

MIZUHO SAUDI ARABIA COMPANY
(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS
For the year ended 31 December 2025
together with
Independent Auditor's Report

MIZUHO SAUDI ARABIA COMPANY
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

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KPMG Professional Services Company

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

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Mizuho Saudi Arabia Company

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with 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").

Basis for Opinion

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

Responsibilities of 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 IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA, the applicable requirements of the Regulations for Companies, the Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, the Board of Directors, are responsible for overseeing the Company's financial reporting process.



Independent Auditor's Report

To the Shareholder of Mizuho Saudi Arabia Company (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Mizuho Saudi Arabia Company** (the "Company").

KPMG Professional Services Company

Mohammed Najeeb Alkhelaiwi
License No: 481



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

MIZUHO SAUDI ARABIA COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

	<i>Notes</i>	31 December 2025	31 December 2024
<u>ASSETS</u>			
Non-current assets			
Right-of-use assets	5	4,925,476	10,906,114
Net investment in sub-lease	5	4,139,063	-
Property and equipment	6	2,245,017	289,054
Deferred tax asset	7	161,290	45,578
Total non-current assets		11,470,846	11,240,746
Current assets			
Prepayments and other assets	8	2,079,323	1,704,464
Term deposits	9	65,476,486	72,745,315
Cash and cash equivalents	10	11,681,707	7,269,327
Net investment in sub-lease	5	504,509	-
Total current assets		79,742,025	81,719,106
Total assets		91,212,871	92,959,852
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital	11	75,000,000	75,000,000
Retained earnings		3,763,584	2,616,800
Actuarial valuation reserve	12	1,022,537	1,016,300
Total equity		79,786,121	78,633,100
Non-current liabilities			
Employees' end-of-service benefits	12	41,393	102,453
Lease liabilities	5	7,988,055	8,974,363
Total non-current liabilities		8,029,448	9,076,816
Current liabilities			
Accrued expenses and other payables	13	1,722,057	3,322,863
Income tax payable	7	688,937	766,030
Lease liabilities	5	986,308	921,362
Contract liabilities	14	-	239,681
Total current liabilities		3,397,302	5,249,936
Total liabilities		11,426,750	14,326,752
Total equity and liabilities		91,212,871	92,959,852

Satoshi Fukuda

Satoshi Fukuda
Chief Executive Officer

The accompanying notes from 1 to 21 form an integral part of these financial statements.

MIZUHO SAUDI ARABIA COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

	<i>Notes</i>	31 December 2025	31 December 2024
Advisory revenue		8,759,717	8,660,973
Secondment revenue		-	52,000
Total revenue		8,759,717	8,712,973
Salaries and employee related expenses	15	(2,564,431)	(3,602,609)
Depreciation of property and equipment	6	(181,927)	(5,136)
Depreciation of right-of-use asset	5	(1,412,345)	(1,084,508)
Finance cost on lease liability	5	(624,100)	(225,836)
Other expenses	16	(3,136,807)	(2,167,321)
Total expenses		(7,919,610)	(7,085,410)
Total operating profit		840,107	1,627,563
Special commission income		3,104,901	4,221,876
Interest income on sub-lease	5	148,937	-
Other income		-	17,049
Profit before tax		4,093,945	5,866,488
Income tax expenses	7	(592,043)	(1,038,528)
Profit for the year		3,501,902	4,827,960
Other comprehensive income / (loss)			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement gain / (loss) on employees' end-of-service benefits	12	6,237	(10,497)
Total comprehensive income for the year		3,508,139	4,817,463

Satoshi Fukuda

Satoshi Fukuda
Chief Executive Officer

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MIZUHO SAUDI ARABIA COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	(Accumulated losses) / Retained earnings	Actuarial valuation reserve (Note 12)	Total
As at 1 January 2024	75,000,000	(2,211,160)	1,026,797	73,815,637
Profit for the year	-	4,827,960	-	4,827,960
Other comprehensive loss	-	-	(10,497)	(10,497)
Total comprehensive income	-	4,827,960	(10,497)	4,817,463
As at 31 December 2024	75,000,000	2,616,800	1,016,300	78,633,100
Profit for the year	-	3,501,902	-	3,501,902
Other comprehensive income	-	-	6,237	6,237
Total comprehensive income	-	3,501,902	6,237	3,508,139
Dividends paid	-	(2,355,118)	-	(2,355,118)
As at 31 December 2025	75,000,000	3,763,584	1,022,537	79,786,121

Satoshi Fukuda

Satoshi Fukuda
Chief Executive Officer

The accompanying notes from 1 to 21 form an integral part of these financial statements.

MIZUHO SAUDI ARABIA COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

	<i>Notes</i>	31 December 2025	31 December 2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		4,093,945	5,866,488
<i>Adjustments for:</i>			
Gain on disposal of right-of-use asset	5	-	(17,049)
Depreciation of right-of-use asset	5	1,412,345	1,084,508
Depreciation of property and equipment	6	181,927	5,136
Finance cost on lease liabilities	5	624,100	225,836
Provision for employees' end-of-service benefits	12	61,209	74,097
Special commission income		(3,104,901)	(4,221,876)
Interest income on sub-lease	5	(148,937)	-
		3,119,688	3,017,140
Changes in operating assets and liabilities:			
Prepayments and other assets		(374,859)	(1,284,299)
Accrued expenses and other payables		(1,600,806)	1,544,038
Contract liability		(239,681)	9
		904,342	3,276,888
Special commission income received		3,373,730	4,398,086
Payment of finance cost on lease liability	5	(637,885)	(16,704)
Payment of employees' end-of-service benefits	12	(116,032)	(19,147)
Income tax paid	7	(784,848)	(801,710)
Net cash generated from operating activities		2,739,307	6,837,413
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement in term deposits		(125,000,000)	(153,000,000)
Encashment of term deposits		132,000,000	153,000,000
Purchase of property and equipment	6	(2,137,890)	(289,870)
Interest income on sub-lease received		73,658	-
Net cash generated from / (used in) investing activities		4,935,768	(289,870)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liability	5	(907,577)	(1,910,971)
Dividend paid		(2,355,118)	-
Net cash used in financing activities		(3,262,695)	(1,910,971)
Increase in cash and cash equivalents		4,412,380	4,636,572
Cash and cash equivalents at the beginning of the year	10	7,269,327	2,632,755
Cash and cash equivalents at the end of the year	10	11,681,707	7,269,327
Non-cash information:			
Remeasurement gain / (loss) on employees' end-of-service benefits	12	6,237	(10,497)
Net investment in sub-lease	5	4,568,293	-
Transfer of employees' end-of-service benefits	12	-	(51,471)

Satoshi Fukuda

Satoshi Fukuda
Chief Executive Officer

The accompanying notes from 1 to 21 form an integral part of these financial statements.

MIZUHO SAUDI ARABIA COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

1. INCORPORATION AND ACTIVITIES

Mizuho Saudi Arabia Company (the “Company”) is a Saudi closed joint stock company incorporated based on Ministerial Resolution number 51 dated 20 Safar 1430H (corresponding to 15 February 2009). The Company is registered with the Capital Market Authority (“CMA”) under license numbered 11158-30. It operates in the Kingdom of Saudi Arabia under commercial registration number 1010263572 dated 6 Rabi Awal 1430H (corresponding to 3 March 2009), having unified no. 7001574651. Further the Company has also obtained a license from the Saudi Arabian General Investment Authority (license number 1398/1 dated 23 Dhul Hijjah 1429H) (corresponding to 21 December 2008). The registered office is located at King Abdullah Financial District KAFD, Area 4, Building 4.07, Floor 08, Unit 01, Riyadh 13519, Kingdom of Saudi Arabia.

The Company is solely authorized by CMA to conduct the activities of arranging and advising in securities business. The Company is owned 85% by Mizuho Bank Limited (“the Ultimate Parent Company”) and 15% by Mizuho Securities Co. Limited.

The new Companies Law issued through Royal Decree M/132 on 01/12/1443H (corresponding to June 30, 2022) (hereinafter referred as the "New Law") came into force on 26/06/1444H (corresponding to January 19, 2023). In this regard, during the year, the Company approved the amendment of certain provisions of the Company’s By-laws to ensure compliance with the requirements of the new Companies’ Law.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

2.2 Basis of measurement and presentation

These financial statements have been prepared on a going concern basis under the historical cost basis of accounting and the going concern concept, except for the employee’s end of service benefit measured at present value of future obligations using projected unit credit method.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals (SR), which is the Company’s functional currency. Except as otherwise indicated, financial information presented in SR.

2.4 Use of estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

MIZUHO SAUDI ARABIA COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

3. NEW AMENDMENTS TO EXISTING STANDARDS ADOPTED BY THE COMPANY

(a) New standards and amendments adopted by the Company

Following standards, interpretations and amendments are effective from the current year and are adopted by the Company. The Company has assessed that these amendments have no significant impact on the Company's financial statements.

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

(b) New standards not yet effective and not early adopted

The International Accounting Standard Board (IASB) has issued the following accounting standards, interpretation and amendments, which become effective from periods starting on or after 1 January 2025. The Company has opted not to early adopt these pronouncements.

Standards, interpretations & 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.	1 January 2026

MIZUHO SAUDI ARABIA COMPANY
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3. NEW AMENDMENTS TO EXISTING STANDARDS ADOPTED BY THE COMPANY (CONTINUED)

(b) New standards not yet effective and not early adopted (continued)

Standards, interpretations & amendments	Description	Effective date
Annual improvements to IFRS Accounting – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows.	1 January 2026
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.	1 January 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.	1 January 2027

The management of the Company is currently evaluating the impact of the adoption of these standards on the financial statements.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of the financial statements are set out below. The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the Company's financial statements for the year ended 31 December 2024.

MIZUHO SAUDI ARABIA COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

4.2 Term deposits

Term deposits consist of deposits with a local bank with a maturity of more than three months from the date of the acquisition.

4.3 Financial instruments

(a) Financial Assets

The Company initially recognises financial assets when it becomes party to the contractual provisions of the financial instrument into the following categories:

- Measured at amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

The Company have financial assets and liabilities as disclosed in note 21 which the company have categorized as financial instruments measured at amortized cost, the company do not have any instrument measures at FVOCI and FVPL as:

- The objective of the Company 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.; and
- The contractual flows represent solely payment of principal and profit.

Subsequent measurement

Financial assets that are initially recognized at fair value are subsequently measured at amortized cost based on expected credit loss (ECL) described below:

- the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. These balances are assessed to have low credit risk as they are held with reputable and high credit rating institutions and hence the impact of expected credit loss is negligible and hence not disclosed in these financial statements.

(b) Financial Liabilities

Financial liabilities include accrued expenses and other liabilities and are classified according to the substance of the respective contractual arrangement and are initially measured at their fair value, net of transaction costs.

Financial liabilities are subsequently carried at their amortized cost, with commission cost being recognised on an effective yield basis in the statement of profit or loss and other comprehensive income over the term of the instrument.

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(All amounts in Saudi Riyals unless otherwise stated)

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.4 Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs include the cost of replacing part of the equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

The cost less estimated residual value of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets, effective from the date when it was available for use.

The Company applies the following annual rates of depreciation to its property and equipment:

Leasehold improvements	10%
Furniture and fixtures	20%
Computer hardware	20%
Motor vehicles	20%

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

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.

4.5 Leases

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

Company as a lessee

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

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Buildings are depreciated over the lease term of 5 years.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) that depend on a rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the

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4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.5 Leases (continued)

lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in interest-bearing liabilities.

4.6 Sub-leases (Intermediate Lessor Accounting)

The Company acts as an intermediate lessor, classified the sublease as finance leases, at the commencement date of the sub-lease: the right-of-use asset relating to the head lease is derecognised; and a net investment in the sub-lease is recognised.

The net investment in the sub-lease is measured at the present value of the lease payments receivable (plus any unguaranteed residual value), discounted using the interest rate implicit in the sub-lease. If the interest rate implicit in the sub-lease cannot be readily determined, the discount rate used for the head lease is applied, adjusted for any initial direct costs associated with the sub-lease.

Any difference between the carrying amount of the right-of-use asset derecognised and the net investment in the sub-lease recognised is recorded immediately in profit or loss.

The Company continues to recognise the lease liability relating to the head lease in accordance with the lessee accounting requirements of IFRS 16. The lease liability on the head lease and the net investment in the sub-lease is presented gross in the statement of financial position.

During the term of the sub-lease, the company recognises: finance income on the net investment in the sub-lease (calculated using the effective interest method to reflect a constant periodic rate of return on the net investment); and interest expense on the head-lease liability.

The net investment in the sub-lease is presented within "Net investment in sub-lease" and is split between current and non-current portions as appropriate.

4.7 Revenue from contracts with customers

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

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

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(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.7 Revenue from contracts with customers (continued)

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

Advisory and secondment revenue

Fee from advisory services is recognised overtime when the services are delivered to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company has concluded that it is the principal in its revenue arrangements.

When the Company satisfies a performance obligation by delivering the promised services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

When the Company receives consideration from a customer and expects to refund some or all of that consideration to the customer it gives rise to a refund liability which is measured at the amount of consideration received (or receivable) for which the Company does not expect to be entitled.

Special commission income

Special commission income and commission expense are recognized in the statement of comprehensive income using the effective commission rate method. The ‘effective commission rate’ is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

When calculating the effective commission rate for financial instruments other than purchase or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument but excluding expected credit losses. For purchase or originated credit-impaired financial assets, a credit adjusted effective commission rate is calculated using estimated future cash flows including expected credit loss (“ECL”) allowance.

The calculation of the effective commission rate includes transaction costs and fees that are an integral part of the effective commission rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Other income is recognised when earned.

4.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.8 Taxation (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in statement of comprehensive income ("OCI") or directly in equity.

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4.9 Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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5 RIGHT-OF-USE ASSETS AND LEASE LIABILITES

The Company has entered into lease agreements for its office premises and the residence of the Chief Executive Officer (CEO). The lease for the office premises commenced on 1 September 2024 and is for a term of 10 years. The lease for the CEO's residence commenced on 1 December 2024 and is for a term of 3 years.

5.1 LEASES AS LESSEE

<u>Right-of-use assets</u>	<i>Notes</i>	31 December 2025	31 December <u>2024</u>
As at 1 January		10,906,114	1,194,616
Additions		-	11,028,322
Early termination of the lease		-	(232,316)
Transfer to sub-lease	5.2	(4,568,293)	-
Depreciation expense of right-of-use assets		(1,412,345)	(1,084,508)
Closing balance		<u>4,925,476</u>	<u>10,906,114</u>
		31 December 2025	31 December <u>2024</u>
<u>Lease Liabilities</u>			
As at 1 January		9,895,725	818,608
Additions		-	11,028,322
Early termination of the lease		-	(249,366)
Payment of principal portion of lease liabilities		(907,577)	(1,910,971)
Payment of finance cost portion of lease liabilities		(637,885)	(16,704)
Finance cost on lease liabilities		624,100	225,836
Closing balance		<u>8,974,363</u>	<u>9,895,725</u>
		31 December 2025	31 December <u>2024</u>
Amount recognised in statement of financial position			
Current		986,308	921,362
Non-current		7,988,055	8,974,363
Total		<u>8,974,363</u>	<u>9,895,725</u>

When measuring the lease liabilities, the Company discounted the lease payments using the incremental borrowing rate at the commencement dates of the respective lease contracts.

Amount recognised in statement of profit or loss and other comprehensive income	31 December 2025	31 December <u>2024</u>
Depreciation expense of right-of-use asset	1,412,345	1,084,508
Finance cost on lease liabilities	624,100	225,836
Total	<u>2,036,445</u>	<u>1,310,344</u>

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5 RIGHT-OF-USE ASSETS AND LEASE LIABILITES (CONTINUED)

5.2 LEASES AS LESSOR

FINANCE LEASE

During 2025, the Company has sub-leased the office premises to Mizuho MEA Regional Headquarters Company (a related party) that have been presented as Net investment in sub-lease.

During 2025, the Company recognised interest income on Net investment in sub-lease of SR 148,937 (2024: Nil).

The following table sets out a maturity analysis of Net investment in sub-lease, showing the undiscounted lease payments to be received after reporting date.

	31 December <u>2025</u>	31 December <u>2024</u>
Less than one year	631,520	-
One to two years	635,184	-
Two to three years	639,030	-
Three to four years	643,069	-
Four to five years	731,048	-
More than five years	<u>3,043,967</u>	<u>-</u>
Total undiscounted lease receivable	6,323,818	-
Unearned finance income	<u>1,680,246</u>	<u>-</u>
Net Investment in the lease	<u>4,643,572</u>	<u>-</u>
	31 December <u>2025</u>	31 December <u>2024</u>
Amount recognised in statement of financial position		
Current	504,509	-
Non-current	<u>4,139,063</u>	<u>-</u>
Total	<u>4,643,572</u>	<u>-</u>

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6. PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Computer hardware	Vehicles	Total
Cost:					
At 1 January 2025	1,583,099	287,697	446,234	515,420	2,832,450
Write offs (note 6.1)	(1,583,099)	(287,697)	(446,234)	-	(2,317,030)
Addition	1,166,697	196,233	774,960	-	2,137,890
At 31 December 2025	1,166,697	196,233	774,960	515,420	2,653,310
Accumulated depreciation:					
At 1 January 2025	1,583,099	287,697	444,674	227,926	2,543,396
Charge for the year	38,996	16,732	68,225	57,974	181,927
Write offs (note 6.1)	(1,583,099)	(287,697)	(446,234)	-	(2,317,030)
At 31 December 2025	38,996	16,732	66,665	285,900	408,293
Net book value:					
At 31 December 2025	1,127,701	179,501	708,295	229,520	2,245,017

6.1 During the year, the Company relocated to a new office premises. As a result, leasehold improvements, furniture and equipment pertaining to the previous office, which had been fully depreciated (carrying amount of nil), were written off and derecognised from the financial statements.

	Leasehold improvements	Furniture and fixtures	Computer hardware	Vehicles	Total
Cost:					
At 1 January 2024	1,583,099	287,697	446,234	225,550	2,542,580
Addition	-	-	-	289,870	289,870
At 31 December 2024	1,583,099	287,697	446,234	515,420	2,832,450
Accumulated depreciation:					
At 1 January 2024	1,583,099	287,697	441,914	225,550	2,538,260
Charge for the year	-	-	2,760	2,376	5,136
At 31 December 2024	1,583,099	287,697	444,674	227,926	2,543,396
Net book value:					
At 31 December 2024	-	-	1,560	287,494	289,054

7. TAXATION

7.1 Income Tax

	31 December 2025	31 December 2024
Current year income tax charge	688,937	775,272
Prior year income tax charge	18,818	-
Deferred tax adjustment for the year (see note 7.2)	(115,712)	263,256
Income tax expense for the year	592,043	1,038,528

The current year provision is based on 20% of the adjusted taxable profit. Differences between the financial and taxable profit are mainly due to provisions and certain expenses which are disallowed for tax purposes.

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7. TAXATION (CONTINUED)

7.1 Income Tax (continued)

The movement in income tax payable is as follows:

	31 December 2025	31 December 2024
Balance at beginning of the year	766,030	792,468
Charged to profit or loss	688,937	775,272
Paid during the year	(784,848)	(801,710)
Reversal for the prior year	18,818	-
Balance at end of the year	<u>688,937</u>	<u>766,030</u>

Reconciliation of tax expense and the accounting profit multiplied by KSA's domestic tax rate for 2024 and 2025:

	31 December 2025	31 December 2024
Accounting gain before income tax	4,093,945	5,576,907
Add: Non-deductible expenses for tax purposes	2,454,074	1,447,148
Less: Claims	(1,955,103)	(1,858,111)
Less: Utilisation of previously unrecognised tax losses	(1,148,229)	(1,289,585)
Adjusted profit for Income Tax Calculation	<u>3,444,687</u>	<u>3,876,359</u>
Income tax expense at 20% reported in the statement of profit or loss	<u>688,937</u>	<u>775,272</u>

7.2 Deferred Tax

The Company has recognized deferred tax at the reporting date, in respect of timing differences due to disallowance of the right of use assets, lease liabilities, net investment in sublease, employees' end-of-service benefits and differences in the basis of depreciation calculated at an income tax rate of 20%.

Movement in deferred tax asset during the year is:

	31 December 2025	31 December 2024
At the beginning of the year	45,578	308,834
Adjustment made during the year	115,712	(263,256)
At the end of the year	<u>161,290</u>	<u>45,578</u>

Comprising of temporary differences due to:

Accelerated depreciation	61,304	79,592
Right-of-use-assets, lease liabilities and net investment in finance lease	(118,936)	(202,078)
Employees' end-of-service benefits	218,922	168,064
	<u>161,290</u>	<u>45,578</u>

The Company has SR 11,296,551 (2024: SR 12,444,780) of tax losses carried forward which relate to prior years' results. The Company has not recognized any deferred tax assets as the Company does not expect to utilize tax benefits within a reasonable predictable time period. If the Company was able to recognize all unrecognized deferred tax assets, profit and equity would have increased by SR 2,259,310 (2024: SR 2,493,362) and SR 210,644 (2024: SR 147,573) respectively.

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7. TAXATION (CONTINUED)

7.3 Status of assessments

The Company has filed its tax declarations with the Zakat, Tax and Customs Authority (“ZATCA”) up to the year ended 31 December 2024. No assessment has been raised by the ZATCA as yet.

8. PREPAYMENTS AND OTHER ASSETS

	31 December <u>2025</u>	31 December <u>2024</u>
Prepayments	142,365	446,295
Security deposits	220,118	212,373
Advance paid to contractor	-	600,000
Other receivables*	1,716,840	445,796
	<u>2,079,323</u>	<u>1,704,464</u>

*This includes VAT receivable from ZATCA amounting to SR 1,066,000 (2024: 381,000).

9. TERM DEPOSITS

	31 December <u>2025</u>	31 December <u>2024</u>
Term deposits	65,000,000	72,000,000
Accrued income on term deposits	476,486	745,315
	<u>65,476,486</u>	<u>72,745,315</u>

As at 31 December 2025, the Company has term deposits with a local bank having credit rating of A1 (2024: A1) by Moody’s. The effective commission rate on these term deposits as at 31 December 2025 is 4.55% (2024: 5.71%) and having a latest maturity of May 2026. These term deposits have an original maturity of more than 3 months and are denominated in Saudi Riyals.

10. CASH AND CASH EQUIVALENTS

	31 December <u>2025</u>	31 December <u>2024</u>
Cash at bank	11,675,509	7,266,554
Cash in hand	6,198	2,773
	<u>11,681,707</u>	<u>7,269,327</u>

The bank balances are carried at a local bank having credit rating of A1 (2024: A1) by Moody’s.

11. SHARE CAPITAL

The authorized, issued and paid-up share capital consists of 7.5 million shares (2024: 7.5 million shares) of SR 10 each.

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12. EMPLOYEES' END-OF-SERVICE BENEFITS

	31 December 2025	31 December <u>2024</u>
Balance at the beginning of the year	102,453	88,477
Current service cost	55,947	68,107
Interest cost	5,262	5,990
Actuarial gain / (loss)	(6,237)	10,497
Benefits transferred to sister Company	-	(51,471)
Benefits paid	(116,032)	(19,147)
Balance at the end of the year	<u>41,393</u>	<u>102,453</u>

The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	31 December 2025	31 December <u>2024</u>
Discount rate	5.9%	5.9%
Rate of salary increases	3.75%	3.75%

All movements in the employees' end-of-service benefits are recognized in profit or loss except for the actuarial gain / (loss), which is recognized in other comprehensive income ("OCI").

Movements in actuarial gains recognized in OCI are as follows:

	31 December 2025	31 December <u>2024</u>
At the beginning of the year	1,016,300	1,026,797
Remeasurement gain / (loss) – effect of experience adjustments	6,237	(10,497)
At the end of the year	<u>1,022,537</u>	<u>1,016,300</u>

Sensitivity analysis

The sensitivity analysis presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability. The sensitivity analyses may not be representative of an actual change in the employees' end-of-service benefits as it is unlikely that changes in assumptions would occur in isolation from one another.

	31 December 2025	31 December <u>2024</u>
Increase in discount rate of 1%	34,167	84,139
Decrease in discount rate of 1%	50,470	125,855
Increase in rate of salary increase of 1%	50,553	126,146
Decrease in rate of salary increase of 1%	<u>33,989</u>	<u>83,644</u>

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12. EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

The following are the expected payments to the employees' end-of-service benefit in future years:

	31 December 2025	31 December 2024
Within the next 12 months	470	1,223
Between 2 and 5 years	12,854	31,711
Beyond 5 years	<u>70,089</u>	<u>146,740</u>

13. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2025	31 December 2024
Accrued expenses	917,743	1,489,916
Refund liability*	671,911	1,802,631
Refundable security deposit	131,845	-
Other payables	<u>558</u>	<u>30,316</u>
	<u>1,722,057</u>	<u>3,322,863</u>
Analyzed between:		
Current liabilities	1,666,232	3,322,863
Non-current liabilities	<u>55,825</u>	-
Current accrued expenses and other payables	<u>1,722,057</u>	<u>3,322,863</u>

*This represents the excess consideration received from Mizuho Bank Limited (a related party) which the Company expects to refund by adjusting the subsequent invoice of Mizuho Bank Limited in the subsequent year.

14. CONTRACT LIABILITIES

	31 December 2025	31 December 2024
Contract liabilities		
Current	<u>-</u>	<u>239,681</u>

A contract liability is recognized if a payment is received, or a payment is due (whichever is earlier) from a customer before the Company transfers the related services. Contract liabilities are recognized as revenue when the Company performs under the contract. Revenue earned from the contract during the year is SR 239,681 (2024: SR 958,694).

15. SALARIES AND EMPLOYEE RELATED EXPENSES

	For the year ended 31 December	
	<u>2025</u>	<u>2024</u>
Salaries and employment related benefits	2,264,637	3,084,387
Employees' end of service benefits	61,209	74,097
Other staff expenses	<u>238,585</u>	<u>444,125</u>
	<u>2,564,431</u>	<u>3,602,609</u>

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16. OTHER EXPENSES

	For the year ended 31	
	December	
	<u>2025</u>	<u>2024</u>
Professional fees	948,219	1,146,506
Information technology	395,688	330,085
Membership fee	125,334	149,685
Withholding tax	122,126	83,525
Events	121,446	-
Travelling and related costs	180,337	83,724
Service level agreement expense	749,212	85,575
Others	494,445	288,221
	<u>3,136,807</u>	<u>2,167,321</u>

17. FINANCIAL INSTRUMENTS AND FAIR VALUE

	31 December 2025	
	<u>Carrying value</u>	<u>Fair value</u>
Financial assets		
Cash and cash equivalents	11,681,707	11,681,707
Term deposits	65,476,486	65,476,486
Other receivables	1,936,958	1,936,958
	<u>79,095,151</u>	<u>79,095,151</u>

	31 December 2024	
	<u>Carrying value</u>	<u>Fair Value</u>
Financial assets		
Cash and cash equivalents	7,269,327	7,269,327
Term deposits	72,745,315	72,745,315
Other receivables	658,169	658,169
	<u>80,672,811</u>	<u>80,672,811</u>

The carrying value of all financial assets and liabilities reflected in the financial statements approximates their fair value due to their short term in nature. An active market for these instruments is not available and the Company intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities and accordingly these are considered as Level 3 financial assets except for Cash and cash equivalents which are classified under level 1. There have been no transfers to and from Level 3 during the year.

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18. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company include the shareholders of the Company, related companies, directors and key management personnel. Terms and conditions of these transactions are approved by the Company's management.

Related party transactions during the year were as follows:

Related party	Relationship	Nature of transaction	For the year ended 31	
			December	
			<u>2025</u>	<u>2024</u>
		Advisory revenue*	7,341,170	7,702,279
Mizuho Bank Limited	Shareholder	Expenses and salaries paid on behalf of the Company	(463,240)	(388,965)
		IT Fees	(6,830)	(9,764)
Mizuho Securities Company Limited	Shareholder	Advisory revenue	239,674	958,694
Mizuho Gulf Capital Partners Limited	Fellow subsidiary	Secondment revenue	-	52,000
Mizuho MEA Regional Headquarters Company	Fellow subsidiary	Rent paid on behalf of Company	-	159,120
		Employee Benefits transferred	-	(83,089)
		Service level agreement expense	(749,212)	(85,575)
		Paid on behalf of RHQ for property and equipment purchases	2,036,448	-
		Salaries and employee related expenses paid by the Company	653,929	-
			-	-
Key management personnel		Salaries and employee related benefits	923,676	884,117

* The Company has entered into Service Level Agreement (SLA) with Mizuho Bank Limited to provide advisory services for agreed consideration, calculated as total expenses plus 10% in accordance with its agreement with the Ultimate Parent Company, where total expenses include all direct and indirect costs related to service delivery.

** The Company entered into SLA with Mizuho MEA Regional Headquarters Company (RHQ), under which it pays agreed consideration for services provided in accordance with the terms of SLA. These service charges are charged as total expenses plus 10%, where total expenses comprise all direct and indirect costs incurred by the RHQ exclusively in connection with services provided on behalf of the Company.

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18. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Balances of related parties as at statement of financial position date were as follows:

Related party	Relationship	Nature of balance	As at 31 December	
			<u>2025</u>	<u>2024</u>
			Amount receivable / (payable)	
Mizuho Securities Company Limited	Shareholder	Contract liabilities	-	(239,681)
Mizuho Bank Limited	Shareholder	Refund liability	(215,026)	(1,802,631)
Mizuho Bank Limited	Shareholder	Other payable (IT fees)	(4,838)	(6,452)
Mizuho MEA Regional Headquarters Company	Fellow subsidiary	Other receivable, net	439,786	76,031
Key management personnel		Employees' end-of-service benefits	41,393	102,453

19. CONTINGENT LIABILITIES

The Company has no contingent liabilities in existence as at the reporting date.

20. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

20.1 The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and financial liabilities:

	31 December	31 December
	<u>2025</u>	2024
Financial assets at amortised cost:		
Cash and cash equivalents	11,681,707	7,269,327
Term deposits	65,476,486	72,745,315
Net Investment in sub-lease	4,643,572	-
Other assets	1,936,958	658,169
	<u>83,738,723</u>	<u>80,672,811</u>
Financial liabilities at amortised cost:		
Lease liabilities	986,308	921,362
Refund liability	671,911	1,802,631
Other liabilities	1,050,146	1,520,232
	<u>2,708,365</u>	<u>4,244,225</u>

These financial assets are assessed to have low credit risk as they are held with reputable and high credit rating institutions and hence the impact of expected credit loss is negligible.

Carrying amount of all of the above financial assets approximates the fair value as at the reporting date.

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20. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

20.1 Financial risk management

The Company's financial liabilities comprise other payables and lease liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include cash and cash equivalents, term deposits, security deposits and other assets. The Company is exposed to market risk and credit risk. The Company's management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to two types of risk: interest rate risk, and currency risk. Financial instruments affected by market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's lease liabilities. The Company does not have any exposure to movements in interest rates on its lease liability at the current or prior reporting date. Consequently, no interest rate sensitivity analysis has been presented.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company did not have any significant foreign currency denominated monetary assets or liabilities at the reporting date for which it was exposed to foreign currency fluctuations. Consequently, no foreign currency sensitivity analysis has been presented.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its cash at bank, deposits with banks and accrued income.

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

	31 December 2025	31 December 2024
Cash and cash equivalents	11,681,707	7,269,327
Term deposits	65,476,486	72,745,315
Net Investment in sub-lease	4,643,572	-
Other assets	1,936,958	658,169
	<u>83,738,723</u>	<u>80,672,811</u>

Liquidity risk

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

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20. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

31 December 2025	Within 3 Months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Lease liabilities	-	1,287,889	7,073,892	3,031,904	11,393,685
Refund liability	-	215,026	-	-	215,026
Other liabilities	2,541,615	-	-	55,825	2,597,440
	2,541,615	1,502,915	7,073,892	3,087,729	14,206,151

31 December 2024	Within 3 Months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Lease liabilities	-	1,545,461	5,634,718	6,032,967	13,213,146
Refund liability	-	1,802,631	-	-	1,802,631
Other liabilities	4,088,893	-	-	-	4,088,893
	4,088,893	3,348,092	5,634,718	6,032,967	19,104,670

20. SUBSEQUENT EVENTS

The recent regional military escalations have triggered a high-risk conflict environment across the Gulf. The situation is still very fluid, and scenarios can shift very quickly. The escalations have brought about additional uncertainties in the Company's operating environment. With respect to financial statements for the year ended 31 December 2025, the potential financial reporting effects of the conflict are considered to be non-adjusting in nature.

The Management has been closely monitoring the impact of the developments on the Company's operations. As the situation is fast evolving and fluid, the effect of the escalations is subject to significant levels of uncertainty, with the full range of possible effects unknown.

21. APPROVALS OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorized to issue by the Board of Directors on 30 March 2026 (corresponding to 11 Shawwal 1447 H).