

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Financial statements
For the year ended December 31, 2025

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Independent auditor's report to the shareholder of J.P. Morgan Saudi Arabia Company

Our opinion

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

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2025;
- the statement of income for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), as applicable to audits of financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Other information

The board of directors is responsible for the other information. The other information comprises the board of directors' report for the year ended December 31, 2025 but does not include the financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

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

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

When we read the board of directors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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Independent auditor's report to the shareholder of J.P. Morgan Saudi Arabia Company (Continued)

Responsibilities of the 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 the International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-Laws, and for such internal control as the board of directors 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, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the board of directors, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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 the 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 the International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.




Independent auditor's report to the shareholder of J.P. Morgan Saudi Arabia 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.

PricewaterhouseCoopers


Adel F. Alfantani
License Number 614

Shawwal 10, 1447H
March 29, 2026




J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Statement of financial position
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	As at December 31,	
		2025	2024
Assets			
Current assets			
Cash and cash equivalents	4	166,377	228,093
Deposits with a bank	5	452,771	343,508
Margin deposit with Muqassa	6	68,757	68,650
Trade receivables	7	31,950	30,430
Prepayments and other receivables	8	5,045	277
Total current assets		724,900	670,958
Non-current assets			
Property and equipment and right-of-use assets	9	16,728	11,336
Deferred tax asset	13.3	1,809	1,119
Total non-current assets		18,537	12,455
Total assets		743,437	683,413
Liabilities and equity			
Liabilities			
Current liabilities			
Trade payables	10	7,393	6,677
Accrued expenses and other current liabilities	11	15,225	17,248
Lease liabilities	12	2,130	1,305
Provision for income tax	13	-	17,850
Total current liabilities		24,748	43,080
Non-current liabilities			
Lease liabilities	12	9,504	-
Employees' end of service benefits ("EOSB")	14	6,067	7,779
Total non-current liability		15,571	7,779
Total liabilities		40,319	50,859
Equity			
Share capital	15	93,750	93,750
Statutory reserve	16	34,052	34,052
Re-measurement reserve for EOSB		3,725	1,762
Retained earnings		571,591	502,990
Total equity		703,118	632,554
Total liabilities and equity		743,437	683,413

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



Khalid Fayeze
Chief Executive Officer



Abdulaziz Almathami
Chief Financial Officer

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)

Statement of income


(All amounts in Saudi Riyals thousands unless otherwise stated)

		For the year ended December 31,	
	Note	2025	2024
Service fee income, net		129,860	192,591
Brokerage fee, net		30,389	47,112
Income from deposits		17,209	16,178
Total operating income		177,458	255,881
Operating expenses			
Salaries and employee related benefits		(40,834)	(37,093)
Other general and administrative expenses	18	(39,883)	(55,480)
Rent and premises related expenses		(1,035)	(925)
Depreciation	9	(6,426)	(5,844)
Exchange income (loss), net		155	(384)
Total operating expenses		(88,023)	(99,726)
Income before income tax expense		89,435	156,155
Income tax expense	13.4	(20,834)	(36,297)
Net income for the year		68,601	119,858

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



 Khalid Fayez
 Chief Executive Officer



 Abdulaziz Almathami
 Chief Financial Officer


J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Statement of comprehensive income
(All amounts in Saudi Riyals thousands unless otherwise stated)

		For the year ended December 31,	
	Note	2025	2024
Net income for the year		68,601	119,858
Other comprehensive income			
<i>Items that will not be reclassified subsequently to the statement of income:</i>			
- Remeasurement gain on EOSB	14	2,455	551
- Deferred tax on remeasurements of EOSB		(492)	(111)
Other comprehensive income for the year		1,963	440
Total comprehensive income for the year		70,564	120,298

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



Khalid Fayez
Chief Executive Officer



Abdulaziz Almathami
Chief Financial Officer

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Statement of changes in equity
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Re- measurement reserve for EOSB	Retained earnings	Total
January 1, 2025	93,750	34,052	1,762	502,990	632,554
Net income for the year	-	-	-	68,601	68,601
Other comprehensive income for the year	-	-	1,963	-	1,963
Total comprehensive income for the year	-	-	1,963	68,601	70,564
December 31, 2025	93,750	34,052	3,725	571,591	703,118
January 1, 2024	93,750	34,052	1,322	383,132	512,256
Income for the year	-	-	-	119,858	119,858
Other comprehensive income for the year	-	-	440	-	440
Total comprehensive income for the year	-	-	440	119,858	120,298
December 31, 2024	93,750	34,052	1,762	502,990	632,554

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



Khalid Fayeze
Chief Executive Officer



Abdulaziz Almathami
Chief Financial Officer

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Statement of cash flows

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the year ended December 31,	
		2025	2024
Cash flows from operating activities			
Income before income tax		89,435	156,155
<u>Adjustments for:</u>			
Depreciation and amortization	9	6,426	5,844
Provision for EOSB	14	1,760	1,679
Interest expense on lease liabilities	12	639	40
<u>Changes in working capital:</u>			
Margin deposit with Muqassa		(107)	(539)
Trade receivables		(1,520)	19,627
Prepayments and other receivables		(4,768)	1,882
Trade payables		716	4,464
Accrued expenses and other current liabilities		(2,023)	(19,908)
		90,558	169,244
EOSB paid	14	(1,017)	(594)
Income tax paid	13.2	(39,866)	(32,261)
Net cash generated from operating activities		49,675	136,389
Cash flows from investing activities			
Purchase of property and equipment	9	(440)	(7,173)
Short-term deposits with a bank		(109,263)	(71,301)
Net cash used in investing activities		(109,703)	(78,474)
Cash flows from financing activity			
Payments for lease liabilities	12	(1,688)	(1,424)
Cash used in financing activity		(1,688)	(1,424)
Net change in cash and cash equivalents		(61,716)	56,491
Cash and cash equivalents at the beginning of the year		228,093	171,602
Cash and cash equivalents at the end of the year		166,377	228,093
Income from deposit received		17,209	16,178
Supplemental non-cash information:			
Re-measurement reserve for employees' EOSB	14	(2,455)	(551)
Employees transferred between the Company and other JP Morgan entities.	14	-	(112)
Deferred tax on remeasurements of employees' EOSB		492	111
Additions to right-of-use assets	9	11,508	-
Re-measurement of right-of-use assets	9	(130)	(348)
Lease liabilities	12	11,634	1,305

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



Khalid Fayeze
Chief Executive Officer



Abdulaziz Almathami
Chief Financial Officer

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Notes to the financial statements
For the year ended December 31, 2025
(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General information

J.P. Morgan Saudi Arabia Company (the “Company”) is a single shareholder closed joint stock company established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company operates under commercial registration number 1010240801 issued in Riyadh on Dhul Qadah 17, 1428H (corresponding to November 26, 2007), Ministry of Investment of Saudi Arabia (“MISA”) license number 2031026532-01 dated Shaban 22, 1428H (corresponding to September 4, 2007) and the Capital Market Authority (“CMA”) license number 12164-37 dated Dhul-Hijaa 26, 1433H (corresponding to November 11, 2012).

The Company was converted from a limited liability company to a single shareholder closed joint stock company on Shaban 27, 1438H (corresponding to May 23, 2017) which is the date of conversion. Due to the change of the Company’s status the name was changed from J.P. Morgan Saudi Arabia Limited to J.P. Morgan Saudi Arabia Company. The Company’s financial statements are prepared from January 1 to December 31 of each Gregorian year.

Initially the Company was established to conduct investment banking activities in the field of arranging, advising, custody and dealing as an agent in respect of securities business, but does not deal in margin trading transactions. During 2012, the Company obtained provisional CMA licenses dated Dhul-Hijaa 26, 1433H (corresponding to November 11, 2012) to amend the business activities to conduct dealing as principal and agent, underwriting, arranging, advising and custody. However, there were no business activities executed by the Company with reference to some of these provisional licenses. During 2017, the Company was recognized by the Saudi Stock Exchange (Tadawul) as an Exchange member to perform brokerage activities. The membership was granted following fulfillment of technical and legal requirements laid down by the Tadawul.

2 Material accounting policies

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

2.1 Basis of preparation

(i) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”), 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”).

The accounting policies used in the preparation of these financial statements are applied consistently to all the years presented otherwise stated.

(ii) Basis of measurement

These financial statements have been prepared:

- under the historical cost convention except for:
- Employees’ end of service benefits (EOSB) carried at present value using Projected Unit Credit Method.
- using the accrual basis of accounting.

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)

Notes to the financial statements

For the year ended December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

(iii) New standards effective in current year

The International Accounting Standard Board (IASB) has issued the following amendments to accounting standards, which were effective from January 1, 2025 but do not have any significant impact on the financial statements of the Company.

Standard, interpretation or 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.	January 1, 2025

(iv) Accounting standards issued but not yet effective

The International Accounting Standard Board (IASB) has issued following accounting standards and amendments which were effective from periods on or after January 1, 2026. The Company has opted not to early adopt these pronouncements, and they are not expected to have a significant impact on the financial statements of the Company.

Standard, interpretation or 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

J.P. MORGAN SAUDI ARABIA COMPANY
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Notes to the financial statements

For the year ended December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

(iv) Accounting standards issued but not yet effective (continued)

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

(v) Foreign currency translations and presentation currency

(a) Reporting currency

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

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Notes to the financial statements
For the year ended December 31, 2025
(All amounts in Saudi Riyals thousands unless otherwise stated)

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

(v) Foreign currency translations and presentation currency (continued)

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Arabian Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income. Such exchange adjustments were not significant for the year ended December 31, 2025 and 2024, respectively.

(vi) Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Such estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

There are no significant estimates in the Company's financial statements that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve-month period.

2.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less from the purchase date.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

2.3 Financial instruments

2.3.1 Classification and measurement of financial assets

The Company classifies its financial assets in the following measurement categories:

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

Equity instruments

Equity instruments are those that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company subsequently measures all equity investments at FVSI, except where the Company has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to the statement of income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Currently, all the equity instruments have been classified as FVSI by the Company.

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)

Notes to the financial statements

For the year ended December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

2 Material accounting policies (continued)

2.3 Financial instruments (continued)

2.3.1 Classification and measurement of financial assets (continued)

Debt instruments

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

Classification and subsequent measurement of debt instruments depend on:

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

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets.

If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVSI.

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

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

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

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

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

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

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

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVSI, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured as described in Note 2.3.2. Profit earned from these financial assets is recognized in the statement of income using the effective commission rate method.

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)

Notes to the financial statements

For the year ended December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

2 Material accounting policies (continued)

2.3 Financial instruments (continued)

2.3.1 Classification and measurement of financial assets (continued)

Fair value through statement of income (FVSI): If debt instrument's cash flows do not represent solely SPPI or if it is not held within the held to collect or the held to collect and sell business model, or if it is designated at FVSI, then it is measured at FVSI. A gain or loss on a debt investment measured at FVSI, where cashflows do not represents solely SPPI, is recognized in the statement of income, within "Net gain / (loss) on investments mandatorily measured at FVSI", in the period in which it arises. A gain or loss from debt instruments that were designated at fair value or which are held for trading are presented separately from debt investments that are mandatorily measured at FVSI, within "Net gain / (loss) on investments designated at FVSI or held for trading". Special commission income earned from these financial assets is recognized in the statement of income using the effective commission rate method.

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

The Company reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Currently, bank balances, short-term deposits with a bank, due from related parties and other receivables are categorized as held at amortised cost.

2.3.2 Impairment of financial assets

The Company estimates credit impairment through an allowance for expected credit losses ("ECLs"). ECLs are recognized for financial assets that are measured at amortised cost or at fair value through other comprehensive income ("FVOCI") and for specified lending-related commitments, such as loan commitments and financial guarantee contracts. The measurement of ECLs must reflect:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

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

- (i) A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored.
- (ii) If a significant increase in credit risks ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- (iii) If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- (iv) Financial instrument in Stage 1 have their ECL measured at an amount equal to the portion of expected credit losses that result from the default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- (v) A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should be consider forward-looking information.
- (vi) Purchase or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

J.P. MORGAN SAUDI ARABIA COMPANY
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2 Material accounting policies (continued)

2.3 Financial instruments (continued)

2.3.2 Impairment of financial assets (continued)

Impact of staging on measuring expected credit losses

ECLs are measured using a three-stage model based on changes in credit quality of the financial instrument since it was initially recognized ("initial recognition"):

Stage 1 - performing financial instruments that have not had a significant increase in credit risk since initial recognition;

Stage 2 - performing financial instruments that have experienced a significant increase in credit risk; and
Stage 3 - non-performing financial instruments that have been determined to be credit-impaired.

The financial assets of the Company that are subjected to ECL review include deposits with banks, due from related parties and other assets.

A significant exposure of the Company is held as deposits with J.P. Morgan Chase Bank, N.A, Riyadh Branch which is a Branch of J.P. Morgan Chase Bank, N.A and a local bank licensed and listed in the Saudi stock exchange. Both the Banks have sound credit rating as at the reporting date and therefore the Company considers that it has a low credit risk. The rating of the Banks as at December 31, 2025 and 2024 were no less than Aa3 and A2 respectively as per Moody's and no decline is seen in the credit rating till the reporting date. The ECL is insignificant and therefore no ECL is booked in the financial statements.

ECL on intercompany fees and other receivables is nil due to the factors mentioned in note 2.3.2.3.

2.3.2.1 Stages of impairment under IFRS 9

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

Stage 1 - Performing financial assets

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

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

Stage 2 - Financial assets with significant increase in credit risk

Financial instruments that have experienced a significant increase in credit risk ("SICR") since initial recognition for which there is no objective evidence of impairment are included in Stage 2. For Stage 2 instruments, ECL is calculated considering the probability of default over the remaining life of the instrument on a collective basis and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for the credit loss allowance).

The Company assesses for evidence of a SICR by considering whether there has been a change in the risk of a default occurring since the financial instrument was initially recognized.

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2 Material accounting policies (continued)

2.3 Financial instruments (continued)

2.3.2 Impairment of financial assets (continued)

2.3.2.1 Stages of impairment under IFRS 9 (continued)

Stage 3 - Credit impaired financial assets

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

The Company considers a customer as “Defaulted” when the obligor is unlikely to pay for its credit obligations in full, without recourse by the Company to actions such as realizing security (if held).

Financial instruments are included in Stage 3 when there is objective evidence of impairment at the reporting date. For Stage 3 instruments, ECL is calculated considering the probability of default over the remaining life of each instrument (“Lifetime ECL”) on an individual asset basis and interest revenue is calculated on the net carrying amount (that is, net of the allowance for credit losses).

All financial assets are considered to be credit-impaired and included in Stage 3 when one or more of the following events that have a detrimental impact on the estimated future cash flows of that financial asset has occurred:

- a) Significant financial difficulty of the issuer or the borrower;
- b) A default or past due event;
- c) The Company or holders of debt securities have granted a concession to the borrower for economic or contractual reasons relating to the borrower’s financial difficulty;
- d) It has become probable the borrower will enter bankruptcy or other financial reorganisation;
- e) An active market for that financial asset no longer exists because of the borrower's financial difficulties;
or
- f) A financial asset is purchased or originated at a deep discount that reflects a credit loss has been incurred.

The criteria above are consistent with how the Company defines ‘default’ for internal credit risk management purposes.

2.3.2.2 Transfer criteria

Staging considerations

Financial instruments that have not had a significant increase in credit risk (SICR) since initial recognition are included in Stage 1. For these instruments, 12-month expected credit losses are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL is the expected credit losses that result from default events that are possible within 12 months after the reporting date.

Financial instruments that have had a SICR since initial recognition but that do not have objective evidence of impairment are included in Stage 2. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

IFRS 9 requires that when determining whether the credit risk of a financial instrument has increased significantly, an entity shall consider the change in the risk of a default occurring since initial recognition. IFRS 9 points that credit risk increases significantly before a financial instrument becomes past due or other lagging borrower-specific factors (for example a modification or restructuring) are observed. Consequently, when reasonable and supportable information that is more forward-looking than past due information is available, it must be used to assess changes in credit risk.

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2 Material accounting policies (continued)

2.3 Financial instruments (continued)

2.3.2 Impairment of financial assets (continued)

2.3.2.2 Transfer criteria (continued)

The Company has developed its staging criteria by using both quantitative and qualitative considerations to determine if a loan has experienced significant increase in credit risk.

The Company considers a financial instrument to have experienced a SICR when any of the following quantitative or qualitative criteria have been met:

The Company determines whether the probability of a default (“PD”) occurring has changed between a financial instruments initial recognition and the reporting date. If the change in PD exceeds certain relative and absolute thresholds, the instrument has experienced a SICR. The assessment of the PD takes into account reasonable and supportable information, including information about past events, current and future economic conditions.

The Company monitors borrowers that may become impaired by including them on its watch list. Obligors that are on the watch list are considered to have experienced a SICR. The Company also monitors changes in internal credit risk ratings (relative to the credit rating on initial recognition) and delinquency triggers to determine if a borrower has experienced a SICR.

Financial instruments that are in Stage 2 are moved to Stage 1 as described below in the period that the quantitative and qualitative criteria for a SICR no longer exist.

The approach for determining whether there has been a SICR depends on the type of instrument. For fee receivables arising from contracts with customers [e.g. brokerage fee receivables], the Company applies a provision matrix as a practical expedient for calculating expected credit losses. The matrix provides that in the case of institutional customers, a receivable is considered to have had a SICR (i.e. Stage 2) if it is 90 days past due and credit-impaired (i.e. Stage 3) if it is 180 days past due at which point an ECL for 100% of the amount owned is recognized. In the case of non-institutional customers, a receivable is considered to have had a SICR (i.e. Stage 2) if it is 30 days past due and credit-impaired (i.e. Stage 3) if it is 90 days past due at which point an ECL for 100% of the amount owned is recognized. The Company has not had significant losses on its fee receivable portfolios and are considered to be immaterial.

2.3.2.3 Expected credit loss measurement

Incorporation of forward-looking information

ECL estimates are derived from the Company’s historical experience and future forecasted economic conditions. To incorporate forward-looking information into the ECL calculation, the Company develops forecasted economic scenarios.

The Company uses five forward looking scenarios (base, relative upside, extreme upside, relative downside and extreme downside cases). Each of these scenarios contains a set of macroeconomic variables that reflect forward-looking economic and financial conditions. Macroeconomic variables include, but are not limited to foreign exchange rates, inflation and GDP per country or country block. Macroeconomic variables for each scenario are projected over a reasonable and supportable forecast period of two years. After the forecast period, the losses revert to historical averages over a one-year transition period.

On a quarterly basis, the five economic scenarios are updated and probability weighted. The Company uses judgment to develop the scenarios and assign probability weightings. The most likely economic scenario in management’s view is the base case which would generally be expected to be weighted more heavily than the other two scenarios.

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2 Material accounting policies (continued)

2.3 Financial instruments (continued)

2.3.2 Impairment of financial assets (continued)

2.3.2.3 Expected credit loss measurement (continued)

The PD, LGD and EAD models are designed to forecast the credit quality and performance of the obligor based on industry, geography, rating and size of obligors, among other attributes of the portfolio. PD, LGD and EAD models are calibrated based on historical macroeconomic variables and use forecasted macroeconomic scenarios for projecting PD, LGD and EAD.

The Company has determined that ECLs on cash held with banks are immaterial due to low credit risk. In evaluating the lifetime ECL related to receivables from a bank, the Company determined the expected probability of default was extremely remote, and the magnitude of lifetime ECL related to exposures would be negligible as these are regulated and externally rated banking institutions that have significant capital, loss absorbing capacity and liquidity and have strong credit rating. The majority of the deposits held are short term in nature and can be withdrawn overnight.

For inter-company loans and receivables, the Company evaluates the counterparty based on the consolidated Company's resolution and recovery plan, tenor of the loan/receivable, and any collateral received. The Company has not experienced any losses on inter-company loans and receivables.

The Company continues to monitor its portfolios to ensure the described framework is appropriate and its exposure to credit risk and ECLs on these portfolios are adequately reflected in the allowance for credit losses.

For fee receivables arising from contracts with customers (e.g. advisory fee receivables), the Company applies a provision matrix as a practical expedient for calculating expected credit losses.

Measurement of ECL:

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described below.

- **Probability of Default ("PD"):** The PD model estimates the probability of downgrade and default each quarter. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively. The model considers input variables that are region-, industry- and borrower segment-specific and considers both scenario- and borrower-specific information. PDs are determined at a facility-level based on risk ratings and other characteristics.
- **Exposure at Default ("EAD"):** The EAD model predicts gross exposure upon a borrower's default as a percentage of the total commitment at the reporting date under a given macroeconomic environment. The model estimates the probability of a change in the utilization, and direction and magnitude of the change. Input variables include exposure and utilization at the reporting date, facility purpose, industry and macro-economic variables ("MEVs").
- **Loss Given Default ("LGD"):** The LGD model estimates expected losses under given macroeconomic environments on the EAD given the event of default and, taking into account, among other attributes, the mitigating effect of collateral and the time value of money.

The 12-month ECL is calculated by multiplying the 12-month PD, EAD and LGD. Lifetime ECL is calculated using the lifetime PD instead.

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2 Material accounting policies (continued)

2.3 Financial instruments (continued)

2.3.3 Financial liabilities

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

Subsequently, all commission and non-commission bearing financial liabilities other than those held at FVSI are measured at amortized cost. Amortized cost is calculated by considering any discount or premium on settlement.

2.3.4 Fair valuation of financial instruments

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

2.3.5 Offsetting of financial instruments

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

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2 Material accounting policies (continued)

2.4 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 expenditure that is directly attributable to the acquisition of the items and borrowing cost (where applicable). All other repair and maintenance costs are recognized in the statement of income as incurred.

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 will follow to the entity and the cost of that item can be measured reliably.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the asset as follows:

	Number of years
Furniture, fixtures and office equipment	5-10
Computer equipment	3

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.

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 income when the asset is derecognized.

2.5 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income.

2.6 Accrued expenses and other liabilities

Liabilities are recognized for amounts to be paid for goods or services received, whether or not billed to the Company. These are carried at amortised cost.

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2 Material accounting policies (continued)

2.7 Provisions

Provisions, if any, 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.

2.8 Taxes

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

The Company does not have top-up taxes associated with Pillar Two in the current year, given it is not currently subject to enacted legislation.

Income tax based on the applicable income tax rate is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Deferred income tax is provided in full, if material, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company also withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

Value added tax (VAT)

Output VAT related to revenue is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognized in the statement of financial position on a gross basis and disclosed separately as an asset and a liability. Where provision has been made for ECL of receivables, the impairment loss is recorded for the gross amount of the receivable, including VAT.

2.9 Employees' end of service benefits (EOSB)

The Company operates a single post-employment benefit scheme of defined benefit plan driven by the labor laws and workman laws of the Kingdom of Saudi Arabia which is based on most recent salary and number of service years.

The post-employment benefits plans is not funded. Accordingly, valuations of the obligations under the plan are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years. Current and past service costs related to post-employment benefits are recognized immediately in statement of income while unwinding of the liability at discount rates used are recorded in profit or loss. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

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2 Material accounting policies (continued)

2.9 Employees' end of service benefits (EOSB) (continued)

The employees' end of service benefits provision is made based on an actuarial valuation of the Company's liability under the Saudi Arabian Labor Law.

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

2.10 Revenue

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

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

Based on the above five steps the revenue recognition policies for the various revenue stream is as follow:

Service fee income consists of the following:

- **Fees and commissions** are generally recognized on an accrual basis when the service has been provided. Fees and commission arising from negotiating or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities businesses are recognized on completion of the underlying transaction. Investment banking activities' service fees are recognized based on the applicable client service contracts and agreements with other affiliated JPMorgan Chase & Co. entities.
- **Advisory and investment banking services revenue** is recognizes when services are determined as complete in accordance with the underlying agreement, agreed with the customer and invoiced, as generally set forth under the terms of the engagement.
- **Revenue recognition of retainer fees** is recognized over a period of time and it is generally linked to the timing of performance obligation (i.e. monthly, quarterly, etc.).
- **Success fees** are recognized upon the fulfillment of performance obligations. For example, either on the satisfaction of financial advisory services or completion of underwriting agreement.
- **Underwriting fees** are recognized when the Company has rendered all services to the issuer and is entitled to collect the fee from the issuer with no contingencies associated with the fees. Underwriting revenues are presented net of transaction-related expenses.
- **Custody fee** is recognized over the contractual servicing period.
- **Income from clients' money** is recognized overtime as the services are rendered to client.

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2 Material accounting policies (continued)

2.10 Revenue (continued)

Brokerage income is recognized when the related transactions are executed by 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 customer carries out the transaction, which triggers immediate recognition of the revenue, as the Company will have no further commitments.

Income from deposits represents fixed deposit placement with banks. Income from deposits on all commission-bearing financial instruments is recognized in the statement of income using the effective yield method. This income is recognized on accrual basis when contractually earned.

2.11 Accounting for leases

Company as a lessee

Leases are recognized 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. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities comprise the following:

- 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.

Subsequently, the lease liabilities are measured at amortised cost using the effective interest rate method. They are re-measured when there is a change in future lease payments arising from a change in rate, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liabilities are re-measured in this way, a corresponding comprehensive income adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of comprehensive income if the carrying amount of right-of-use asset reduced to zero.

Right-of-Use Asset

The Company measures the right-of-use asset 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.

Refundable security deposits are not included in the initial measurement of a right-of-use asset. However, the difference between the nominal amount of the refundable security deposits and its fair value at the commencement of the lease represents, an additional lease payment which is prepaid and accordingly added to the initial carrying amount of the right-of-use asset and released to the statement of comprehensive income over the lease term as part of the depreciation of those assets.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the right-of-use assets is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of lease liabilities.

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2 Material accounting policies (continued)

2.11 Accounting for leases (continued)

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Short-term leases and leases of low-value assets:

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.”

2.12 Expenses

Expenses are measured and recognized 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. Salaries and other employee related expenses are those which specifically relate to employee costs. All other expenses other than employees’ costs, financial charges and allowance for impairment are classified as general and administrative expenses.

2.13 Assets held in trust or in a fiduciary capacity and clients’ cash accounts

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.

2.14 Contingent assets and liabilities

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognized but are disclosed where an inflow of economic benefits is probable.

3 Related party matters

In the ordinary course of its activities, the Company transacts business with its related parties. Related parties include J.P. Morgan Chase Bank, N.A. (Parent Bank) including foreign branches and affiliated entities; the board of directors; and key management personnel. Key management personnel are those persons, including non-executive director, having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The transactions with related parties are carried out on mutually agreed terms approved by the board of directors of the Company.

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3 Related party matters (continued)

3.1 Related party balances

Significant balances arising from the transactions with related parties are as follows:

Due from related parties:	2025	2024
J.P. Morgan Chase Bank, N.A. – London Branch	9,871	10,038
J.P. Morgan Securities PLC	13,028	9,987
J.P. Morgan Chase Bank, N.A. – Riyadh Branch	5,205	2,831
J.P. Morgan Chase Bank Luxembourg S.A.	1,250	1,566
J.P. Morgan Chase Bank, N.A.- Dubai Branch	-	979
J.P. Morgan Chase Bank, N.A.	572	881
J.P. Morgan AG	215	369
J.P. Morgan Ventures Energy Company	376	263
J.P. Morgan SE - Dublin Branch	248	248
J.P. Morgan SE - Amsterdam Branch	168	168
J.P. Morgan (Suisse) SA - Zurich Branch	111	111
J.P. Morgan SE - Copenhagen Branch	67	67
J.P. Morgan Chase Bank, NY - IBF Branch	-	59
J.P. Morgan Securities plc – Paris Branch	127	49
J.P. Morgan SE - Stockholm Branch	35	35
J.P. Morgan Chase Bank, N.A. – Jersey Branch	25	25
J.P. Morgan SE - Helsinki Branch	16	16
J.P. Morgan SE - Oslo Branch	16	16
J.P. Morgan Chase Bank, N.A. - Mumbai Branch	8	8
J.P. Morgan Custody Services	8	8
J.P. Morgan SE - Brussels Branch	4	4
	31,350	27,728
Due to related parties:	2025	2024
J.P. Morgan Chase Bank, N.A. – Riyadh Branch	3,665	1,974
J.P. Morgan Chase Bank, N.A.- Dubai Branch	-	1,416
J.P. Morgan Chase Bank, N.A. – London Branch	-	1,285
J.P. Morgan Securities PLC	3,613	668
J.P. Morgan Securities plc – Paris Branch	6	-
J.P. Morgan Chase Bank Luxembourg S.A.	-	8
	7,284	5,351

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3 Related party matters (continued)

3.2 Related party transactions

Significant transactions with related parties in the ordinary course of business are summarized below:

	2025	2024
3.2.1 Service fee income attributions from:		
J.P. Morgan Chase Bank, N.A.- Riyadh Branch	27,476	76,808
J.P. Morgan Securities PLC	54,115	55,986
J.P. Morgan Chase Bank, N.A.- London Branch	39,706	39,456
J.P. Morgan Chase Bank Luxembourg S.A.	4,102	5,124
J.P. Morgan Chase Bank, N.A.	2,139	2,961
J.P. Morgan Ventures Energy Company	1,263	2,334
J.P. Morgan Securities plc – Paris Branch	1,142	573
J.P. Morgan AG – Frankfurt	138	369
J.P. Morgan SE – Dublin Branch	-	248
J.P. Morgan SE - Amsterdam Branch	-	168
J.P. Morgan (Suisse) SA - Zurich Branch	-	111
J.P. Morgan SE - Copenhagen Branch	-	67
J.P. Morgan Chase Bank, NY - IBF Branch	-	58
J.P. Morgan SE - Stockholm Branch	-	35
J.P. Morgan Chase Bank Jersey	-	21
J.P. Morgan SE – Helsinki Branch	-	16
J.P. Morgan SE – Oslo Branch	-	16
J.P. Morgan Chase Bank, N.A. - Mumbai Branch	-	8
J.P. Morgan Custody Services	-	8
J.P. Morgan SE – Brussels Branch	-	4
J.P. Morgan N.A. - International Banking Facilities	2	-
	130,083	184,371
3.2.2 Service fee income attributions to:		
	2025	2024
J.P. Morgan Securities PLC	8,945	27,338
J.P. Morgan Chase Bank, N.A.- Dubai Branch	-	1,987
J.P. Morgan Chase Bank, N.A.- Riyadh Branch	619	-
J.P. Morgan Securities LLC	31	-
J.P. Morgan Chase Bank, N.A.	25	-
	9,620	29,325
3.2.3 Brokerage Income attributions from:		
	2025	2024
J.P. Morgan Securities PLC	511	511
3.2.4 Income from deposits		
	2025	2024
J.P. Morgan Chase Bank, N.A.- Riyadh Branch	16,056	15,971
J.P. Morgan Chase Bank, N.A.- London Branch	26	-
	16,082	15,971
Key management personnel	2025	2024
Remuneration to key management personnel	14,753	13,715

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4 Cash and cash equivalents

	2025	2024
Cash at banks	<u>166,377</u>	228,093

5 Deposits with a bank

The Company has a deposits of USD 120,739 with J.P. Morgan Chase Bank, N.A – Riyadh Branch with an agreed commission rate (December 31, 2024: USD 91,602).

	2025	2024
Deposits with a bank	<u>452,771</u>	343,508

6 Margin deposit with Muqassa

This represents margin collateral deposited with Securities Clearing Center Company (Muqassa) for brokerage settlement activities. Margin collateral is determined by Muqassa for Capital Market Institutions based on average portfolio balances by applying Standard Portfolio Analysis of Risk (SPAN) methodology.

7 Trade receivables

	Note	2025	2024
Due from related parties	3.1	31,350	27,728
Other receivables		600	2,702
		<u>31,950</u>	<u>30,430</u>

8 Prepayments and other receivables

	2025	2024
Advance tax	4,820	-
Prepaid expenses	225	277
	<u>5,045</u>	<u>277</u>

9 Property and equipment and right-of-use assets

	Right-of- use assets	Furniture, fixtures and office equipment	Computer equipment	Total
Cost				
January 1, 2025	9,628	14,875	40	24,543
Additions	11,508	440	-	11,948
Re-measurement of ROU assets	(130)	-	-	(130)
December 31, 2025	<u>21,006</u>	<u>15,315</u>	<u>40</u>	<u>36,361</u>
Accumulated depreciation				
January 1, 2025	7,622	5,545	40	13,207
Charge for the year	1,814	4,612	-	6,426
December 31, 2025	<u>9,436</u>	<u>10,157</u>	<u>40</u>	<u>19,633</u>
Net book value as of December 31, 2025	<u>11,570</u>	<u>5,158</u>	<u>-</u>	<u>16,728</u>

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9 Property and equipment and right-of-use assets (continued)

	Right-of- use assets	Furniture, fixtures and office equipment	Computer equipment	Total
Cost				
January 1, 2024	9,976	7,702	40	17,718
Additions	-	7,173	-	7,173
Re-measurement of ROU assets	(348)	-	-	(348)
December 31, 2024	<u>9,628</u>	<u>14,875</u>	<u>40</u>	<u>24,543</u>
Accumulated depreciation				
January 1, 2024	6,190	1,133	40	7,363
Charge for the year	1,432	4,412	-	5,844
December 31, 2024	<u>7,622</u>	<u>5,545</u>	<u>40</u>	<u>13,207</u>
Net book value as of December 31, 2024	<u>2,006</u>	<u>9,330</u>	<u>-</u>	<u>11,336</u>

10 Trade payables

	Note	2025	2024
Due to related parties	3.1	7,284	5,351
Other payables		109	1,326
		<u>7,393</u>	<u>6,677</u>

11 Accrued expenses and other current liabilities

	2025	2024
Employees' benefits	7,008	5,896
VAT payable	1,870	5,013
Income tax payable – ZATCA assessment	4,340	4,340
Accrued professional fee	631	316
General Organization for Social Insurance ("GOSI")	247	230
Accrued expense	15	27
Other	1,114	1,426
	<u>15,225</u>	<u>17,248</u>

12 Leases

(i) Amounts recognized in the statement of financial position

The statement of financial position shows the following amounts relating to leases (net of depreciation):

Right of use assets	2025	2024
Carrying amount at the beginning of year	2,006	3,786
Remeasurement during the year	(130)	(348)
Additions during the year	11,508	-
Depreciation charge for the year	(1,814)	(1,432)
Balance as at December 31*	<u>11,570</u>	<u>2,006</u>

* Right of use assets are included in property and equipment (note 9).

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12 Leases (continued)

Lease liabilities

	2025	2024
Carrying amount at the beginning of year	1,305	3,037
Remeasurement during the year	(130)	(348)
Additions during the year	11,508	-
Interest expense on lease liabilities	639	40
Lease payments during the year	(1,688)	(1,424)
Balance as at December 31	<u>11,634</u>	<u>1,305</u>

(ii) Amounts recognized in the statement of income

The statement of income shows the following amounts relating to leases:

	2025	2024
Depreciation charge of right-of-use assets	1,814	1,432
Interest expense on lease liabilities	639	40

13 Provision for income tax

13.1 Calculation of taxable income and income tax charge

The following are the significant components of income tax base of the Company for the year ended December 31:

	2025	2024
Income before income tax	89,435	156,155
<i>Adjustments:</i>		
Depreciation differences	1,812	(1,666)
Employee termination benefits	743	1,164
Others	19,282	27,738
Net adjusted income for the year	<u>111,272</u>	<u>183,391</u>
Tax base for the year	<u>111,272</u>	<u>183,391</u>
Income tax charge at 20%	<u>22,255</u>	<u>36,678</u>

13.2 Provision for income tax

The movement in the provision for income tax for the years ended December 31 is as follows:

Provision for income tax

	2025	2024
Balance at beginning of the year	17,850	13,179
Charged during the year	22,255	36,678
Adjustment for prior year	(239)	254
Payments made during the year	22,016	36,932
Balance at the end of the year	<u>(39,866)</u>	<u>(32,261)</u>
	<u>-</u>	<u>17,850</u>

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13 Provision for income tax (continued)

13.3 Deferred tax asset

Deferred tax asset as at December 31 relates to the following:

	2025	2024
Employee benefits obligations (16.3.1)	1,214	1,556
Lease liability	2,327	261
Exchange income (loss)	(31)	77
Property and equipment and right-of-use-asset	(1,701)	(775)
Deferred tax asset, net	1,809	1,119

13.3.1 Deferred tax amounting to Saudi Riyals 492 thousand (2024: Saudi Riyals 111 thousand) pertaining to the remeasurement of EOSB gain is recognized in statement of comprehensive income.

13.4 Income tax expense and deferred tax expense / (reversal) for the year

Income tax and deferred tax expense for the year is as follows:

	2025	2024
Income tax expense – current	22,016	36,932
Income tax (reversal) / expense – deferred	(1,182)	(635)
Total income tax expense, net	20,834	36,297

As at December 31, 2025, deferred tax liability on remeasurements of post-employment benefit obligations amounting to Saudi Riyals 0.5 million (2024: Saudi Riyals 0.1 million) is added back to deferred tax (reversal) / expense in statement of income and charged to statement of other comprehensive income.

13.5 Status of final assessment

During the year 2024, the ZATCA has issued queries requesting for certain information in respect of FY 2023. The Company has responded to the ZATCA's queries. The ZATCA has not yet issued the final assessment for the year 2023.

The Company has filed its tax returns with ZATCA for the years up to December 31, 2025; however, the final tax assessment has not yet been obtained as of the date of these financial statements.

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14 Employees' end of service benefits ("EOSB")

	2025	2024
Balance at the beginning of the year	7,779	7,245
Provided during the year	1,760	1,679
Remeasurements gain	(2,455)	(551)
Benefits paid	(1,017)	(482)
Transfers*	-	(112)
Balance as at December 31	6,067	7,779

* This represents employees transferred between the Company and other JP Morgan entities.

The Company operates a defined benefit plan in line with the Labor Law requirements in the Kingdom of Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labor Law of the Kingdom of Saudi Arabia. Employees' end-of-service benefit plans are unfunded plans and the benefit payment obligation are met when they fall due upon termination of employment.

Amounts recognized in the statement of income and comprehensive income

The amounts recognized in the statement of income and comprehensive income related to employee benefit obligations are as follows:

	December 31, 2025	December 31, 2024
Current service cost	1,378	1,328
Interest expense	382	351
Total amount recognized in profit or loss	1,760	1,679
<u>Remeasurements</u>		
Loss from change in financial assumptions	170	(182)
Experience loss	(2,625)	(369)
Total amount recognized in other comprehensive income	(2,445)	(551)

Principal actuarial assumptions

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

	2025	2024
Valuation discount rate	5%	5.26%
Expected rate of increase in salary level across different age bands	5%	5%

Sensitivity analysis for actuarial assumptions

	<u>Change in assumption</u>		<u>Impact on value of employee benefit obligations</u>	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
As at December 31, 2025				
Discount rate	1%	1%	(5,726)	6,427
Salary growth rate	1%	1%	6,427	(5,726)
As at December 31, 2024				
Discount rate	1%	1%	(7,173)	8,436
Salary growth rate	1%	1%	8,436	(7,173)

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14 Employees' end of service benefits ("EOSB") (continued)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee termination.

15 Share capital

The share capital of the Company consists of 9,375,000 shares with a par value of Saudi Riyals 10 per share distributed as follows:

Shareholder	Country of origin	Percentage	2025	2024
J.P. Morgan International Finance Limited	USA	100%	93,750	93,750

16 Statutory reserve

In accordance with the new Companies Law in Saudi Arabia, the requirement for companies to set aside a statutory reserve has been eliminated. Consequently, the management has decided to stop the appropriation for the statutory reserve for the year 2024. Previously, the Company was required to set aside a statutory reserve, after absorption of accumulated losses, if any, by the appropriation of 10% of net income until the reserve reaches at least 30% of the share capital. This reserve was not available for distribution.

The Company is still in the process of updating its By-Laws to reflect the above change. Once the By-Laws is updated, the reserve will be available for distribution to shareholder and with its approval, the reserve will be transferred to the retained earnings.

17 Commitments and contingencies

The Company has not been given, in the normal course of business, and has not committed to any guarantees during the year and has no outstanding guarantees from prior years.

18 Other general and administrative expenses

	2025	2024
VAT and withholding tax expense	19,295	39,103
Professional services*	10,371	6,475
Outsourcing services	4,373	4,430
Travel and entertainment	2,790	2,678
Technology and communication	1,431	1,003
Agent bank charges	93	266
Other	1,530	1,525
	39,883	55,480

*Professional services include auditors' remuneration for the statutory audit of the Company's financial statements and other related services for the year ended December 31, 2025 amounting to Saudi Riyals 390 thousands (2024: Saudi Riyals 344 thousands).

19 Financial instrument fair value

As at December 31, 2025 and December 31, 2024, the fair values of the Company's financial instruments are estimated to approximate their carrying values.

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

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19 Financial instrument fair value (continued)

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

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.

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.

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. During the year ended December 31, 2025 and December 31, 2024, there were no transfers into or out of Level 3 fair value measurements.

20 Financial instruments and risk management

Risk is an inherent part of JPMorgan Chase's (Parent) business activities. The Parent's overall objective is to manage its businesses, and the associated risks, in a manner that balances serving the interests of its clients, customers and investors and protects the safety and soundness of the Parent.

The Parent believes that effective risk management requires, among other things:

- Acceptance of responsibility, including identification and escalation of risks by all individuals within the Parent;
- Ownership of risk identification, assessment, data and management within each line of business and corporate functions; and
- Firmwide structures for risk governance.

The Company is fully integrated into the Parent's risk management framework, leveraging Parent wide risk management policies and procedures. The Company has developed a Risk Manual that documents the results of the annual risk identification and materiality assessment process and outlines the key Parent wide policies and processes for the effective risk management of the Company. This document is updated at least once a year and approved by the Company's Local Management Committee.

The Company Local Management Committee ("LMC"), composed of senior management, ensures that any significant decisions are aligned to the Parent's strategy in light of any relevant Kingdom of Saudi Arabia ("KSA") regulatory requirements, to consider the material risks and issues that are escalated to the LMC, and to provide the necessary oversight and challenge for any proposed mitigation/remediation activities.

The Company has assigned a Chief Risk Officer (CRO), internally also referred as Legal Entity Risk Manager (LERM), who is accountable for the holistic risk oversight of the legal entity, commensurate with its materiality and complexity.

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20 Financial instruments and risk management (continued)

The Company identified the following applicable and material risks: business strategy risk, capital risk, group risk, liquidity risk, reputation risk, credit risk, market risk, commission rate risk incl. interest rate risk in banking book, operational risk, country risk and pension (end of service) risk. The Company ensures that it is conservatively capitalized relative to its risk levels, as well as external requirements and benchmarks. Financial instruments carried on the financial position include cash and cash equivalents, due from related parties and other receivables, due to related parties, accrued expenses and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets and financial liabilities are offset and net amounts are reported in the financial statements, when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

20.1 Market risk

Market risk is the risk associated with the effect of changes in market factors such as interest and foreign exchange rates, equity and commodity prices, credit spreads or implied volatilities, on the value of assets and liabilities held for both the short and long term.

Market risk management monitors and measures market risk throughout the Parent and defines market risk policies and procedures. The Company is incorporated in the Parent's market risk management framework.

The Company's market risks include foreign exchange (currency) risk, equity price risk and commission rate risk incl. incl. interest rate risk in banking book.

a) Foreign exchange risk

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

The Company's foreign exchange risk arises from non-SAR positions. Management closely monitors the exchange rate fluctuations and believes that there is a minimal risk of losses due to exchange rate fluctuation since non-SAR open currency positions are primarily in USD which is pegged to SAR.

b) Commission rate risk including interest rate risk in banking book

Commission rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial positions and cash flows.

The Company's interest rate risk is minimal due to the short-term overnight nature of deposits held with banks.

c) Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

As at December 31, 2025, the Company does not have any financial assets or liabilities designated as at FV and is therefore not exposed to price risk.

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20 Financial instruments and risk management (continued)

20.2 Credit risk

Credit risk is the risk associated with the default or change in credit profile of a client, counterparty or customer.

Credit Risk Management monitors and measures credit risk throughout the Parent and defines credit risk policies procedures and limits. The Company is subject to the policies and practices developed by the Parent.

The Company's credit risk arises from cash and deposits with banks, margin deposit with Muqassa, trade receivables and other receivables. Cash and deposits are placed with J.P.Morgan Chase Bank N.A. Riyadh Branch and local investment grade bank (Saudi Awwal Bank). Other assets contributing to credit risk include fee accruals due from related parties, income receivables and prepaid expenses and have immaterial ECL.

	2025	2024
Cash and cash equivalents (note 4)	166,377	228,093
Deposits with a bank (Note 5)	452,771	343,508
Margin deposit with Muqassa (note 6)	68,757	68,650
Trade receivables (Note 7)	31,950	30,430
	719,855	670,681

Credit risk measurement

The Company has most of its exposure based in the Kingdom of Saudi Arabia. The assessment of credit risk of a financial assets carried at amortized cost entails further estimations as to the likelihood of defaults occurring, of the association loss ratios and of default correlations between customers.

Credit quality analysis

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

	December 31, 2025			Total
	Investment grade	Non-investment grade	Unrated	
Financial assets				
Cash and cash equivalents	166,377	-	-	166,377
Deposits with a bank	452,771	-	-	452,771
Margin deposit with Muqassa	68,757	-	-	68,757
Trade receivables	31,950	-	-	31,950
Total	719,855	-	-	719,855

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20 Financial instruments and risk management (continued)

20.2 Credit risk (continued)

	December 31, 2024			
	Investment grade	Non-investment grade	Unrated	Total
Financial assets				
Cash and cash equivalents	228,093	-	-	228,093
Deposits with a bank	343,508	-	-	343,508
Margin deposit with Muqassa	68,650	-	-	68,650
Trade receivables	30,430	-	-	30,430
Total	670,681	-	-	670,681

Loss allowance on financial assets

	December 31, 2025			
	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Carrying amount	719,855	-	-	719,855
ECL	-	-	-	-
	719,855	-	-	719,855

	December 31, 2024			
	12 month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Carrying amount	670,681	-	-	670,681
ECL	-	-	-	-
	670,681	-	-	670,681

20.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its contractual and contingent obligations as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.

The Parent has a Liquidity Risk Management ("LRM") function, acting as second line of defence, whose primary objective is to provide independent assessment, measurement, monitoring, and control of liquidity risk across the Parent. The Company is incorporated in the Parent's liquidity risk management framework.

The Company's assets are mainly liquid overnight deposits or nostro accounts at banks. The Company has taken no loans and has other liabilities of Saudi Riyals 40 million as December 31, 2025 (2024: Saudi Riyals 51 million).

The Company's liquidity management process includes the following:

- a) Day-to-day funding, managed by Finance department and individual business lines to ensure that requirements can be met and this includes replenishment of funds as they mature or are invested;
- b) Monitoring the Company's financial position.

The following analyses the Company's financial liabilities based on the remaining period at the financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. All financial liabilities are due within one year and hence the impact of discounting is not significant.

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20 Financial instruments and risk management (continued)

20.3 Liquidity risk (continued)

	Due within 1 year	Due after 1 year
2025		
Trade payables	7,393	-
Accrued expenses and other liabilities excluding income tax payable	10,885	-
Lease liabilities	2,130	9,504
Total	20,408	9,504
	Due within 1 year	Due after 1 year
2024		
Trade payables	6,677	-
Accrued expenses and other liabilities excluding income tax payable	12,908	-
Lease liabilities	1,305	-
Total	20,890	-

20.4 Capital risk management

Capital risk is the risk that the Parent has an insufficient level or composition of capital to support its business activities and associated risks during both normal economic environments and under stressed conditions.

The Company's objectives when managing capital are, to comply with the capital requirements set by the CMA to safeguard the Company's ability to continue as a going concern and to maintain a strong capital base. As at December 31, 2025, the Company was in compliance with the externally imposed capital restrictions.

20.5 Operational risk

Operational risk is the risk associated with an adverse outcome resulting from inadequate or failed internal processes or systems; human factors; or external events impacting the Company's processes or systems. Operational risk includes compliance, conduct, legal and estimations and model risk. Operational risk is inherent in the Company's activities and can manifest itself in various ways, including fraudulent acts, business disruptions (including those caused by extraordinary events beyond the Company's control), cyber-attacks, technology process failure, inappropriate employee behavior, failure to comply with applicable laws, rules and regulations or failure of vendors or other third party to perform in accordance with their agreements. The Company attempts to manage operational risk at appropriate levels in light of the Company's financial position, the characteristics of its businesses, and the markets and regulatory environments in which it operates.

The Company is incorporated into the Firmwide Compliance, Conduct, and Operational Risk (CCOR) framework.

21 Fiduciary assets

Clients' money accounts

As at December 31, 2025, the Company holds clients' money accounts, with the bank, amounting to Saudi Riyals 0.4 billion (2024: Saudi Riyals 0.6 billion), to be used for investments upon client discretion. Consistent with the Company's accounting policy, such balances are not included in the Company's financial statements.

J.P. MORGAN SAUDI ARABIA COMPANY
(A Single Shareholder Closed Joint Stock Company)
Notes to the financial statements
For the year ended December 31, 2025
(All amounts in Saudi Riyals thousands unless otherwise stated)

22 Subsequent events

There was no event subsequent to the statement of financial position date which requires adjustment to or disclosure in these financial statements.

23 Approval of the financial statements

These financial statements were authorized for issuance by the board of directors on March 12, 2026.