

**DEUTSCHE SECURITIES SAUDI ARABIA  
(A Closed Joint Stock Company)**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2025**



Ernst & Young Professional Services (Professional LLC)  
Paid-up capital (ﷲ5,500,000 – Five million five hundred thousand Saudi Riyal)

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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholders of Deutsche Securities Saudi Arabia**

#### **(A Closed Joint Stock Company)**

#### **Opinion**

We have audited the financial statements of Deutsche Securities Saudi Arabia (the “Company”), which comprise the statement of financial position as at 31 December 2025, and the statement of income, statement of other comprehensive income, statement of changes in shareholder’s equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

#### **Basis for Opinion**

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies and the Company’s By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company’s financial reporting process.



Shape the future  
with confidence

**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of Deutsche Securities Saudi Arabia**  
**(A Closed Joint Stock 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the 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, 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.



**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of Deutsche Securities Saudi Arabia**  
**(A Closed Joint Stock Company) (Continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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.

**Report on Other Legal and Regulatory Requirements**

As disclosed in note 13 to the financial statements, the Company is required to amend its Articles of Association with the new Companies' Law. However as at the date of this report, the Company has not amended its Articles of Association to be in line with the requirements of the Regulations for Companies.

for Ernst & Young Professional Services

Abdullah A. Alshenaibir  
Certified Public Accountant  
License No. (583)



Riyadh: 28 Ramadan 1447H  
(17 March 2026)

DEUTSCHE SECURITIES SAUDI ARABIA  
(A Closed Joint Stock Company)

STATEMENT OF FINANCIAL POSITION

As of 31<sup>st</sup> December 2025  
(Saudi Arabian Riyals in '000')

	Note	31 December 2025	31 December 2024
<b>Assets</b>			
<b>Current assets</b>			
Bank balances	5	17,538	38,324
Term deposits	6	300,000	300,000
Due from related parties	18	34,515	11,145
Custody fees receivable	19	709	1,129
Prepayments and other assets	7	10,183	27,571
<b>Total current assets</b>		<b>362,945</b>	<b>378,169</b>
<b>Non-current assets</b>			
Right-of-use assets	8	1,139	1,595
Property and equipment, net	9	653	993
<b>Total non-current assets</b>		<b>1,792</b>	<b>2,588</b>
<b>TOTAL ASSETS</b>		<b>364,737</b>	<b>380,757</b>
<b>Liabilities and Shareholder's equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Due to related parties	18	22,909	44,112
Accrued expenses and other current liabilities	10	16,227	9,788
Provision for tax	15	3,077	3,215
Bank overdraft	16	811	1,119
Lease liability	8	501	501
<b>Total current liabilities</b>		<b>43,525</b>	<b>58,735</b>
<b>Non-current liability</b>			
Lease liability	8	454	898
Employees' benefit obligations	11	5,764	4,971
<b>Total non-current liability</b>		<b>6,218</b>	<b>5,869</b>
<b>TOTAL LIABILITIES</b>		<b>49,743</b>	<b>64,604</b>
<b>Shareholders' equity</b>			
Share capital	12	532,235	532,235
Statutory reserve	13	6,264	6,264
Remeasurement reserve on employees' benefit obligations		(2,939)	(2,960)
Accumulated losses		(220,566)	(219,386)
<b>Total shareholders' equity</b>		<b>314,994</b>	<b>316,153</b>
<b>Total liabilities and shareholders' equity</b>		<b>364,737</b>	<b>380,757</b>



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These financial statements have been approved by the Board of Directors on 12<sup>th</sup> March 2026

The accompanying notes 1 to 23 form an integral part of these financial statements.

DEUTSCHE SECURITIES SAUDI ARABIA  
(A Closed Joint Stock Company)

INCOME STATEMENT

For the year ended 31st December 2025  
(Saudi Arabian Riyals in '000')

	Note	2025	2024
Custody related services fees	18	19,533	17,852
Income from brokerage services, net	18	121	136
Income from advisory services, net	18	15,461	11,734
<b>Total operating income</b>		<b>35,115</b>	<b>29,722</b>
Administrative expenses	14	(51,970)	(42,631)
<b>Loss from operations</b>		<b>(16,855)</b>	<b>(12,909)</b>
Finance income		16,866	17,365
Finance expense		(1,393)	(2,015)
Exchange income		64	49
<b>(Loss) income before tax</b>		<b>(1,318)</b>	<b>2,490</b>
Income tax expense (reversal)	15	138	(416)
<b>Net (loss) income for the year</b>		<b>(1,180)</b>	<b>2,074</b>

These financial statements have been approved by the Board of Directors on 12<sup>th</sup> March 2026



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DEUTSCHE SECURITIES SAUDI ARABIA  
(Closed Joint Stock Company)

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31st December 2025

(Saudi Arabian Riyals in '000')

	<u>Note</u>	<u>2025</u>	<u>2024</u>
<b>Net (loss) income for the year</b>		<b>(1,180)</b>	2,074
<b>Other comprehensive gain (loss)</b> <i>Item that will not be reclassified to statement of income in subsequent periods</i>			
Re-measurement gain (loss) on employees' benefit obligations	11	22	(507)
<b>Other comprehensive income (loss) for the year</b>		<u>22</u>	<u>(507)</u>
<b>Total comprehensive (loss) income for the year</b>		<u><u>(1,158)</u></u>	<u><u>1,567</u></u>

These financial statements have been approved by the Board of Directors on 12<sup>th</sup> March 2026

  
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DEUTSCHE SECURITIES SAUDI ARABIA  
(Closed Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the year ended 31st December 2025

(Saudi Arabian Riyals in '000)

	<i>Share capital</i>	<i>Reserves</i>	<i>Remeasurement loss on employees' benefit obligations</i>	<i>Accumulated losses</i>	<i>Total</i>
<b>Balance as at 1 January 2024</b>	532,235	6,264	(2,453)	(221,460)	314,586
Net income for the year	-	-	-	2,074	2,074
Other comprehensive loss	-	-	(507)	-	(507)
<b>Total comprehensive loss</b>	-	-	(507)	2,074	1,567
<b>Balance as at 31 December 2024</b>	<u>532,235</u>	<u>6,264</u>	<u>(2,960)</u>	<u>(219,386)</u>	<u>316,153</u>
<b>Balance as at 1 January 2025</b>	<b>532,235</b>	<b>6,264</b>	<b>(2,960)</b>	<b>(219,386)</b>	<b>316,153</b>
Net loss for the year	-	-	-	(1,180)	(1,180)
Other comprehensive income	-	-	21	-	21
<b>Total comprehensive loss</b>	-	-	21	(1,180)	(1,159)
<b>Balance as at 31 December 2025</b>	<u>532,235</u>	<u>6,264</u>	<u>(2,939)</u>	<u>(220,566)</u>	<u>314,994</u>

These financial statements have been approved by the Board of Directors on 12<sup>th</sup> March 2026

  
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The accompanying notes 1 to 23 form an integral part of these financial statements.

DEUTSCHE SECURITIES SAUDI ARABIA  
(Closed Joint Stock Company)

STATEMENT OF CASHFLOWS

For the year ended 31<sup>st</sup> December 2025

(Saudi Arabian Riyals in '000)

	Note	2025	2024
<b>Cash flows from operating activities</b>			
Net (loss) income before tax		(1,318)	2,490
<i>Adjustments to reconcile net (loss) income before tax to net cash used in operating activities</i>			
Depreciation	9	340	354
Amortization on right-of-use assets	8	456	456
Accretion of interest on lease liability	8	59	54
Provision for employees' benefit obligations	11	856	985
		<u>393</u>	<u>4,339</u>
<b>Net changes in working capital</b>			
Due from related parties		(23,370)	2,844
Custody fees receivable		419	(379)
Prepayments and other current assets		17,647	288
Due to related parties		(21,203)	(15,934)
Accrued expenses and other current liabilities		6,180	(394)
		<u>(20,327)</u>	<u>(13,575)</u>
Employees' benefit obligations paid	11	(41)	(3,898)
<b>Net cash used in operating activities</b>		<u>(19,975)</u>	<u>(13,134)</u>
<b>Cash flow from investing activity</b>			
Purchase of property and equipment	9	-	(27)
<b>Net cash used in investing activity</b>		-	(27)
<b>Cash flows from financing activities</b>			
Bank overdraft	16	(308)	(190)
Payment of lease liabilities	8	(503)	(705)
<b>Net cash used in financing activities</b>		<u>(811)</u>	<u>(895)</u>
Net decrease in bank balances		<u>(20,786)</u>	<u>(14,056)</u>
Bank balances at the beginning of the year		<u>38,324</u>	<u>52,380</u>
<b>Bank balances at the end of year</b>	5	<u>17,538</u>	<u>38,324</u>
<b>Non-cash transactions</b>			
Remeasurement (gain) loss on employee's benefit obligations	11	(22)	507
Accretion of interest on lease liabilities	8	59	54

These financial statements have been approved by the Board of Directors on 12<sup>th</sup> March 2026

  
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The accompanying notes 1 to 23 form an integral part of these financial statements.

# DEUTSCHE SECURITIES SAUDI ARABIA (Closed Joint Stock Company)

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> December 2025

### 1. ORGANIZATION AND ITS ACTIVITIES

Deutsche Securities Saudi Arabia (“the Company”) is a Closed Joint Stock company (“CJSC”) incorporated in the Kingdom of Saudi Arabia under commercial registration no. 1010239773 dated 24/10/1428H (corresponding to 05/11/2008G) and unified number 7001542047. On 03/01/1429H (corresponding to 12/01/2008G). The Company received the license as a financial services company regulated by the Capital Market Authority (“CMA”). In 2018, the legal structure of the Company changed from a limited liability company to a CJSC.

The registered address of the Company is as follows:

Deutsche Securities Saudi Arabia  
Floor 17, Al Faisaliah Tower  
Olaya District  
P.O. Box 301809, Riyadh 11372  
Kingdom of Saudi Arabia

The Company is licensed to dealing, arranging, managing, advising and carrying out custody activities in accordance with the CMA Resolution no. 2007-36-3 dated 03/01/1429 corresponding to 12/01/2008 and license number 37-07073.

### 2. BASIS OF PREPARATION

#### 2.1 *Statement of compliance*

These financial statements have been prepared in accordance with the IFRS Accounting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants (“SOCPA”) (collectively “IFRS as endorsed in KSA”) and in compliance with the applicable requirements of the Regulation of Companies in the Kingdom of Saudi Arabia and the Articles of Association and By-Laws of the Company.

#### 2.2 *Basis of measurement and presentation*

These financial statements have been prepared on a historical cost basis, except for employees’ benefit obligations, using the accrual basis of accounting and the going concern assumption. Employees’ benefit obligations liability is measured at present value of future obligations using the Projected Unit Credit Method.

Assets and liability balances are presented in the statement of financial position in the order of liquidity.

#### 2.3 *Going Concern*

As of the reporting date, the Company has accumulated losses of SAR 220.57 million (2024: SAR 219.39 million). 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 its operations for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

#### 2.4 *Functional and presentation currency*

These financial statements are presented in Saudi Arabian Riyals (“SAR”), which is also the functional and presentation currency of the Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

#### 2.5 *Critical accounting estimates, assumptions and judgements*

The preparation of these financial statements requires management to make judgements, 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 year in which the estimates are revised and in any future years affected.

DEUTSCHE SECURITIES SAUDI ARABIA  
(Closed Joint Stock Company)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31<sup>st</sup> December 2025

2. BASIS OF PREPARATION (CONTINUED)

2.5 *Critical accounting estimates, assumptions and judgements (continued)*

Significant areas where management has used estimates, assumption and exercised judgements are as follows:

*Allowance for expected credit loss*

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

*Employees' benefit obligations*

Management, in coordination with independent qualified actuaries, are required to make assumptions regarding the defined benefit plans. The principal actuarial assumptions for the defined benefit plans are set out in Note 11 and include assumptions on the discount rate, increments, resignation rates, and inflation. Changes in the assumptions could affect the reported liability and the service cost.

*Estimated useful lives and residual life of property and equipment*

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation on a straight-line basis over their estimated economic useful lives. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

*Significant judgement in determining the lease term of contracts with renewal options*

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

*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 subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. 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 stand-alone credit rating).

DEUTSCHE SECURITIES SAUDI ARABIA  
(Closed Joint Stock Company)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31<sup>st</sup> December 2025

**3. MATERIAL ACCOUNTING POLICIES**

(i) *The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, except for the impact of the New and amended standards and interpretations mentioned in note (4) to the financial statements.*

(a) **Financial instruments**

i) **Financial assets**

The Company initially recognizes financial assets and financial liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTIS, 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. Transaction costs of financial assets and financial liabilities carried at FVTIS are expensed in the statement of income.

IFRS 9 requires all financial assets to be classified and subsequently measured at either amortized cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

Financial assets are classified into the following specified categories under IFRS 9:

- Debt instruments at amortized cost;
- Debt instruments at fair value through other comprehensive income (“FVOCI”), with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition; and
- Financial assets at fair value through income statement (“FVTIS”).

As at 31 December 2025 and 2024, the Company only has financial assets classified and measured at amortized cost.

***Financial assets classified as amortized cost***

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of these conditions, it is measured at fair value.

The Company makes an assessment of a business model at portfolio level as this best reflects the way the business is managed and information is provided to management. In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers:

- Management’s stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How management evaluates the performance of the portfolio;

DEUTSCHE SECURITIES SAUDI ARABIA  
(Closed Joint Stock Company)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31<sup>st</sup> December 2025

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(a) Financial instruments (continued)**

**(i) Financial assets (continued)**

*Financial assets classified as amortized cost (continued)*

- Whether the management's strategy focus on earning contractual commission income;
- The degree of frequency of any expected asset sales;
- The reason for any asset sales; and
- Whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Income is recognised on an effective yield basis for debt instruments measured subsequently at amortised cost. Finance income is recognised in the statement of income.

Debt instruments that are subsequently measured at amortised cost are subject to impairment.

*Impairment of financial assets*

The Company recognizes a loss allowance for expected credit losses ("ECL") on debt instruments that are measured at amortized cost. The amount of ECL reflects changes in credit risk since initial recognition of the respective financial instrument.

The Company applies the simplified approach to calculate impairment on its financial assets at amortized cost, whenever applicable and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using net flow rate method based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company recognizes impairment loss, if any, in the statement of income with a corresponding adjustment to their carrying amount through a loss allowance account.

*Derecognition of financial assets*

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Company neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and associated liability for amounts it may have to receive or pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received

DEUTSCHE SECURITIES SAUDI ARABIA  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31<sup>st</sup> December 2025

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

(a) *Financial instruments (continued)*

(ii) *Financial liabilities*

Financial liabilities carried at amortized cost have been classified and measured at amortized cost using the effective yield method.

All financial liabilities of the Company is classified and carried at amortized cost.

*Derecognition of financial liabilities*

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

(b) *Offsetting*

Financial assets and financial liabilities are offset and the net cash amount presented in the statement of financial position, when, the Company currently has a legally enforceable rights to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(c) *Property and equipment*

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the items.

An item of property and equipment is derecognised 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 income when the asset is derecognised.

Subsequent expenditure 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. Normal expenditures for repair and maintenance are charged to the statement of income.

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.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. In case of reversal of impairment loss, impairment loss is recognized in statement of income to the extent that, what the depreciated historical cost would have been if the impairment had not been recognized.

The cost less estimated residual value of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	Useful life or lease period whichever is shorter
Furniture and fixtures	5-10 years
Computer and office equipment	3-5 years

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(Closed Joint Stock Company)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31<sup>st</sup> December 2025

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(d) *Accrued expenses and other payables***

Accrued expenses and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

**(e) *Employees' benefit obligations liability***

The liability for employees' benefit obligations, being a defined benefit plan, is calculated by independent actuaries using the projected unit credit method with actuarial valuation being conducted at end of annual reporting period. The related liability recognized in the statement of financial position is the present value of the benefit obligations at the end of the reporting period.

Current service cost and the commission expense arising on the benefit obligations liability are recorded in the statement of income. Re-measurement of defined benefit liability arising from changes in actuarial assumptions and experience adjustments, which comprise of actuarial gains and losses, are recognized immediately in the other comprehensive income in the period in which they arise.

The discount rate used is determined based on the Company's external actuary's rate model which is based on high quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations.

**(f) *Income tax***

*Current tax*

Income tax expense comprises current and deferred tax, which is recognised in the statement of income and is computed in accordance with income tax regulations as applicable in the Kingdom of Saudi Arabia.

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined

*Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of asset and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. Deferred tax liability is recognised for all temporary differences. Deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets of SR 35.4 million (31 December 2024: SR 36.1 million) have not been recognized as at 31 December 2025, on a prudent basis. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(g) *Provisions***

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made of the amount of obligation.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31<sup>st</sup> December 2025

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

*(h) Value-added tax ("VAT")*

Revenues, expenses and assets are recognized net of the amount of VAT, except for:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- in case of receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the tax authority is classified as an asset or a liability, respectively, in the statement of financial position.

*(i) Accounting for leases*

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

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- 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.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The Company uses incremental borrowing rate as a discount factor to compute the present value of lease liability.

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

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

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. 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.

*(j) Statutory Reserve*

In accordance with Company's Articles of Association and By-Laws, the Company is required to transfer 10% of its net income every year to the statutory reserve until such reserve equals 30% of its share capital. This statutory reserve is not available for distribution to shareholders. The Company is in the process of amending its Articles of Association and By-Laws to align with the new Companies' Law related to statutory reserve requirements. As of the date of the audit report, the amendment to the Articles of Association and By-Laws of the Company were under approval from the relevant authorities.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31<sup>st</sup> December 2025

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(k) Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit ("CGU") exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of income. Impairment losses in respect of non-financial assets recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

**(l) Revenue from contracts with customers**

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company. The revenue is recognised when the Company transfers the services to customers at an amount that the Company expects to be entitled to in exchange for those services.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as a principal in its revenue arrangements since it has exposure to the significant risks and rewards.

The Company applies the following five-step approach to revenue recognition:

- Step 1: Identify the contract with the customer
- Step 2: Identify the separate performance obligations under the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to separate performance obligations
- Step 5: Recognise revenue when (or as) each performance obligation is satisfied

Identify the contract with the customer

The Company carefully evaluates the terms and conditions of the contracts with its customers because revenue is recognised only when performance obligations in contracts with customers are satisfied. A change in the scope or price (or both) of a contract is considered as a contract modification and the Company determines whether this creates a new contract or whether it will be accounted for as part of the existing contract.

Identify the separate performance obligations under the contract

Once the Company has identified the contract with a customer, it evaluates the contractual terms and its customary business practices to identify all the promised services within the contract and determine which of those promised services (or bundles of promised services) will be treated as separate performance obligations.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31<sup>st</sup> December 2025

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(l) Revenue from contracts with customers (continued)**

Identify the separate performance obligations under the contract (continued)

The Company assess the services promised in a contract with a customer and identifies as a performance obligation either a service that is distinct; or series of distinct services that are substantially the same and that have the same pattern of transfer to the customer (i.e. each distinct service is satisfied over the time and the same method is used to measure progress).

A service (or bundle of services) is distinct if the customer can benefit from the service on its own or together with other readily available resources (i.e., the service is capable of being distinct) and the service is separately identifiable from other promises in the contract (i.e., the service is distinct within the context of the contract).

The Company provides management services to its customers which are generally provided continuously over the contract period. Accordingly, the services in these contracts generally represent a single performance obligation. Fees charged for managing mutual funds are recognised as revenue rateably as the services are provided.

Determine the transaction price

The Company determines transaction price as the amount which it expects to be entitled. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e., the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or payable to a customer (if any). Variable considerations are limited to the amount for which it is highly probable that a significant reversal will not occur when the uncertainties related to the variability are resolved.

Allocate the transaction price to separate performance obligations

Once the performance obligations have been identified and the transaction price has been determined, transaction price is allocated to the performance obligations, generally in proportion to their stand-alone selling prices (i.e., on a relative stand-alone selling price basis). When determining stand-alone selling prices, the Company is required to use observable information, if available. If stand-alone selling prices are not directly observable, the Company makes estimates based on information that is reasonably available.

Satisfaction of performance obligations

Revenue is recognised only when the Company satisfies a performance obligation by transferring control of a promised service to the customer. Control may be transferred over time or at a point in time. Where a performance obligation is satisfied over time, the Company identifies the progress under the contract based on either of an input or output method which best measures the performance completed to date. The method selected is applied consistently to similar performance obligations and in similar circumstances.

The Company fulfils its performance obligations in its contracts with customers at a point in time, and hence it recognises revenue as and when it fulfils its obligations under contracts with customers.

Based on the above five steps, the revenue recognition policy for each revenue stream is as follows:

Income from brokerage services

Income from brokerage services is recognised when the related transactions are executed on behalf of the customers at the price agreed in the contract with the customers, net of discounts and rebates. The performance obligation of the Company is satisfied when the Company carries out the transaction, which triggers immediate recognition of the revenue, as the Company will have no further commitments.

Custody related services fees

Custody related service fees from banking services are recognized on an accrual basis when the service has been provided.

Income from advisory services

Income from advisory services are recognized based on the applicable service contracts, on an accrual basis when the service has been provided.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31<sup>st</sup> December 2025

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(l) Revenue from contracts with customers (continued)**

Finance income on term deposits

Finance income for all interest-bearing financial instruments are recognised in the statement of income using the effective interest rate basis.

**(m) Expenses**

Expenses are measured and recognised as a period cost at the time when they are incurred. Expenses related to more than one financial period are allocated over such periods proportionately.

**(n) Foreign currency**

Transactions in foreign currencies are translated into SAR at the exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into SAR at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are also translated into SAR at the exchange rate at the reporting date.

Foreign currency differences arising on translation are recognised in the statement of income as net foreign exchange gains or losses, except for those arising on financial instruments at FVTIS, which are recognised as a component of net gain from financial instruments at FVTIS.

**(o) Assets held in trust or in a fiduciary capacity**

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company and accordingly are treated as off-balance sheet items in these financial statements.

**4. STANDARDS, INTERPRETATIONS AND AMENDMENTS**

**4.1 New standards, interpretations and amendments adopted by the Company**

Following standard, interpretation or amendment are effective from the annual reporting period beginning on 1 January 2025 and are adopted by the Company, however, these do not have any impact on the financial statements for the year unless otherwise stated below:

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31<sup>st</sup> December 2025

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS (Continued)

4.2 Significant standards issued but not yet effective

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

Standard, interpretation and amendments	Description	Effective date
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	January 1, 2026
Amendments to IFRS 9 and IFRS 7 Contracts referencing Nature-dependent Electricity	Contracts Referencing Nature-dependent Electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity's financial statements.	January 1, 2026
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.	January 1, 2026
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial	January 1, 2027

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31<sup>st</sup> December 2025

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS (Continued)

4.2 Significant standards issued but not yet effective(continued)

	performance as ‘management-defined performance measures’ (MPMs’). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability, and its parent produces consolidated financial statements under IFRS Accounting Standards.	January 1, 2027

5. BANK BALANCES

	<i>Note</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
		SR “000”	SR “000”
Cash at bank – current accounts		<u>17,538</u>	<u>38,324</u>

Current account represents cash held with Deutsche Bank AG – Riyadh Branch and Deutsche Bank Suisse in various currencies (note 18).

6. TERM DEPOSITS

	<i>31 December 2025</i>	<i>31 December 2024</i>
	SR “000”	SR “000”
Term deposits	<u>300,000</u>	<u>300,000</u>

Term deposits represent two non-conventional deposit deals placed with Deutsche Bank AG – Riyadh Branch carrying interest rate 5.38% and 4.54% (2024: 6.20% and 5.74%) with original maturities ranging from 3 months to 6 months.

7. PREPAYMENTS AND OTHER ASSETS

	<i>31 December 2025</i>	<i>31 December 2024</i>
	SR “000”	SR “000”
Margin deposit	9,210	26,471
Tax paid in advance	772	772
Other assets	201	328
	<u>10,183</u>	<u>27,571</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31<sup>st</sup> December 2025

8. RIGHT-OF-USE ASSETS

The movement in carrying amounts of right-of-use assets during the year is as follows:

	<i>31 December</i> <i>2025</i>	<i>31 December</i> <i>2024</i>
	SR "000"	SR "000"
Balance at the beginning of the year	1,595	2051
Amortization	<u>(456)</u>	<u>(456)</u>
Balance at end of the year	<u>1,139</u>	<u>1,595</u>

Below is the movement in the lease liabilities:

	<i>31 December</i> <i>2025</i>	<i>31 December</i> <i>2024</i>
	SR "000"	SR "000"
Balance at the beginning of the year	1,399	2,050
Accretion of interest	59	54
Payments	<u>(503)</u>	<u>(705)</u>
Balance at end of the year	<u>955</u>	<u>1,399</u>

Below table shows the allocation of lease liabilities in to current and non-current portions:

	<i>31 December</i> <i>2025</i>	<i>31 December</i> <i>2024</i>
	SR "000"	SR "000"
Current	501	501
Non-current	454	898
Total	<u>955</u>	<u>1,399</u>

The Company leases one rental property. Rental contracts are typically made for a fixed period from 5 to 10 years. Lease terms are negotiated on an individual basis and contains different terms and conditions.

9. PROPERTY AND EQUIPMENT, NET

	<b>Leasehold improvements</b>	<b>Furniture and fixtures</b>	<b>Computer and office equipment</b>	<b>Total</b>
<b>Cost</b>	<b>SR "000"</b>	<b>SR "000"</b>	<b>SR "000"</b>	<b>SR "000"</b>
At 1 January 2024	11,176	3,301	1,844	16,321
Additions during the year	27	-	-	27
Disposal during the year	<u>-</u>	<u>-</u>	<u>(1,066)</u>	<u>(1,066)</u>
At 31 December 2024	11,203	3,301	778	15,282
Disposal during the year	<u>-</u>	<u>-</u>	<u>(181)</u>	<u>(181)</u>
<b>At 31 December 2025</b>	<b><u>11,203</u></b>	<b><u>3,301</u></b>	<b><u>597</u></b>	<b><u>15,101</u></b>
<b>Accumulated depreciation</b>				
At 1 January 2024	10,148	3,058	1,795	15,001
Charge for the year	248	84	22	354
Disposal during the year	<u>-</u>	<u>-</u>	<u>(1,066)</u>	<u>(1,066)</u>
At 31 December 2024	10,396	3,142	751	14,289
Charge for the year	234	84	22	340
Disposal during the year	<u>-</u>	<u>-</u>	<u>(181)</u>	<u>(181)</u>
<b>At 31 December 2025</b>	<b><u>10,630</u></b>	<b><u>3,226</u></b>	<b><u>592</u></b>	<b><u>14,448</u></b>
<b>Net book value as at</b>				
<b>31 December 2025</b>	<b><u>573</u></b>	<b><u>75</u></b>	<b><u>5</u></b>	<b><u>653</u></b>
31 December 2024	<u>807</u>	<u>159</u>	<u>27</u>	<u>993</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31<sup>st</sup> December 2025

**10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	<i>Note</i>	<b>31 December 2025</b>	<b>31 December 2024</b>
		SR “000”	SR “000”
Accrued expenses and other current liabilities	10.1	7,818	8,408
Accrual for bonus		8,409	1,380
		<b>16,227</b>	<b>9,788</b>

10.1 Other current liabilities include repairs and maintenance and automobile rentals.

**11. EMPLOYEES’ BENEFIT OBLIGATIONS LIABILITY**

The Company operates an employees’ benefit obligations plan for its employees’ based on the prevailing Saudi Arabian Labor Law.

The movement in provision for employees’ benefit obligations are as follows:

	<b>31 December 2025</b>	<b>31 December 2024</b>
	SR “000”	SR “000”
Balance at beginning of the year	4,971	7,377
Current service cost	856	985
Re-measurement (gain) loss	(22)	507
Benefits paid during the year	(41)	(3,898)
<b>Balance at the end of the year</b>	<b>5,764</b>	<b>4,971</b>

**11.1 Re-measurement (gain) loss recognized in other comprehensive income for the year is as follows:**

	<b>31 December 2025</b>	<b>31 December 2024</b>
	SR “000”	SR “000”
Effect of change in financial assumptions	(22)	-
Effect of experience adjustments	-	507
<b>Re-measurement (gain) loss</b>	<b>(22)</b>	<b>507</b>

**11.2 Principal actuarial assumptions**

The following were the principal actuarial assumptions:

	<b>31 December 2025</b>	<b>31 December 2024</b>
<b><u>Key actuarial assumptions</u></b>		
Discount rate used	4.30%	4.20%
Expected annual salary increment	4.00%	4.00%

Assumptions regarding future mortality are set based on actuarial advice in accordance with the published statistics and experience in the region.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31<sup>st</sup> December 2025

11. EMPLOYEES' BENEFITS OBLIGATIONS LIABILITY (CONTINUED)

11.3 Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation are shown below:

	31 December 2025		31 December 2024	
	SR "000"	SR "000"	SR "000"	SR "000"
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Discount rate, (0.5% movement)	(214)	215	(105)	114
Expected annual salary increment, (0.5% movement)	114	(106)	114	(106)

The maturity profile of the defined benefit obligation is as follows:

	31 December 2025 SR "000"	31 December 2024 SR "000"
Weighted average duration of the defined benefit obligation in years	3.80	6.00
Expected Distribution of timing of benefit payments:		
Year 1	565	705
Year 2	551	565
Year 3	968	551
Year 4	386	968
Year 5	386	386
Year 6 and above	1,683	1,683

12. SHARE CAPITAL

The authorised, issued and fully paid share capital of the Company consists of 53.2 million shares of SAR 10 each (2024: 53.2 million shares of SAR 10 each).

	Number of shares	% of contribution	Amount SAR
Deutsche Bank (AG)	50,563	95%	505,623
DB Capital Markets (Deutschland) GmbH	2,661	5%	26,612
	<b>53,224</b>	<b>100%</b>	<b>532,235</b>

13. STATUTORY RESERVE

In accordance with Company's Articles of Association and By-Laws, the Company is required to transfer 10% of its net income every year to the statutory reserve until such reserve equals 30% of its share capital. This statutory reserve is not available for distribution to shareholders. The Company is in the process of amending its Articles of Association and By-Laws to align with the new Companies' Law related to statutory reserve requirements. As of the date of the audit report, the amendment to the Articles of Association and By-Laws of the Company were under approval from the relevant authorities.

14. ADMINISTRATIVE EXPENSES

	31 December 2025 SR "000"	31 December 2024 SR "000"
Salaries and employee-related expenses	27,689	20,662
Charges from Deutsche Bank Group for support services	12,365	7,254
IT expenses	4,345	5,884
Legal and consulting expenses	3,745	4,974
Communication expenses	550	486
Depreciation and amortization	796	931
Travel expenses	569	550
Other expenses (*)	1,911	1,890
	<b>51,970</b>	<b>42,631</b>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31<sup>st</sup> December 2025

(\*) Other expenses include withholding tax, payment and clearing services, repairs and maintenance, payroll service costs and automobile rentals.

**15 PROVISION FOR TAX**

Income tax charge for the year has been calculated based on the adjusted net income of the Company attributable to non-Saudi shareholders at the rate of 20% per annum.

a) Movement in taxes payable

	<i>31 December</i> <u>2025</u>	<i>31 December</i> <u>2024</u>
	SR "000"	SR "000"
At beginning of the year	3,215	2,956
Income tax provision for the year	120	259
Other adjustment	<u>(258)</u>	-
<b>At end of the year</b>	<b><u>3,077</u></b>	<b><u>3,215</u></b>

b) Charge for the year

	<i>31 December</i> <u>2025</u>	<i>31 December</i> <u>2024</u>
	SR "000"	SR "000"
Income tax	120	259
Prior period income tax (reversal) charge	<u>(258)</u>	157
<b>(Reversal) charge for the year</b>	<b><u>(138)</u></b>	<b><u>416</u></b>

c) Status of income tax assessments

The Company has filed its income tax returns up to the year ended 31 December 2022 with Zakat, Tax and Customs Authority ("ZATCA").

The Company reached an agreement with ZATCA to settle the tax assessments for the years ended from 2007 till 2013 by paying SAR 17.82 million (inclusive of late penalty charges). The tax returns for the years from 2016 till 2024 are still under review by ZATCA and no final assessment is issued by ZATCA in respect of these years yet.

**16. BANK OVERDRAFT**

During the year the Company had bank overdraft balances with Deutsche Bank (AG) Riyadh Branch (note 18) in various currencies as below:

	<i>31 December</i> <u>2025</u>	<i>31 December</i> <u>2024</u>
	SR "000"	SR "000"
Bank overdraft	811	1,119

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For the year ended 31<sup>st</sup> December 2025

**17. ASSETS HELD IN FIDUCIARY CAPACITY**

As at 31 December 2025, assets held under fiduciary capacity of the Company amounted to SAR 1,263 million (2024: SAR 987 million) kept with a Deutsche Bank branches. These amounts were kept with the Company by its customers for the purpose of investment in the local equity market.

As at 31 December 2025, fixed income and equity investment held under fiduciary capacity of the Company amounted to SAR 35 million (2024: SAR 51 million) kept with a Deutsche Bank Suisse. These amounts were kept with the Company by its customers for the purpose of investment in the Global equity market.

**18. RELATED PARTY TRANSACTIONS AND BALANCES**

In the ordinary course of its activities, the Company transacts with related parties. The Company's related parties include Deutsche Bank Group head office, its regional offices and other branches, including Deutsche Bank AG – Riyadh Branch, and the Company's key management personnel.

The Company has entered into agreements with Deutsche Bank AG (principal shareholder), which provide for an agreed bases for sharing of revenues on jointly executed projects and recovery of expenses incurred on such projects as approved by the Company's management.

Fee income comprise of revenue earned by the Company from Deutsche Bank AG and its affiliates in association with revenue sharing arrangements for products offered to the Company's customers. These transfer pricing transactions are governed under Base Erosion Profit sharing (BEPS) framework. The related party transactions are governed by limits set by the Banking Control law and regulations issued by Central Banks.

Income and expenses pertaining to transactions with related parties included in the financial statements are as follows:

	<u>2025</u>	<u>2024</u>
	SR "000"	SR "000"
<b>Income:</b>		
* Custody related services fees:		
DB Riyadh	13,574	10,609
DB New York	-	156
Total custody related services fees:	<u>13,574</u>	<u>10,765</u>
* Included as part of total custody related income on face of FS		
Income from advisory services – Deutsche Bank Group regional offices and other branches	<u>15,461</u>	<u>11,734</u>
Finance income – Deutsche Bank Group regional offices and other branches	<u>15,461</u>	<u>17,365</u>
	<u>2025</u>	<u>2024</u>
	SR "000"	SR "000"
<b>Expenses:</b>		
Charges for support services:		
Deutsche Bank Suisse	748	1,631
Deutsche Bank AG Riyadh	1,229	265
Deutsche Bank London	2,257	641
Deutsche Bank Frankfurt	4,132	3,388
Other DB entities	3,999	1,146
Deutsche Bank Group regional offices and other branches:	<u>12,365</u>	<u>7,071</u>
Compensation of key management personnel	<u>7,776</u>	<u>7,966</u>

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**18. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

The following shows the composition of the compensation of the Company's key management personnel which includes Chief Executive Officer ("CEO"), Chief Financial Officer and business heads who are directly reporting to the CEO:

	<u>2025</u>	<u>2024</u>
	SR "000"	SR "000"
Salaries and other benefits – short term	<b>6,851</b>	7,318
Employees' benefit obligations – long term	<b>925</b>	648
	<u><b>7,776</b></u>	<u>7,966</u>

The balances as at 31 December resulting from such transactions included in the statement of financial position are as follows:

	<i>31 December</i>	<i>31 December</i>
	<i>2025</i>	<i>2024</i>
	SR "000"	SR "000"
Due from Deutsche group regional offices and other branches	<b>34,515</b>	11,145
Due to Deutsche group regional offices and other branches (*)	<b>22,909</b>	44,112
Bank balances – Current accounts (**)	<b>17,538</b>	38,324
Bank overdraft	<b>811</b>	1,119
Term deposit with DB AG Riyadh Branch	<b>300,000</b>	300,000

(\*) The Due to Deutsche group regional offices and other branches balance includes loan from DB AG Riyadh Branch of SR 14.404 million.

(\*\*) Bank balances are held with Deutsche Bank AG – Riyadh Branch and Deutsche Bank Suisse.

**19. FINANCIAL RISK MANAGEMENT**

The Company's objective in managing risk is the creation and protection of shareholder value. Risk management is an ongoing process which requires continuous identification, analysis, mitigation and monitoring of risks and controls.

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. These risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company has dedicated Risk and Compliance functions. Day-to-day risk management activities are managed within each respective business unit. The Board of Directors meets on a quarterly basis and is updated on all relevant aspects of the business, including risk management matters.

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

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

**19.1 Credit risk**

Credit risk is the risk that one party will fail to discharge an obligation and may cause the other party to incur a financial loss. The Company is exposed to credit risk mainly arising from cash and cash equivalents, due from related parties and Custody Fees Receivables.

The Company's risk management policies and processes are designed to identify and analyse risk, to set appropriate limits and controls, and to monitor the risks and adherence to limits by means of timely and reliable management information data.

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19. FINANCIAL RISK MANAGEMENT (CONTINUED)

19-1 *Credit risk (continued)*

The Company's maximum exposure to credit risk without taking effect of collateral amounts is as follows:

	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u>
	SR "000"	SR "000"
Cash and cash equivalents	17,538	38,324
Term deposit	300,000	300,000
Due from related parties	34,515	11,145
Custody fees Receivable	709	615
Margin deposit (refer note 7)	9,210	26,471
	<u>361,972</u>	<u>376,555</u>

Based on management's assessment, the Company has limited exposure to credit risk due to the following:

- a. *Cash and cash equivalents* are maintained with banks having credit ratings of A1 stable as per the latest available report from Moody's Investor Service.
- b. *Custody Fees Receivable* represents mainly fees receivables from corporate clients, which are considered as low credit risk by the Company.
- c. *Due from related parties* is related to agreements with Deutsche Bank AG (Head Office), which provide for an agreed basis for sharing of revenues on jointly executed projects and recovery of expenses incurred on such projects as approved by the Company's management.

19.2 *Market risk*

a) *Foreign exchange risk*

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

As at 31 December 2025, the Company had foreign currency exposures of Saudi Arabian Riyal equivalent of 3.41 million. These exposures were managed in accordance with the company's FX management process.

The Company manages exposure to the effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. The Company did not undertake significant transactions in currencies other than Saudi Arabian Riyals, US Dollars and Euros during the year. The rate of exchange for conversion of Saudi Arabian Riyal to the US Dollar is pegged and therefore the company is not exposed to currency risk on USD based transaction.

At the end of the year, the Company had the following net exposures denominated in foreign currencies:

	<u>Long / (Short)</u>	
	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u>
Euro	359	(7,999)
US Dollar	4,056	2,159
Other	(1,001)	(497)

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19. FINANCIAL RISK MANAGEMENT (CONTINUED)

19.2 *Market risk (continued)*

b) *Interest rate risk*

Interest rate risk arises from the possibility that the changes in interest rates will affect either the fair values or the future cash flows of financial instruments.

As the Company does not have interest bearing financial assets and liabilities, except for the time deposit which carries a fixed interest rate, it is not exposed to any interest rate risk.

19.3 *Liquidity risk*

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. The Company monitors and manages the liquidity structure of its assets and liabilities so as to ensure that cash flows are sufficiently balanced and that sufficient liquid funds are maintained to meet liquidity requirements.

The tables below show the expected maturity profile of the assets and liabilities:

<u>31 December 2025</u>	<u>No Fixed Maturity</u>	<u>Within 3 Months</u>	<u>3-12 Months</u>	<u>1-5 Years</u>	<u>Total</u>
SR "000"					
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	17,538	-	-	-	17,538
Term deposit	-	-	300,000	-	300,000
Due from related parties	-	34,515	-	-	34,515
Custody Fees Receivable	-	709	-	-	709
Margin Deposit	9,210	-	-	-	9,210
	<u>26,748</u>	<u>35,224</u>	<u>300,000</u>	<u>-</u>	<u>361,972</u>
<b>FINANCIAL LIABILITIES</b>					
Due to related parties	-	22,909	-	-	22,909
Lease Liability	-	-	-	955	955
Accrued expenses and other current liabilities	-	16,227	-	-	16,227
	<u>-</u>	<u>39,136</u>	<u>-</u>	<u>955</u>	<u>40,091</u>
<b>Net position</b>	<u>26,748</u>	<u>(3,912)</u>	<u>300,000</u>	<u>(955)</u>	<u>321,881</u>
<u>31 December 2024</u>	<u>No Fixed Maturity</u>	<u>Within 3 Months</u>	<u>3-12 Months</u>	<u>1-5 Years</u>	<u>Total</u>
SR "000"					
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalents	38,324	-	-	-	38,324
Term deposit	-	-	300,000	-	300,000
Due from related parties	-	11,145	-	-	11,145
Custody Fees Receivable	-	615	-	-	615
Margin Deposit	26,471	-	-	-	26,471
	<u>64,795</u>	<u>11,760</u>	<u>300,000</u>	<u>-</u>	<u>376,555</u>
<b>FINANCIAL LIABILITIES</b>					
Due to related parties	-	44,112	-	-	44,112
Lease liability	-	-	-	1,399	1,399
Accrued expenses and other current liabilities	-	9,788	-	-	9,788
	<u>-</u>	<u>53,399</u>	<u>-</u>	<u>1,399</u>	<u>55,299</u>
<b>Net position</b>	<u>64,795</u>	<u>(41,639)</u>	<u>300,000</u>	<u>(1,399)</u>	<u>321,256</u>

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 19.4 *Operational risk*

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

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to shareholders.

The primary responsibility for the development and implementation of control over operational risks rests with the Risk and Compliance functions.

#### 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. 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.

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales was reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When measuring the fair value the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2025 and 2024, no financial assets or liabilities were measured at FVTIS or FVOCI.

There are no financial assets and financial liabilities carried at fair value. Carrying value of financial assets such as cash and cash equivalents, due from related parties, Custody Fees Receivables, other current assets and financial liabilities approximate their fair value due to them being short term in nature. Lease liabilities are measured at Company's incremental borrowing rate which are derived based on external reference rates and internal factors which are used in calculating the present value of lease payment stream, that approximates fair value of the liability.

There were no transfers between levels of fair value hierarchy during the year ended 31 December 2025 and 2024.

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**21. CAPITAL ADEQUACY DISCLOSURES**

The CMA has issued Prudential Rules (“the Rules”) dated 17 Safar 1434H (corresponding to 30 December 2012). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under these Rules. The methodology was amended for reporting after April 2024 with reporting of RWA and a minimum capital required 8% of total RWA. In accordance with this methodology, the Company has calculated its minimum capital required and the Tier 1 ratios as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
	SR “000”	SR “000”
<b>Capital Base:</b>		
Tier 1 Capital	314,994	314,080
Tier 2 Capital	-	-
<b>Total Capital Base</b>	<u>314,994</u>	<u>314,080</u>
<b>RWA</b>		
Market Risk	2,281	8,788
Credit Risk	22,237	12,324
Operational Risk	158,013	142,747
<b>Total RWA</b>	<u>182,531</u>	<u>163,859</u>
<b>Minimum Capital (8%)</b>	<u>14,602</u>	<u>13,109</u>
<b>Tier 1 Ratio</b>	172.6%	191.68%
<b>Surplus in Capital</b>	300,392	300,971

**22. EVENTS AFTER THE END OF REPORTING PERIOD**

Subsequent to the year ended 31 December 2025, geopolitical tensions in parts of the Middle East have increased. Public communications from government and regulatory authorities have continued to emphasise the resilience of the economy and the continuation of business operations across key sectors, supported by established business continuity and risk management frameworks.

These developments arose subsequent to the year ended 31 December 2025 and have therefore been assessed as non-adjusting events in accordance with IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognised in the financial statements as at 31 December 2025, which reflect conditions existing at that date.

The Company has assessed the potential implications of these events on its operations, financial position and performance. Based on information currently available, including the continuation of core business activities, it is not practicable to reliably estimate the full financial effect of these non-adjusting events on future periods.

Management has also considered the impact of these events on the Company’s ability to continue as a going concern and has concluded that the going concern basis of preparation remains appropriate.

**23. BOARD OF DIRECTORS’ APPROVAL**

These financial statements were approved by the Board of Directors on 12<sup>th</sup> March 2026.