Company relate to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

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

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

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

The overall objective of the Board is to set policies that seek to reduce risk to the minimum.

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, US Dollars and Euros during the year. As Saudi Riyals are pegged to US Dollars, balances in US Dollars are not considered to represent significant currency risk. The Company manages currency risk exposure to Euros by continuously monitoring the currency fluctuations. As at the balance sheet date, the Company's exposure to Euros was not significant.

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17. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

Cash flow and interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company is not exposed to interest rate risk on its cash at bank balances as it has no variable interest rate bearing assets or liabilities.

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

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

	<u>2025</u>	<u>2024</u>
Bank balances	50,790,767	51,166,102
Due from a related party	16,318,379	13,224,397
Account receivables	<u>3,737,280</u>	<u>2,784,218</u>
	<u>70,846,426</u>	<u>67,174,716</u>

As At 31 December 2025 and 2024 the Company has outstanding receivable balances from third parties where impairment loss has been recognized in the financial statements (note 8). Balance due from a related party (immediate parent) is being settled as per the agreed terms with no prior historical credit loss experience. Accordingly, the management has assessed that the impairment loss under ECL is not significant against the carrying value of bank balance and related party balances.

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. As At 31 December 2025 and 2024, the Company's other payables and due to related party are contractually due within 12 months from the reporting dates.

18 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to maximize the returns to the shareholders. It is the Company's policy to maintain a strong capital base to maintain investors and creditors and to sustain future development of the business.

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the shareholders of the Company.

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18 CAPITAL MANAGEMENT (CONTINUED)

The minimum paid up capital required as per Article 6 (g) of the Capital Market Institutions regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia in respect of licensed activities of the Company is SR 2 million.

Management monitors the return on capital and the level of dividends paid to shareholders and seeks to maintain a balance between the higher returns (which could be enhanced by higher levels of borrowing) and the benefit and security provided by a sound capital position.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and its financial needs.

19 SUBSEQUENT EVENTS

Subsequent to the reporting date, geopolitical tensions in the Middle East escalated following military developments in the region from the end of February 2026, which have contributed to increased volatility in the regional and global financial markets. The Company continues to closely monitor the evolving situation and assess any potential implications. As at the date of authorization of these financial statements, the potential financial impact, if any, for the Company cannot be reliably measured.

20 APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors has approved these financial statements on 11 Shawwal 1447H (corresponding to 30 March 2026).