

**TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**REISSUED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

**TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)**

REISSUED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2022

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TAMWEEL AL-ULA COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY)

Opinion

We have audited the reissued financial statements of Tamweel Al-Oula Company (A Saudi Closed Joint Stock Company) (the “Company”), which comprise the reissued statement of financial position as at 31 December 2022, and the reissued statement of profit or loss and other comprehensive income, reissued statement of changes in shareholder’s equity and reissued statement of cash flows for the year then ended, and notes to the reissued financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying reissued financial statements present fairly, in all material respects, the reissued financial position of the Company as at 31 December 2022, and its reissued financial performance and its reissued cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

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

Emphasis of matter – Reissuance of financial statements

We draw attention to Note 35 to these reissued financial statements, which explains that the Board of Directors withdrew the financial statements previously approved on 6 Sha’ban 1444H (26 February 2023) (the “previous financial statements”). Consequently, our audit report dated 8 Sha’ban 1444H (28 February 2023) on those previous financial statements has also been withdrawn. The Board of Directors has subsequently approved and reissued these financial statements on 24 Jumada Al-Alkhirah 1447H (corresponding to 15 December 2025). Our opinion is not modified in respect of this matter.

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

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

In preparing the reissued 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.



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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TAMWEEL AL-OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY) (continued)**

Responsibilities of Management and Those Charged with Governance for the Reissued Financial Statements (continued)

Those charged with governance are responsible i.e. Audit Committee for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Reissued Financial Statements

Our objectives are to obtain reasonable assurance about whether the reissued financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these reissued financial statements.

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

- Identify and assess the risks of material misstatement of the reissued 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 reissued 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 reissued financial statements, including the disclosures, and whether the reissued financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TAMWEEL AL-OURA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY) (continued)**

Auditor's Responsibilities for the Audit of the Reissued 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.

for Ernst & Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License No. (437)



Al Khobar: 24 Jumada Al-Alkhira 1447H

15 December 2025

TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

REISSUED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022

	<i>Note</i>	2022	2021
		#	#
		<i>(Restated note 35)</i>	
Commission income	7	217,210,081	112,620,919
Commission expense		(34,093,814)	(14,976,365)
		183,116,267	97,644,554
Other income, net	9	17,728,631	12,365,484
NET REVENUE FROM OPERATIONS		200,844,898	110,010,038
EXPENSES			
Depreciation and amortization	10	(5,850,801)	(3,347,601)
Selling and advertising	12	(36,821,696)	(23,712,164)
General and administrative	11	(22,013,800)	(16,787,638)
Finance cost	8	(896,128)	(439,961)
Expected credit loss charge on Islamic finance receivables	13 & 14	(53,233,974)	(34,991,576)
PROFIT BEFORE ZAKAT		82,028,499	30,731,098
Zakat expense	29	(8,480,913)	(3,178,492)
PROFIT FOR THE YEAR		73,547,586	27,552,606
OTHER COMPREHENSIVE LOSS			
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement loss on employees defined benefits liabilities	25	(298,543)	(199,189)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		73,249,043	27,353,417
EARNINGS PER SHARE			
Basic and diluted earnings per share	21	0.80	0.55

The attached notes 1 to 35 form part of these reissued financial statements.

**TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)**

REISSUED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Note</i>	<i>31 December 2022</i>	<i>31 December 2021</i>	<i>1 January 2021</i>
		<i>#</i>	<i>#</i>	<i>#</i>
ASSETS			<i>(Restated note 35)</i>	<i>(Restated note 35)</i>
Bank balances and cash	19	21,626,376	69,703,270	105,446,985
Net investment in Islamic finance receivables	13	2,154,648,034	1,645,678,554	912,614,869
Musharakah financing assets	14	379,598,172	107,573,784	-
Prepayments and other receivables	18	198,234,716	88,320,192	16,799,496
Equity investment at fair value through other comprehensive income "OCI"		892,850	892,850	892,850
Property and equipment	17	4,622,076	3,243,742	1,011,813
Right-of-use assets	15	8,237,971	2,490,443	1,113,247
Intangible assets	16	1,900,589	2,113,628	2,044,993
TOTAL ASSETS		2,769,760,784	<u>1,920,016,463</u>	<u>1,039,924,253</u>
LIABILITIES AND SHAREHOLDER'S EQUITY				
SHAREHOLDER'S EQUITY				
Share capital	20	500,000,000	250,000,000	250,000,000
Statutory reserve		19,248,439	11,172,028	6,732,313
Retained earnings		56,516,825	24,344,193	1,430,491
TOTAL SHAREHOLDER'S EQUITY		575,765,264	<u>285,516,221</u>	<u>258,162,804</u>
LIABILITIES				
Amounts due to related parties	27	3,726,326	2,416,891	6,832,919
Provision for zakat	29	6,549,842	3,177,284	461,707
Musharakah payable	14	313,282,020	88,154,520	-
Islamic bank financing	22	1,610,628,407	1,364,929,417	682,709,255
Accrued expenses and other liabilities	28	53,145,594	30,369,183	12,602,430
Trade payables	26	135,487,171	89,427,598	55,631,399
Lease liabilities	24	7,591,303	1,612,389	252,231
Government grants	23	56,570,812	48,885,293	18,764,791
Employees defined benefits liabilities	25	7,014,045	5,527,667	4,506,717
TOTAL LIABILITIES		2,193,995,520	<u>1,634,500,242</u>	<u>781,761,449</u>
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		2,769,760,784	<u>1,920,016,463</u>	<u>1,039,924,253</u>

The attached notes 1 to 35 form part of these reissued financial statements.

**TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)**

REISSUED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the year ended 31 December 2022

	<i>Share capital</i> <i>₪</i>	<i>Statutory reserve</i> <i>₪</i>	<i>Retained earnings</i> <i>₪</i>	<i>Total equity</i> <i>₪</i>
As at 1 January 2021, as previously stated	250,000,000	6,732,313	15,772,213	272,504,526
Impact of restatement (note 35)	-	-	(14,341,722)	(14,341,722)
As at 1 January 2021 (restated)	250,000,000	6,732,313	1,430,491	258,162,804
Profit for the year (restated)	-	-	27,552,606	27,552,606
Other comprehensive loss for the year	-	-	(199,189)	(199,189)
Total comprehensive income for the year (restated)	-	-	27,353,417	27,353,417
Transfer to statutory reserve	-	4,439,715	(4,439,715)	-
As at 31 December 2021 (restated)	250,000,000	11,172,028	24,344,193	285,516,221
As at 1 January 2022 (restated)	250,000,000	11,172,028	24,344,193	285,516,221
Profit for the year	-	-	73,547,586	73,547,586
Other comprehensive loss for the year	-	-	(298,543)	(298,543)
Total comprehensive income for the year	-	-	73,249,043	73,249,043
Transfer to statutory reserve	-	8,076,411	(8,076,411)	-
Dividends (note 20)	-	-	(33,000,000)	(33,000,000)
Increase in capital (note 20)	250,000,000	-	-	250,000,000
As at 31 December 2022	500,000,000	19,248,439	56,516,825	575,765,264

The attached notes 1 to 35 form part of these reissued financial statements.

TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
REISSUED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	<i>Note</i>	2022	2021
		#	#
		<i>(Restated note 35)</i>	
OPERATING ACTIVITIES			
Profit before zakat		82,028,499	30,731,098
<i>Adjustments to reconcile profit before zakat for the year to net cash flows:</i>			
Depreciation of property and equipment	17	1,149,907	605,817
Depreciation of right-of-use assets	15	3,527,869	1,623,476
Amortization of intangible assets	16	1,173,025	1,118,308
Finance cost on Islamic bank financing *		83,761,562	35,594,681
Provision for employees defined benefits liabilities	25	1,209,019	947,297
Finance cost on benefit obligation for the period		136,132	109,653
Bank charges		427,862	280,918
Expected credit loss charge on Islamic finance receivables	13 & 14	53,233,974	34,991,579
Loss on modification of net investment in Islamic finance receivables		-	20,568,452
Commission expenses on lease liabilities	24	332,134	49,390
Government grant income realized *		(49,667,748)	(20,618,316)
Loss on sale of property and equipment		18,967	54,140
		177,331,202	106,056,493
<i>Changes in operating assets and liabilities:</i>			
Net investment in Islamic finance receivables		(562,203,454)	(757,348,028)
Prepayments and other receivables		(109,914,524)	(71,520,696)
Musharakah financing assets		(272,024,388)	(109,697,019)
Amounts due to related parties		1,309,435	(4,416,028)
Trade payables		46,059,573	33,796,199
Accrued expenses and other liabilities		23,244,677	17,766,754
Cash used in operations		(696,197,479)	(785,362,325)
Employees defined benefits liabilities paid		(157,316)	(235,189)
Zakat paid		(5,108,355)	(462,915)
Finance cost on Islamic bank financing paid		(22,787,325)	(8,025,317)
Net cash used in operating activities		(724,250,475)	(794,085,746)
INVESTING ACTIVITIES			
Purchase of property and equipment	17	(2,547,208)	(2,891,886)
Purchase of intangible assets	16	(959,986)	(1,186,943)
Net cash used in investing activities		(3,507,194)	(4,078,829)
FINANCING ACTIVITIES			
Capital increase by cash injection		250,000,000	-
Dividends paid		(33,000,000)	-
Payment of lease liabilities		(3,628,617)	(1,989,904)
Proceeds from Islamic bank financing		1,026,170,209	959,495,275
Proceeds from Musharakah financing assets		225,127,500	88,154,520
Net movement in restricted cash		(3,829,935)	-
Repayment of Islamic bank financing		(784,988,317)	(283,239,031)
Net cash from financing activities		675,850,840	762,420,860

The attached notes 1 to 35 form part of these reissued financial statements.

TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
REISSUED STATEMENT OF CASH FLOWS (Continued)
For the year ended 31 December 2022

	<i>Note</i>	2022 #	2021 #
		<i>(Restated note 35)</i>	
NET DECREASE IN CASH AND CASH EQUIVALENTS		(51,906,829)	(35,743,715)
Cash and cash equivalents at the beginning of the year		69,703,270	105,446,985
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	19	17,796,441	69,703,270
SUPPLEMENTAL CASH FLOW INFORMATION			
Commission income received		205,925,334	92,134,365
Commission expense paid		(22,787,325)	(8,025,317)

* These are the gross amounts netted off in the commission expense, the net amount presented in the reissued statement of profit or loss and other comprehensive income was as follows:

		2022 #	2021 #
		<i>(Restated note 35)</i>	
Finance cost on Islamic bank financing		83,761,562	35,594,681
Government grant income realized		(49,667,748)	(20,618,316)
Commission expense		34,093,814	14,976,365

**TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)**

NOTES TO THE REISSUED FINANCIAL STATEMENTS

At 31 December 2022

1 CORPORATE INFORMATION

Tamweel Al Oula Company ("the Company"), is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 2050055043 dated 15 Ramadan 1436H (corresponding to 2 July 2015) with unified identification number 7009383964.

The Company is engaged in providing financial leasing in addition to financing production assets, financing small and medium entities, and offering consumer finance in accordance with the license number 39/ASH/201512 dated 21 Safar 1437H (corresponding to 3 December 2015) issued by Saudi Central Company ("SAMA").

The Company's registered office is located at PO 34232, Dammam, Kingdom of Saudi Arabia. The Company operates through the following branches:

<u>Commercial Registration Name</u>	<u>Number</u>	<u>Location</u>	<u>Date</u>
Tamweel Al Oula - Branch	2051065442	Al Khobar	17/04/1439H
Tamweel Al Oula - Branch	2252101795	Al Hasa	02/06/1439H
Tamweel Al Oula - Branch	1010691639	Riyadh	19/07/1442H
Tamweel Al Oula - Branch	4030416684	Jeddah	14/10/1442H
Tamweel Al Oula - Branch	5855360923	Khamis Mushait	13/11/1443H

The reissued financial statements of the Company as of 31 December 2022 were authorised for issuance on 20 Jumada Al-Alkirah 1447H (corresponding to 11 December 2025).

2 BASIS OF PREPARATION

These reissued financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

In July 2024, the Shareholder of the Company resolved to file an initial public offering application with the Capital Market Authority ("CMA") of the Kingdom of Saudi Arabia to list the Company's shares on Tadawul in the Kingdom of Saudi Arabia. The Company has received the no objection letter from SAMA to continue with IPO on 8 Rabi Al-Awwal 1446H (corresponding to 11 September 2024) with a validity until 9 September 2025 which was subsequently extended to end of second quarter of 2026. Refer note 34.

Basis of measurement

The reissued financial statements have been prepared on a historical cost basis using the accrual basis of accounting, except where otherwise disclosed in the summary of significant accounting policies. The reissued statement of financial position is stated in order of liquidity.

Going concern

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

Presentation and functional currency

The presentation and functional currency of the Company is Saudi Riyal.

**TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)**

NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Company in preparing these reissued financial statements are applied consistently, which are as follows:

Fair value measurement

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

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

The 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 by using the asset in its highest and best use or by selling it to another market participant that would use 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 reissued financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the reissued financial statements on a recurring basis, the Company determines whether transfers have occurred between the levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Revenue recognition

Ijara ("Islamic lease receivable")

The Company is generating revenue from Ijara contracts. Gross investment in Ijara represents the gross lease payments receivable by the Company, and the net investment represents the present value of these lease payments discounted at profit rate implicit in the lease. The difference between the gross investment and the net investment is recognised as unearned finance income. Finance lease income is recognised over the period of the lease on a systematic basis, which results in a constant periodic rate of return on the net investment outstanding.

**TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)**

NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Tawarruq revenue

The Company provides financing to customers through Tawarruq, whereby commodities are purchased and sold to facilitate Shariah-compliant cash financing. The amortised cost of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective profit rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

However, for financial assets that have become credit-impaired subsequent to initial recognition, commission income is calculated by applying the effective commission rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of commission income reverts to the gross basis. For financial assets that were credit-impaired on initial recognition, commission income is calculated by applying the credit-adjusted effective profit rate to the amortised cost of the asset. The calculation of commission income does not revert to a gross basis, even if the credit risk of the asset improves.

Musharakah revenue

The Company provides financing through Musharakah, a Shariah-compliant partnership where both parties contribute capital and share profits as per an agreed ratio, while losses are borne in proportion to capital contribution. The Company's share of profit from Musharakah is recognised as income when earned, while the outstanding Musharakah investment is measured at amortised cost, net of any expected credit loss allowance.

Insurance reimbursed/(paid), net

As part of the periodic installments due from customers, the Company charges customers for insurance cover on the vehicles under Ijarah contracts. Insurance charges represent cost of insurance (premium). Consequently, premiums are paid to the insurers for the insurance cover for the assets under lease. Insurance income less any directly attributable expenses is recognised over the insured period of leased vehicles.

Service fees

Service fees charged in respect of processing and other services are recognised as income over the period of financing agreements.

Other income

Other income is recognised when the related services are provided, and the Company's right to consideration becomes enforceable. Income is measured at the amount of consideration expected to be received for those services.

General and administrative expenses

General and administrative expenses include costs not specifically part of the operating activities of the Company.

Finance costs

Finance costs are expensed in the period to which they relate. Finance costs consist of profit and other costs that the Company incurs in connection with the borrowing of funds and amortization of financial charges and lease liabilities.

TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Value added tax (VAT)

Assets and expenses are recognised net of amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from ZATCA, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

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

Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the reissued statement of profit or loss and other comprehensive income.

Islamic finance receivables

Company transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessee such transfers are classified as Islamic financing receivables. Islamic financing receivables are recorded at the lower of the fair value of the financing asset and the present value of the minimum payments.

The Company offers its customers certain non-commission-based products, which are approved by its Shariah Board, as follows:

Ijara

Ijara is an agreement whereby the Company, acting as a lessor, purchases an asset for lease according to the customer request (lessee), based on his promise to lease the asset for an agreed rent and specific period that could end by transferring the ownership of the leased asset to the lessee. The difference between the gross receivables and the present value of the receivables is recognised as unearned finance income. Finance income from Ijara contract is recognised over the term of the Ijara using the net investment method, which reflects a constant periodic rate of return.

Murabaha

Murabaha is an agreement whereby the Company sells to a customer an asset which the Company has purchased and acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin.

Gross amounts due under the Murabaha sale contracts include the total of future sale payments on the Murabaha agreement (Murabaha sale contract receivable). The difference between the Murabaha sale contracts receivable and the cost of the sold asset, is recorded as unearned Murabaha profit and for presentation purposes, is deducted from the gross amounts due under the Murabaha sale contracts receivable.

Tawarrug

Tawarrug is a form of Murabaha transactions where the Company purchases a commodity and sells it to the customer. The customer sells the underlying commodity at spot and uses the proceeds for his financing requirements. The customer has the option to appoint whom he sees to sell the commodity, including the Company, according to a form approved by the Sharia'a committee. Then the agent deposits the proceeds in the customer's account.

Musharakah financing assets

Musharakah is an agreement between the Company and a financial institution to jointly contribute to a specific investment. Profits or losses are shared according to the terms of the agreement. Financial assets are derecognised only when the transaction meets the derecognition criteria under IFRS 9.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Securitisation arrangements

The Company enters into securitisation arrangements whereby portfolios of receivable balances are transferred to financial institutions. The assessment of these transactions is performed in accordance with the derecognition principles of IFRS 9, including an evaluation of the transfer of contractual rights, the pass-through test, and the extent to which substantially all risks and rewards of ownership are transferred. Financial assets subject to securitisation are derecognised only when the transaction meets the derecognition criteria under IFRS 9. Where the criteria are not met, the assets continue to be recognised in the reissued statement of financial position, with a corresponding liability recognised for the consideration received.

Bank balances and cash

Bank balances and cash on hand in the reissued statement of financial position comprise cash at bank and cash on hand, which are subject to insignificant risk of change in value.

For the purpose of the reissued statement of cash flows, cash and cash equivalents consist of bank balances and cash, as defined above, net of restricted bank balances.

Lease

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.

a) Company as a lessee

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

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Lease liability

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) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the average borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease (continued)

a) Company as a lessee (continued)

Short-term and low value assets' leases

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Company's capitalization threshold and are considered to be insignificant for the reissued statement of financial position for the Company as a whole. Payments for short-term leases and leases of low-value assets are recognised on a straight-line basis in the reissued statement of profit or loss and other comprehensive income.

Leases in which substantially all the risks and benefits of ownership of the asset are not transferred to the Company are classified as operating leases. Operating lease payments are recognised as an operating expense in the reissued statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

b) Company as a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Contracts based on Musharakah, which in substance represents a syndicated finance lease arrangement, are recorded as net investment in finance lease and is stated at cost, representing the balance of the Company's share in the Musharakah funding.

Intangible assets

Intangible assets includes software; intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the reissued statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets. Intangible assets are amortised over a period of 1 - 5 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the reissued statement of profit or loss and other comprehensive income when the asset is derecognised.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Such cost includes the cost of replacing part of the property, plant and 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, equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the reissued statement of profit or loss and other comprehensive income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

	Years
Leasehold improvements	5
Office furniture and fixtures	4
Computers	4

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the reissued statement of profit or loss and other comprehensive income when the asset is derecognised. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Financial instruments – initial recognition and subsequent measurement

Initial recognition and measurement

Financial assets are classified, at initial recognition, at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

i) Financial assets

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (i) Financial assets at amortised cost (debt instruments)
- (ii) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- (iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- (iv) Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective profit rate (EPR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes net investment in Islamic finance receivables.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the reissued statement of profit or loss and other comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss. The Company does not have debt instruments carried at fair value through other comprehensive income.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the reissued statement of profit or loss and other comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the reissued statement of financial position at fair value with net changes in fair value recognised in the reissued statement of profit or loss and other comprehensive income. The Company does not have any assets carried at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Derecognition (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial instruments

The Company recognises loss allowances for Expected Credit Losses ("ECL") on the following financial instruments that are not measured at fair value through profit or loss:

- Investment in Islamic finance receivables;
- Musharakah financing assets
- Bank balances and other receivables

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Investment in Islamic finance receivables and Musharakah financing assets that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that results from default events on a financial asset that are possible within the 12 months after the reporting date. Financial assets for which 12-month ECL are recognised are referred to as 'Stage 1' financial assets. Financial assets allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial assets or the maximum contractual period of exposure. Financial assets for which lifetime ECL are recognised but that are not credit-impaired are referred to as 'Stage 2 financial assets'. Financial assets allocated to stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial assets for which the lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial assets'.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Impairment of financial instruments (continued)

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

Probability of Default ("PD")	It is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
Loss Given Default ("LGD")	It is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately.
Exposure at Default ("EAD")	It is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued profit from missed payments.

Measurement of ECL

To evaluate a range of possible outcomes, the Company formulates various scenarios. For each scenario, the Company derives an ECL and applies a probability weighted approach to determine the impairment allowance in accordance with the IFRS 9 requirements.

The above parameters are generally derived from internally developed statistical models and historical data which are adjusted for forward looking information.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the customer, then an assessment is made of whether the financial assets should be derecognised and ECL is measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial assets at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing financial asset.

Credit-impaired Islamic financing receivables

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired (Stage 3 financial assets). A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the customer or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of investment in Islamic finance receivables by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the customer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Impairment of financial instruments (continued)

Credit-impaired Islamic financing receivables (continued)

A contract that has been renegotiated due to deterioration in the customer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a receivable that is overdue for 90 days or more is considered credit-impaired (in default).

Presentation of allowance for ECL in the reissued statement of financial position

Allowance for ECL of financial assets measured at amortised cost are presented in the reissued statement of financial position as a deduction from the gross carrying amount of the assets.

Write-off

Investment in Islamic finance receivables are written off (either partially or in full) when there is no realistic prospect of recovery. Based on the Company's policy and regulatory guidelines, write-offs are determined based on the exposure type and the period since classification as Stage 3, as follows:

- Retail unsecured exposures (including micro and small enterprises and excluding mortgages) are written off within 360 days from the date they are classified as Stage 3 exposures.
- Retail secured exposures (including micro and small enterprises and excluding mortgages) are written off within 720 days from the date they are classified as Stage 3 exposures.
- Retail mortgage exposures (including micro and small enterprise mortgages) are written off before 1,080 days from the date they are classified as Stage 3 exposures.
- Corporate exposures (including medium corporates as per SAMA's MSME definition) are written off before 1,080 days from the date they are classified as Stage 3 exposures.

However, financial assets that are written off could still be subject to enforcement and recovery activities in accordance with the Company's procedures. If the amount to be written off exceeds the accumulated loss allowance, the difference is recognized as an additional provision before being applied against the gross carrying amount.

Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as motor vehicles, equipment and in rare cases real estate properties, Kafalah guarantees and personal guarantees.

Collateral, unless repossessed, is not recorded on the Company's reissued statement of financial position. However, the fair value of the real estate collateral affects the calculation of ECL. It is generally assessed, at a minimum, at inception and re-assessed on a yearly basis.

Non-financial collateral, such as real estate, is valued by third party valuers appointed by the Company.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, Islamic bank financing, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of Islamic bank financing and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, amounts due to related parties, lease liabilities and Islamic bank financing.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- (i) Financial liabilities at fair value through profit or loss
- (ii) Loans and borrowings

Out of above, only the category (ii) is applicable for the Company, which is described hereunder:

Islamic financing facilities

This is the category most relevant to the Company. After initial recognition, Islamic financing facilities are subsequently measured at amortised cost using the EPR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EPR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EPR. The EPR amortisation is included as finance costs in the reissued statement of profit or loss and other comprehensive income. This category generally applies to cost of Islamic financing facilities.

When the Company obtains government loan at below market cost rate, the Islamic bank financing amortised cost is calculated using an effective profit rate based on market rates. The subsidy is recognised as government grant.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the reissued statement of profit or loss and other comprehensive income.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the reissued statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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 CGU's fair value less costs of disposal and its value in use. The recoverable amount 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. When 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 pre-zakat 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 companies or other available fair value indicators.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the reissued statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

Statutory reserve

In accordance with the Company's bylaws, 10% of the profit for the year is required to be transferred to the statutory reserve each year. The shareholders may resolve to discontinue such transfer when the reserve equals 30% of the capital. This reserve is not normally available for distribution except in circumstances specified in the Saudi Arabian Regulations for Companies.

Employees' benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and air fare that are expected to be settled wholly within twelve months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the reissued statement of financial position.

(ii) Employees' terminal benefits

The Company has end of service benefits which qualifies as defined benefits plan. The net pension liability or liability recognised in the reissued statement of financial position in respect of defined benefit post-employment plans is the present value of the projected defined benefits obligation (DBO) less fair value of plan assets, if any.

DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The net interest cost is calculated by applying the discount rate to the net balance of the DBO and the fair value of plan assets. This cost is included in employee benefit expense in the reissued statement of profit or loss and other comprehensive income.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognised in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognised immediately in the reissued statement of profit or loss and other comprehensive income as past service costs.

In KSA, for the liability for employees' end of service benefits, the actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor and Workmen Law as well as the Company policy.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where management of the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in statement of profit or loss and other comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current Pre-tax (Zakat) rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Accounting for government grants and disclosure of government assistance

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When loans or similar assistance are provided by governments or related institutions with an profit rate below the current applicable market rate, the effect of this favourable profit rate is regarded as a government grant and is recognised in reissued statement of profit or loss and other comprehensive income on a systematic basis over the period in which the entity recognises as expense the related costs which the grants is intended to compensate.

Cash dividends

The Company's recognises a liability to pay dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Saudi Arabia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Insurance settlement receivable from customers

The Company provides Ijarah financing as one of its financial products. In Ijarah financing, it is mandatory to insure the financed vehicle as the Company retains the title and ownership of the car. When there is an increase in insurance premium, the Company collects the additional fees from customers at the end of the lease and conversely, when there is a decrease in premium, the Company settles the insurance at the end of the lease and refunds the difference to the customer. The related revenue is recognised during the respective years when earned. Insurance premiums can vary throughout the lease term. However, the Company records an insurance receivable for the entire duration based on the initial benchmark set by the insurance policy (or the first offer received from the insurance company) at the time the financing is granted.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the reissued financial statements in conformity with IFRS as endorsed in KSA, requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Such judgements, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

The Company has made various accounting estimates in these reissued financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at the reporting date about future events that the Company believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing these estimates. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecasts since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these reissued financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses.

Estimates and assumptions

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

In particular, information about significant areas of estimation, uncertainty, and critical judgments in applying accounting policies (that have the most significant effect on the amount recognised in the financial statements) include:

Credit losses of investment in Islamic finance receivables

Impairment of investment in Islamic finance receivables requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's model for determination of defaults, which assigns loss rate (LR) to the individual pool of receivables and assessing the exposure at default (EAD).
- The Company's criteria for assessing the credit losses for investment in Islamic finance receivables to be measured on a Lifetime Expected Credit Loss (LTECL) basis and the qualitative assessment.
- The segmentation of investment in Islamic finance receivables when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the appropriate inputs.
- Determination of associations between macroeconomic scenarios and economic inputs, such as government spending, and the effect on LR.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
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4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Credit losses of investment in Islamic finance receivables (continued)

The current events and the prevailing economic condition require the Company to revise certain inputs and assumptions used for the determination of ECL. These would primarily revolve around either adjusting macroeconomic factors used by the Company in estimation of expected credit losses or revisions to the scenario probabilities currently being used by the Company in ECL estimation.

As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental and the Company will continue to reassess its position and the related impact on a regular basis.

Determination of discount rate for below-market loans:

Discount rate represents the current market assessment of the risks specific to the Company, taking into consideration time value of money. The Company determines the discount rate for below-market loans with reference to similar loans obtained from non-government agencies.

Valuation of employees defined benefits liabilities

Employees defined benefits liabilities represent obligations that will be settled in the future and require assumptions to project obligations, if any. The accounting requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases, mortality rates and employment turnover. Periodically, management of the Company consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee' defined benefit costs incurred.

Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Judgements

Recognition and derecognition of investment in Islamic finance receivables under Musharakah and Securitization Arrangements

The Company engages in various financing structures, including Musharakah agreements with local financial institutions and securitization transactions involving the transfer of investment in Islamic finance receivables portfolios to special purpose vehicles ("SPVs") or other counterparties. The assessment of whether such receivables should continue to be recognized or derecognized in the Company's reissued statement of financial position requires the exercise of significant management judgment.

For Musharakah arrangements, management evaluates the contractual terms to determine whether the Company has transferred substantially all risks and rewards of ownership of the receivable balances contributed to the arrangement. Key considerations include the transfer of credit risk, exposure to variability of cash flows, and the sharing of profits and losses including shortfalls, if any. Where the Company retains significant risk—such as exposure to credit losses or control over the underlying receivables—the receivables continue to be recognized with a corresponding liability recorded. Where risks and rewards have been substantively transferred, derecognition is applied.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
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4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Recognition and derecognition of investment in Islamic finance receivables under Musharakah and Securitization Arrangements (continued)

For securitization transactions, management applies the derecognition principles of IFRS 9 Financial Instruments, including the “pass-through test” and the assessment of continuing involvement. Judgments are made regarding whether contractual rights to cash flows have been transferred and whether the Company retains exposure to prepayment risk, credit enhancements, subordinated interests, or residual return rights. Where the Company continues to be exposed to significant variability in the cash flow, the Islamic finance receivables remain on the reissued statement of financial position with a corresponding liability recognized for the proceeds received. Otherwise, derecognition is affected, and any retained interests are recorded at fair value.

These assessments involve both qualitative and quantitative factors and are sensitive to the interpretation of contractual terms, risk-sharing clauses, and the legal structure of the arrangements. As the outcome directly affects whether receivables remain on or off the reissued statement of financial position, these judgments are considered critical and may have a material impact on the Company’s reported financial position and performance.

5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendment to IFRS 16, ‘Leases’ – COVID-19 related rent concessions Extension of the practical expedient

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The standard is effective for annual periods beginning on or after 1 April 2021.

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The standard is effective for annual periods beginning on or after 1 April 2021.

A number of narrow- scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS41 and IFRS 16

Amendments to IFRS 3, ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income.

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’. The standard is effective for annual periods beginning on or after 1 January 2022.

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6 OPERATING SEGMENTS

During 2022, the Company has been organised into two operating segments based on products and services, as follows:

A) Retail: These represent financing products granted to individuals' customers.

B) Corporate: These represents finance products granted to corporate customers including Small and Medium-Sized Entities ("SMEs").

The Company objective is to provide financing for Retail and Corporate customers. All assets, liabilities and operations as reflected in the reissued statement of financial position and reissued statement of profit or loss and other comprehensive income belongs to the Retail and Corporate segments. For management purposes, the Company is organised into the following primary business segments.

An analysis of total assets and liabilities by operating segments is as follows:

As at 31 December 2022

	<i>Retail</i>	<i>Corporate</i>	<i>Total</i>
Total assets	803,230,627	1,966,530,157	2,769,760,784
Total liabilities	636,258,701	1,557,736,819	2,193,995,520

As at 31 December 2021

	<i>Restated (note 35)</i>		
	<i>Retail</i>	<i>Corporate</i>	<i>Total</i>
Total assets	460,803,951	1,459,212,512	1,920,016,463
Total liabilities	392,280,058	1,242,220,184	1,634,500,242

An analysis of profit or loss by operating segments is as follows:

For the year ended 31 December 2022

	<i>Retail</i>	<i>Corporate</i>	<i>Total</i>
Commission income	86,594,997	130,615,084	217,210,081
Commission expense	(9,887,206)	(24,206,608)	(34,093,814)
Other income, net	15,955,768	1,772,863	17,728,631
Depreciation and amortization	(1,696,732)	(4,154,069)	(5,850,801)
Selling and advertising	(10,678,292)	(26,143,404)	(36,821,696)
General and administrative	(6,384,002)	(15,629,798)	(22,013,800)
Finance cost	(259,877)	(636,251)	(896,128)
Allowance for excepted credit losses	(17,329,938)	(35,904,036)	(53,233,974)
Zakat expense	(5,682,212)	(2,798,701)	(8,480,913)
Segment profit	50,632,506	22,915,080	73,547,586

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

6 OPERATING SEGMENTS (continued)

For the year ended 31 December 2021

	<i>Restated (note 35)</i>		
	<i>Retail</i> <i>₪</i>	<i>Corporate</i> <i>₪</i>	<i>Total</i> <i>₪</i>
Commission income	41,812,078	70,808,841	112,620,919
Commission expense	(3,594,327)	(11,382,038)	(14,976,365)
Other income, net	9,892,387	2,473,097	12,365,484
Depreciation and amortization	(803,424)	(2,544,177)	(3,347,601)
Selling and advertising	(5,690,919)	(18,021,245)	(23,712,164)
General and administrative	(4,029,033)	(12,758,605)	(16,787,638)
Finance cost	(105,591)	(334,370)	(439,961)
Allowance for excepted credit losses	(2,146,604)	(32,844,972)	(34,991,576)
Zakat expense	(3,559,911)	381,419	(3,178,492)
Segment profit	31,774,656	(4,222,050)	27,552,606

7 COMMISSION INCOME

Tawarruq revenue

	<i>2022</i> <i>₪</i>	<i>2021</i> <i>₪</i>	<i>Restated</i> <i>(note 35)</i>
Corporate	104,384,165	43,179,098	
Retail	24,453,708	11,185,718	
	128,837,873	54,364,816	

Ijarah revenue

	<i>2022</i> <i>₪</i>	<i>2021</i> <i>₪</i>	<i>Restated</i> <i>(note 35)</i>
Corporate	26,230,919	27,629,743	
Retail	62,141,289	30,626,360	
	88,372,208	58,256,103	

	<i>2022</i> <i>₪</i>	<i>2021</i> <i>₪</i>	<i>Restated</i> <i>(note 35)</i>
Tawarruq revenue	128,837,873	54,364,816	
Ijarah revenue	88,372,208	58,256,103	
	217,210,081	112,620,919	

**TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

7 COMMISSION INCOME (continued)

Customer wise revenue recognition

	<i>2022</i>	<i>2021</i>
	<i>#</i>	<i>#</i>
		<i>Restated (note 35)</i>
External customers	174,606,181	102,593,522
Related parties	42,603,900	10,027,397
	<u>217,210,081</u>	<u>112,620,919</u>

The Company recognises the commission income in accordance with IFRS 9 "Financial Instruments" requirements.

8 FINANCE COST

	<i>2022</i>	<i>2021</i>
	<i>#</i>	<i>#</i>
		<i>Restated (note 35)</i>
Bank charges	427,862	280,918
Finance cost on lease liabilities (note 24)	332,134	49,390
Finance cost on employees defined benefits liabilities (note 25)	136,132	109,653
	<u>896,128</u>	<u>439,961</u>

9 OTHER INCOME, NET

	<i>2022</i>	<i>2021</i>
	<i>#</i>	<i>#</i>
		<i>Restated (note 35)</i>
Income from insurance, net	5,871,474	6,837,331
Service fees	4,785,010	4,926,902
Bad debts recoveries	4,038,099	-
Income from short term deposit	1,430,999	37,476
Others	1,603,049	563,775
	<u>17,728,631</u>	<u>12,365,484</u>

10 DEPRECIATION AND AMORTIZATION

	<i>2022</i>	<i>2021</i>
	<i>#</i>	<i>#</i>
		<i>Restated (note 35)</i>
Depreciation of right-of-use assets (note 15)	3,527,869	1,623,476
Amortization of intangible assets (note 16)	1,173,025	1,118,308
Depreciation of property and equipment (note 17)	1,149,907	605,817
	<u>5,850,801</u>	<u>3,347,601</u>

**TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

11 GENERAL AND ADMINISTRATIVE

	2022	2021
	#	#
		<i>Restated (note 35)</i>
Salaries and employees' related expenses (note 12.1)	12,902,698	9,320,986
Professional and consulting fees	1,313,441	671,748
IT services	1,276,544	2,046,168
Utilities expenses	1,238,732	382,438
Other expenses	1,190,751	619,245
Training expenses	1,002,022	346,631
Governmental licenses and fees	809,644	1,112,589
Value added expenses	602,601	1,222,330
Travel and transportation expenses	619,596	458,619
Office supplies	448,932	284,439
Services charges	391,404	120,809
Repair and maintenance	133,595	146,532
Donations	50,840	22,104
Rent	33,000	33,000
	22,013,800	16,787,638

12 SELLING AND ADVERTISING

	2022	2021
	#	#
		<i>Restated (note 35)</i>
Salaries and employees' related expenses (note 12.1)	25,046,425	18,093,680
Services charges	4,246,367	1,519,805
Advertising expenses	4,204,627	2,545,993
Applications programming and interface expenses	3,324,277	1,552,686
	36,821,696	23,712,164

12.1 Salaries and employees' related expenses

	2022	2021
	#	#
		<i>Restated (note 35)</i>
Salaries	18,106,719	13,114,970
Allowances	14,442,835	10,310,451
Bonus	5,399,569	3,989,245
	37,949,123	27,414,666

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES

	2022	2021
	#	#
	Restated (note 35)	
Gross investment in Islamic finance receivables	2,631,319,471	2,022,610,760
Less: unearned finance income	(381,794,650)	(322,957,510)
Investment in Islamic finance receivables (before allowance for expected credit losses on Islamic finance receivables)	2,249,524,821	1,699,653,250
Less: allowance for expected credit losses on Islamic finance receivables	(94,876,787)	(53,974,696)
Net investment in Islamic finance receivables	2,154,648,034	1,645,678,554

Analysed as follows:

Net investment in Islamic finance receivables, non-current	1,268,800,097	1,069,707,535
Net investment in Islamic finance receivables, current	885,847,937	575,971,019
	2,154,648,034	1,645,678,554

Below are the details of the Company's net investment in Islamic finance receivables stage wise:

31 December 2022

	Stage 1 (12-month ECL)	Stage 2 (life-time ECL but not credit impaired)	Stage 3 (life-time ECL credit impaired)	Total
	#	#	#	#
<i>Ijarah</i>				
Investment in Islamic finance receivables	476,319,481	236,277,744	279,422,313	992,019,538
Expected credit losses	(2,604,678)	(1,097,121)	(28,801,434)	(32,503,233)
	473,714,803	235,180,623	250,620,879	959,516,305
<i>Tawarruq</i>				
Investment in Islamic finance receivables	506,595,242	457,907,133	293,002,908	1,257,505,283
Expected credit losses	(6,839,661)	(2,065,378)	(53,468,515)	(62,373,554)
	499,755,581	455,841,755	239,534,393	1,195,131,729
	973,470,384	691,022,378	490,155,272	2,154,648,034

31 December 2021 (restated note 35)

	Stage 1 (12-month ECL)	Stage 2 (life-time ECL but not credit impaired)	Stage 3 (life-time ECL credit impaired)	Total
	#	#	#	#
<i>Ijarah</i>				
Investment in Islamic finance receivables	456,506,679	54,783,035	174,349,175	685,638,889
Expected credit losses	(1,154,368)	(998,496)	(14,997,664)	(17,150,528)
	455,352,311	53,784,539	159,351,511	668,488,361
<i>Tawarruq</i>				
Investment in Islamic finance receivables	738,948,841	35,378,579	239,686,941	1,014,014,361
Expected credit losses	(4,371,386)	(162,180)	(32,290,602)	(36,824,168)
	734,577,455	35,216,399	207,396,339	977,190,193
	1,189,929,766	89,000,938	366,747,850	1,645,678,554

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (continued)

An analysis of changes in ECL allowance and gross carrying amounts by product is as follows:

Ijarah

	<i>Gross carrying amount</i>				<i>Allowances for expected credit losses</i>				<i>Total</i>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>	
At 1 January 2021 (restated)	276,424,713	11,790,413	168,935,145	457,150,271	1,980,523	74,098	26,998,224	29,052,845	
Transfers to stage 1	16,801,858	(6,443,453)	(10,358,405)	-	1,747,839	(29,112)	(1,718,727)	-	
Transfers to stage 2	(6,604,031)	41,273,438	(34,669,407)	-	(68,312)	3,771,776	(3,703,464)	-	
Transfers to stage 3	(19,388,629)	(314,797)	19,703,426	-	(226,980)	(13,763)	240,743	-	
Net other changes during the year*	189,272,768	8,477,434	57,563,989	255,314,191	(2,278,702)	(2,804,503)	20,006,461	14,923,256	
Gross carrying amount / allowances for expected credit losses before write off	456,506,679	54,783,035	201,174,748	712,464,462	1,154,368	998,496	41,823,237	43,976,101	
Written off during the year	-	-	(26,825,573)	(26,825,573)	-	-	(26,825,573)	(26,825,573)	
At 31 December 2021 (restated)	456,506,679	54,783,035	174,349,175	685,638,889	1,154,368	998,496	14,997,664	17,150,528	
At 1 January 2022 (restated)	456,506,679	54,783,035	174,349,175	685,638,889	1,154,368	998,496	14,997,664	17,150,528	
Transfers to stage 1	6,580,425	(847,162)	(5,733,263)	-	655,365	(11,717)	(643,648)	-	
Transfers to stage 2	(56,868,705)	67,951,698	(11,082,993)	-	(136,752)	1,549,072	(1,412,320)	-	
Transfers to stage 3	(32,873,084)	(8,917,334)	41,790,418	-	(119,306)	(148,893)	268,199	-	
Net other changes during the year*	102,974,166	123,307,507	81,032,277	307,313,950	1,051,003	(1,289,837)	16,524,840	16,286,006	
Gross carrying amount / allowances for expected credit loss before write off	476,319,481	236,277,744	280,355,614	992,952,839	2,604,678	1,097,121	29,734,735	33,436,534	
Written off during the year	-	-	(933,301)	(933,301)	-	-	(933,301)	(933,301)	
At 31 December 2022	476,319,481	236,277,744	279,422,313	992,019,538	2,604,678	1,097,121	28,801,434	32,503,233	

* These include reclassification to Musharakah financing assets and restatements.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2022

13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (continued)

Tawarruq

	<i>Gross carrying amount</i>				<i>Allowances for expected credit losses</i>				<i>Total</i>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>		
At 1 January 2021 (restated)	390,783,810	7,325,727	100,237,349	498,346,886	6,193,646	77,265	13,295,766	19,566,677	
Transfers to stage 1	22,307,693	(6,969,422)	(15,338,271)	-	4,842,757	(34,103)	(4,808,654)	-	
Transfers to stage 2	(38,164,491)	38,164,491	-	-	(771,598)	771,598	-	-	
Transfers to stage 3	(15,478,260)	(56,032)	15,534,292	-	(191,317)	(10,850)	202,167	-	
Net other changes during the year*	379,500,089	(3,086,185)	139,445,034	515,858,938	(5,702,102)	(641,730)	23,792,786	17,448,954	
Gross carrying amount / allowances for expected credit loss before write off	738,948,841	35,378,579	239,878,404	1,014,205,824	4,371,386	162,180	32,482,065	37,015,631	
Written off during the year	-	-	(191,463)	(191,463)	-	-	(191,463)	(191,463)	
At 31 December 2021 (restated)	738,948,841	35,378,579	239,686,941	1,014,014,361	4,371,386	162,180	32,290,602	36,824,168	
At 1 January 2022 (restated)	738,948,841	35,378,579	239,686,941	1,014,014,361	4,371,386	162,180	32,290,602	36,824,168	
Transfers to stage 1	3,521,004	(341,795)	(3,179,209)	-	315,218	(16,109)	(299,109)	-	
Transfers to stage 2	(270,323,070)	273,823,070	(3,500,000)	-	(861,368)	1,041,627	(180,259)	-	
Transfers to stage 3	(35,150,715)	(2,762,460)	37,913,175	-	(147,578)	(41,267)	188,845	-	
Net other changes during the year*	69,599,182	151,809,739	24,096,894	245,505,815	3,162,003	918,947	23,483,329	27,564,279	
Gross carrying amount / allowances for expected credit loss before write off	506,595,242	457,907,133	295,017,801	1,259,520,176	6,839,661	2,065,378	55,483,408	64,388,447	
Written off during the year	-	-	(2,014,893)	(2,014,893)	-	-	(2,014,893)	(2,014,893)	
At 31 December 2022	506,595,242	457,907,133	293,002,908	1,257,505,283	6,839,661	2,065,378	53,468,515	62,373,554	

* These include reclassification to Musharakah financing assets from net investment in Islamic finance receivables and restatements.

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13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES

The movement in the allowance for expected credit losses on finance receivables is as follows:

	2022	2021
	Restated (note 35)	Restated (note 35)
At the beginning of the year	53,974,696	48,619,522
Provided during the year	51,264,040	32,783,497
Reclassified to Musharakah financing assets	(7,413,750)	(411,287)
Written off during the year	(2,948,199)	(27,017,036)
At the end of the year	94,876,787	53,974,696

The maturity of the gross investment in Islamic finance receivables as at 31 December 2022 and 2021 is as follows:

	31 December 2022		
	<i>Gross investment in Islamic finance receivables</i>	<i>Unearned lease finance income</i>	<i>Net investment in Islamic finance receivables</i>
No later than one year	1,169,759,440	189,034,716	980,724,724
Later than one year but not later than five years	1,461,560,031	192,759,934	1,268,800,097
	2,631,319,471	381,794,650	2,249,524,821

	31 December 2021		
	<i>Gross investment in Islamic finance receivables</i>	<i>Unearned lease finance income</i>	<i>Net investment in Islamic finance receivables</i>
No later than one year	783,503,731	144,406,008	639,097,723
Later than one year but not later than five years	1,239,107,029	178,551,502	1,060,555,527
	2,022,610,760	322,957,510	1,699,653,250

13.1 In 2022, the Company entered into a securitisation agreement with a local commercial bank in the Kingdom of Saudi Arabia (the “Purchaser”) in respect of a tranche of its investment in Islamic finance receivables amounting to ₩ 50 million. These receivables were initially originated by the Company and continue to be recognized on its reissued statement of financial position, as the Company retains the associated risks and rewards. Under the terms of the arrangement, the Company acts as an agent to collect the outstanding amounts on behalf of the Purchaser and is entitled to a collection fee, which is dependent on its performance in managing the receivables.

The Company has set aside restricted cash of ₩ 4.6 million at the time of entering into securitisation agreement representing 10% of the collections related to this tranche of receivables. As at 31 December 2022, the Company maintains restricted cash of ₩ 3.8 million (2021: ₩ nil) against the outstanding balance of this arrangement amounted to ₩ 38.3 million (2021: ₩ nil). Refer note 19.

Assets held as collateral

	2022	2021
	Restated (note 35)	Restated (note 35)
Assets pledged as collateral under securitisation agreement	26,305,594	-
Fair value of assets held as collateral	39,422,807	-

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13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (continued)

	Amortised cost	
	2022	2021
Securitization:		
Carrying amount / fair value of transferred assets	33,711,037	-
Carrying amount / fair value of associated liabilities	(38,289,350)	-
Net fair value position	(4,578,313)	-

14 MUSHARAKAH ARRANGEMENT

During the year, the Company entered into a Musharakah agreement with a financial institution (the “Musharakah Partner”) in respect of Ijarah and Tawarruq receivables. Under the terms of the agreement, 20% of the investment in Islamic receivables (the “receivables”) is allocated to the Company and 80% to the Musharakah Partner. These receivables, which were initially originated by the Company and subsequently transferred to the Musharakah arrangement, are recognised on the Company’s reissued statement of financial position when the derecognition criteria under IFRS 9 is not met. The Company retains its rights to the underlying receivables, while the financial institution participates in the profits generated from these assets.

As at the reporting date, the total gross outstanding balances under the Musharakah financing assets amounted to ₩ 391.6 million, (31 December 2021: ₩ 110.2 million) with a corresponding Musharakah payable amounting to ₩ 313.3 million (2021: ₩ 88.2 million). Below is the outstanding balance in each Musharakah arrangement as of the reporting date.

31 December 2022

	<i><u>Agreement date</u></i>	<i><u>Musharakah payable</u></i>	<i><u>Musharakah financing assets</u></i>
Musharakah arrangement 1	20 September 2021	88,154,520	110,193,150
Musharakah arrangement 2	30 August 2022	225,127,500	281,408,072
Less: allowance for expected credit losses on Islamic finance receivables		-	(12,003,050)
		313,282,020	379,598,172

31 December 2021 (restated note 35)

	<i><u>Agreement date</u></i>	<i><u>Musharakah payable</u></i>	<i><u>Musharakah financing assets</u></i>
Musharakah arrangement 1	20 September 2021	88,154,520	110,193,150
Less: allowance for expected credit losses on Islamic finance receivables		-	(2,619,366)
		88,154,520	107,573,784

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
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14 MUSHARAKAH ARRANGEMENT (continued)

	2022	2021
	#	#
Gross investment in Musharakah Financing assets	566,457,247	160,249,740
Less: unearned finance income	(174,856,025)	(50,056,590)
Investment in Musharakah Financing assets (before allowance for expected credit losses on Musharakah Financing assets)	391,601,222	110,193,150
Less: allowance for expected credit losses on Musharakah Financing assets	(12,003,050)	(2,619,366)
Net investment in Musharakah Financing assets	379,598,172	107,573,784

Analysed as follows:

Net investment in Musharakah Financing assets, non-current	319,262,461	88,095,310
Net investment in Musharakah Financing assets, current	60,335,711	19,478,474
	379,598,172	107,573,784

Below are the details of the Company's net investment in Musharakah financing assets stage wise:

31 December 2022

	<i>Stage 1</i> (12-month ECL)	<i>Stage 2</i> (life-time ECL but not credit impaired)	<i>Stage 3</i> (life-time ECL credit impaired)	<i>Total</i>
	#	#	#	#
<i>Ijarah</i>				
Musharakah financing assets	247,950,853	11,353,169	23,032,071	282,336,093
Expected credit losses	(483,178)	(102,574)	(4,647,074)	(5,232,826)
	247,467,675	11,250,595	18,384,997	277,103,267
<i>Tawarruq</i>				
Musharakah financing assets	97,947,671	2,224,267	9,093,191	109,265,129
Expected credit losses	(1,093,759)	(103,785)	(5,572,680)	(6,770,224)
	96,853,912	2,120,482	3,520,511	102,494,905
	344,321,587	13,371,077	21,905,508	379,598,172

31 December 2021 (restated note 35)

	<i>Stage 1</i> (12-month ECL)	<i>Stage 2</i> (life-time ECL but not credit impaired)	<i>Stage 3</i> (life-time ECL credit impaired)	<i>Total</i>
	#	#	#	#
<i>Ijarah</i>				
Musharakah financing assets	70,869,981	-	-	70,869,981
Expected credit losses	(1,480,915)	-	-	(1,480,915)
	69,389,066	-	-	69,389,066
<i>Tawarruq</i>				
Musharakah financing assets	39,323,169	-	-	39,323,169
Expected credit losses	(1,138,451)	-	-	(1,138,451)
	38,184,718	-	-	38,184,718
	107,573,784	-	-	107,573,784

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14 MUSHARAKAH SYNDICATIONS (continued)

An analysis of changes in ECL allowance and gross carrying amounts by product is, as follows:

Ijarah

	<i>Gross carrying amount</i>				<i>Allowances for expected credit losses</i>				<i>Total</i>
	<i>Stage1</i>	<i>Stage2</i>	<i>Stage3</i>	<i>Total</i>	<i>Stage1</i>	<i>Stage2</i>	<i>Stage3</i>		
Net other changes during the year*	70,869,981	-	-	70,869,981	1,480,915	-	-		1,480,915
At 31 December 2021 (restated)	70,869,981	-	-	70,869,981	1,480,915	-	-		1,480,915
At 1 January 2022 (restated)	70,869,981	-	-	70,869,981	1,480,915	-	-		1,480,915
Transfers to stage 2	(2,624,546)	2,624,546	-	-	(40,579)	40,579	-		-
Transfers to stage 3	(13,686,483)	-	13,686,483	-	(828,591)	-	828,591		-
Net other changes during the year*	193,391,901	8,728,623	9,345,588	211,466,112	(128,567)	61,995	3,818,483		3,751,911
At 31 December 2022	247,950,853	11,353,169	23,032,071	282,336,093	483,178	102,574	4,647,074		5,232,826

Tawarrug

	<i>Gross carrying amount</i>				<i>Allowances for expected credit losses</i>				<i>Total</i>
	<i>Stage1</i>	<i>Stage2</i>	<i>Stage3</i>	<i>Total</i>	<i>Stage1</i>	<i>Stage2</i>	<i>Stage3</i>		
Net other changes during the year*	39,323,169	-	-	39,323,169	1,138,451	-	-		1,138,451
At 31 December 2021 (restated)	39,323,169	-	-	39,323,169	1,138,451	-	-		1,138,451
At 1 January 2022 (restated)	39,323,169	-	-	39,323,169	1,138,451	-	-		1,138,451
Transfers to stage 2	(420,065)	420,065	-	-	(6,691)	6,691	-		-
Transfers to stage 3	(3,553,487)	-	3,553,487	-	(674,975)	-	674,975		-
Net other changes during the year*	62,598,054	1,804,202	5,539,704	69,941,960	636,974	97,094	4,897,705		5,631,773
At 31 December 2022	97,947,671	2,224,267	9,093,191	109,265,129	1,093,759	103,785	5,572,680		6,770,224

* These include reclassification from net investments in Islamic finance receivables to Musharakah financing assets and restatements.

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14 MUSHARAKAH SYNDICATIONS (continued)

The movement in the allowance for expected credit losses on Musharakah Financing assets is as follows:

	2022	2021
	#	#
At the beginning of the year	2,619,366	-
Reclassified from net investment in Islamic finance receivables	7,413,750	411,287
Provided during the year	1,969,934	2,208,079
At the end of the year	12,003,050	2,619,366

The maturity of the Musharakah Financing assets as at 31 December 2022 and 2021 is as follows:

	31 December 2022		
	<i>Gross investment in Islamic finance receivables</i>	<i>Unearned lease finance income</i>	<i>Net investment in Islamic finance receivables</i>
	#	#	#
No later than one year	136,906,489	64,567,728	72,338,761
Later than one year but not later than five years	429,550,758	110,288,297	319,262,461
	566,457,247	174,856,025	391,601,222

	31 December 2021		
	<i>Gross investment in Islamic finance receivables</i>	<i>Unearned lease finance income</i>	<i>Net investment in Islamic finance receivables</i>
	#	#	#
No later than one year	40,228,555	18,130,715	22,097,840
Later than one year but not later than five years	120,021,185	31,925,875	88,095,310
	160,249,740	50,056,590	110,193,150

15 RIGHT-OF-USE ASSETS

	2022	2021
	#	#
<i>Cost:</i>		
At the beginning of the year	6,358,505	3,357,833
Additions	9,275,397	3,000,672
At the end of the year	15,633,902	6,358,505
<i>Accumulated depreciation:</i>		
At the beginning of the year	3,868,062	2,244,586
Charge for the year (note 10)	3,527,869	1,623,476
At the end of the year	7,395,931	3,868,062
<i>Net carrying amounts:</i>		
At 31 December 2022	8,237,971	
At 31 December 2021		2,490,443

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15 RIGHT-OF-USE ASSETS (continued)

The following had been recognised in the reissued statement of profit or loss and other comprehensive income:

	2022	2021
Depreciation expenses for right-of-use assets	3,527,869	1,623,476
Expenses related to short-term and low-value leases	33,000	33,000
Finance cost on lease liabilities	332,134	49,390
	3,893,003	1,705,866

Right-of-use assets constitute the offices rented by the Company for its branches and head office obtained on rent for a period ranging from 3 to 4 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options.

16 INTANGIBLE ASSETS

Intangible balance represents software and licenses with useful lives ranging from 1 to 5 years.

	2022	2021
<i>Cost:</i>		
At the beginning of the year	5,760,147	4,573,204
Transfer from advances to suppliers	236,250	233,475
Additions	723,736	953,468
At the end of the year	6,720,133	5,760,147
<i>Accumulated amortisation:</i>		
At the beginning of the year	3,646,519	2,528,211
Charge for the year (note 10)	1,173,025	1,118,308
At the end of the year	4,819,544	3,646,519
<i>Net book value:</i>		
At 31 December 2022	1,900,589	
At 31 December 2021		2,113,628

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17 PROPERTY AND EQUIPMENT

	<i>Leasehold Improvements</i> <i>£</i>	<i>Office furniture and fixtures</i> <i>£</i>	<i>Computers</i> <i>£</i>	<i>Total</i> <i>£</i>
<i>Cost:</i>				
At 1 January 2021	2,090,128	906,166	723,488	3,719,782
Transfer from advances to suppliers	812,975	-	-	812,975
Additions	792,693	665,508	620,710	2,078,911
Disposals	(43,500)	(164,540)	(70,003)	(278,043)
At 31 December 2021	3,652,296	1,407,134	1,274,195	6,333,625
Transfer from advances to suppliers	-	-	20,528	20,528
Additions	612,396	1,351,761	562,523	2,526,680
Disposals	-	(17,188)	(6,260)	(23,448)
At 31 December 2022	4,264,692	2,741,707	1,850,986	8,857,385
<i>Accumulated depreciation:</i>				
At 1 January 2021	1,760,526	666,779	280,664	2,707,969
Charge for the year (note 10)	194,645	172,814	238,358	605,817
Disposals	-	(160,999)	(62,904)	(223,903)
At 31 December 2021	1,955,171	678,594	456,118	3,089,883
Charge for the year (note 10)	404,692	427,600	317,615	1,149,907
Disposals	-	(1,390)	(3,091)	(4,481)
At 31 December 2022	2,359,863	1,104,804	770,642	4,235,309
<i>Net book value:</i>				
At 31 December 2022	1,904,829	1,636,903	1,080,344	4,622,076
At 31 December 2021	1,697,125	728,540	818,077	3,243,742

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18 PREPAYMENTS AND OTHER RECEIVABLES

	2022	2021
	#	#
Amounts due from SAMA	-	77,940,155
Amounts due from customers (note 18.2)	19,699,474	3,261,189
Prepayments	19,255,525	4,270,993
Insurance claims	4,429,920	1,745,778
Advance to suppliers (note 18.1)	154,759,011	980,195
Others	90,786	121,882
	<u>198,234,716</u>	<u>88,320,192</u>

18.1 The advances to suppliers include advances to related parties amounted to # 152.563 million (2021: nil). Refer to note 27 for further details.

18.2 This includes insurance settlement receivables amounting to # 8.6 million (2021: nil). Refer note 35.1 (a) for further details.

19 CASH AND CASH EQUIVALENTS

	2022	2021
	#	#
Bank balances and cash	21,626,376	69,703,270
Restricted cash (note 13.1)	(3,829,935)	-
	<u>17,796,441</u>	<u>69,703,270</u>

20 SHARE CAPITAL

During the year, the Shareholder of the Company has resolved to increase the share capital of the Company from # 250 million to # 500 million by way of cash injection. The legal formalities in this respect have been finalized. The authorised, issued and paid up capital consists of 50 million shares (2021: 25 million shares) of # 10 share.

<i>Name of shareholder</i>	<i>Ownership %</i>		<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>2022</i>	<i>2021</i>			#	#
Al Kifah Holding Company	100%	100%	500,000,000	250,000,000		

Subsequent to the reporting date, the Company split its share capital with a ratio of 1:2 shares, resulting in an increase in the Company's number of shares to 100 million shares, each with a nominal value of # 5. Furthermore, Al Kifah Holding Company has transferred 21 million shares to three new shareholders (Buthoor Altharwa Company, Modern Impact Technologies Company and Omran Al Mostakbal Ready Mix Company), with each receiving 7 million shares. The legal formalities for the transfer of these shares were successfully completed during 2024.

The Company paid a final dividend of SAR 33 million (2021: # nil) during the year as approved by the Board of Directors, to the shareholder of the Company. This resulted in SAR 1.32 per share (2021: # nil per share) for the shareholder.

21 EARNINGS PER SHARE

Basic and diluted earnings per share for the year ended 31 December 2022 and 2021 is calculated by dividing the net income for the year by the weighted average outstanding number of shares during the year. Ownership percentage and amount of share capital are as follows:

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21 EARNINGS PER SHARE (continued)

	2022	2021
	#	#
Net income for the period	73,547,586	27,552,609
Weighted average number of outstanding shares	91,666,667	50,000,000
Basic and diluted earnings per share	0.80	0.55

As a result of the share capital split made in 2024 referred to in note 20, leading to an increase in the total number of outstanding shares, the Company considered that the split had a retrospective effect. Accordingly, the earnings per share ("EPS") are calculated based on the revised weighted average number of outstanding shares as at 31 December 2022. Consequently, the comparative EPS has been restated to reflect this adjustment.

22 ISLAMIC BANK FINANCING

	2022	2021
	#	#
<i>Islamic Bank financing</i>		
SAMA - Kafalah program (note 22.1)	1,172,871,390	770,826,667
SAMA -Deferment program (note 22.1)	154,393,952	329,616,760
Tawaruq and murabaha financing (note 22.2)	167,813,690	167,541,540
Social Development Bank financing (note 22.3)	80,972,056	113,412,116
Securitization financing Arrangement (Without Recourse) (22.4)	38,289,350	-
Less: Modification cost on deferment (note 22.1)	(3,712,031)	(16,467,666)
Net loans and borrowings	1,610,628,407	1,364,929,417
Analyzed as follows:		
	2022	2021
	#	#
Non-current portion	725,707,837	777,086,697
Current portion	884,920,570	587,842,720
	1,610,628,407	1,364,929,417

22.1 During 2020, the Company has signed an agreement with SAMA to enroll in the deferred payments program. During the year ended 31 December 2022, based on the deferred payments program, the Company has received ₩ 77.9 million (31 December 2021: ₩ 209.7 million). These loans are interest free loans. The Company has not provided security against these loans. The modification gain on deferment includes an amount of ₩ 5.1 million (31 December 2021: ₩ 20.6 million), which is recorded under commission income in the reissued statement of profit or loss and other comprehensive income.

Further, the Company has obtained additional funds from SAMA under loan guarantee program amounting to ₩ 830 million (the year ended 31 December 2021: ₩ 634.8 million) to finance its activities.

Financing under SAMA deferred payments program and loan guarantee program are carried at fair value using internal rate of return equivalent to the prevailing market rate. During 31 March 2022, SAMA terminated the Deferred Payment Program with the last extension expiring on 31 March 2022.

These loans have varying repayment commencement dates, with the earliest beginning in October 2020 and maturities extending through February 2026.

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22 ISLAMIC BANK FINANCING (continued)

22.2 The Company has obtained a Tawaruq financing facilities from local commercial bank to finance the purchase of assets for leasing services. Tawaruq loans are of both long-term and revolving nature. The long-term loan is repayable within a 5-year period. The revolving loans are payable within the next 12 months. Tawaruq loans carry financial charges at SAIBOR plus an average of 2% margin representing prevailing market borrowing costs. These Tawaruq loans are secured by promissory notes issued by Al Kifah Holding Company. The Company is required to comply with certain covenants under the facility agreements which include maintenance of certain leverage ratios. The Company had no breach of covenants during the year.

22.3 During 2018, the Company obtained long-term loans from Social Development Bank ("SDB"), a governmental agent, to finance the purchase of assets for leasing services for small and medium sized entities ("SMEs") with 3-month grace periods. The Company entered into similar agreements during 2020 and 2021 with all having 3-month grace periods, except for one loan obtained during 2020 which had a 6-month grace period due to COVID-19 related extension. The loans are repayable in equal monthly instalments commencing from January 2019 with the final instalment due in October 2025.

The loans agreements do not include any covenant to maintain financial ratios during the loan period. These loans are secured against promissory notes issued to SDB. Social Development Bank financing are carried at fair value using an internal rate of return equivalent to the prevailing market rate. The difference between carrying value and face value as of initial recognition date, is treated a government grant, which is amortised over the duration of the related loans.

The loans received from SDB, carry commission at rates significantly lower than the currently prevailing market rates. These loans carry a number of conditions, one of which is that these loans are to be used for providing loans to specific types/sectors of customers at discounted rates. The benefit being the impact of the "lower than market value" loans obtained by the Company has been identified and accounted for as "government grant" and has initially been recorded as income and such benefit is being amortised in statement of profit or loss and comprehensive income of the Company during the loan term.

22.4 Tamweel is engaged in the leasing of motor vehicles, providing services to individual and corporate customers. The Company has entered into a Purchase Transaction with a local bank, whereby the bank purchased a pool of eligible leased motor vehicles along with the associated beneficial rights and interests from Tamweel. This transaction, governed by a Securitization Agreement, allows the local bank to acquire the pool for investment purposes while appointing Tamweel to manage administrative and collection services. The total financial commitment for this Purchase Transaction is capped at SAR 50 million. Upon acceptance of the agreement, the bank transferred the purchase amount to Tamweel, becoming the beneficial owner of the securitized assets and assuming all rights, title, and interest related to the lease contracts. Tamweel is restricted from selling or pledging these assets as collateral to any other party, and the local bank has no recourse against Tamweel concerning the pool sold, ensuring a clear delineation of responsibilities and liabilities between the parties. As disclosed in note 4 of these reissued financial statements, the Company applies judgement to assess whether these assets can be derecognised from the reissued financial statements, the Company concluded that the transaction does not meet the derecognition criteria applied in IFRS 9, accordingly these securitised receivable balances continued to be recognised on the reissued statement of financial position.

23 GOVERNMENT GRANTS

The Company recognises government grants on the below market rates loans received from the Saudi Central bank ("SAMA") and Social Development Bank ("SDB") to be utilised in granting financing to the Small and Medium-Sized Entities ("SMEs"). The movement in the government grants were as follows:

	2022	2021
	#	#
Balance at 1 January	48,885,293	18,764,791
Additions during the year	57,353,267	50,738,818
Recognised during the year	(49,667,748)	(20,618,316)
Balance at 31 December	56,570,812	48,885,293

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
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23 GOVERNMENT GRANT (continued)

Analyzed as follows:

	2022	2021
	#	#
Non-current portion	16,690,988	18,445,624
Current portion	39,879,824	30,439,669
	56,570,812	48,885,293

24 LEASES

Movement in lease liabilities is as follows:

	2022	2021
	#	#
At 1 January	1,612,389	252,231
Additions during the year	9,275,397	3,300,672
Finance costs for the year (note 8)	332,134	49,390
Payments during the year	(3,628,617)	(1,989,904)
At 31 December	7,591,303	1,612,389
<i>Classified as:</i>		
Current	3,640,643	858,113
Non-current	3,950,660	754,276
	7,591,303	1,612,389

Maturity analysis - contractual undiscounted cash flows

	2022	2021
	#	#
Less than 1 year	3,987,605	863,267
Later than one year to five years	4,487,739	783,822
	8,475,344	1,647,089

25 EMPLOYEES DEFINED BENEFITS LIABILITIES

Post employments benefits

The management has carried out an exercise to assess the present value of its employees defined benefits liabilities at the reporting date in respect of employees defined benefits liabilities under relevant local regulations and contractual arrangements. The following tables summaries the components of net benefit expense recognised in the reissued statement of profit or loss and other comprehensive income and balances reported in the reissued statement of financial position:

Present value of end of service benefits (in the reissued statement of financial position)

	2022	2021
	#	#
Present value of employees defined benefits liabilities	7,014,045	5,527,667

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25 EMPLOYEES DEFINED BENEFITS LIABILITIES (continued)

The following table summarizes the components of the net benefit expense recognized in the statement of profit or loss and other comprehensive income and amounts recognized in the reissued statement of financial position.

Net benefit expense recognised in the reissued statement of profit or loss and other comprehensive income:

	2022	2021
Current service cost for the period	1,209,019	947,297
Finance cost on benefit obligation for the period	136,132	109,653
	1,345,151	1,056,950

The movement in employees defined benefits liabilities is as follows:

	2022	2021
As at 1 January	5,527,667	4,506,717
Current service cost	1,209,019	947,297
Finance cost (note 8)	136,132	109,653
Actuarial gain	298,543	199,189
Payments during the year	(157,316)	(235,189)
As at 31 December	7,014,045	5,527,667

Actuarial gain are due to:

	2022	2021
Change in financial assumptions	(515,573)	-
Experience adjustments	814,116	199,189
	298,543	199,189

The principal assumptions used in determining employee benefit obligations for the Company's plans are shown below:

	2022	2021
Discount rate	5.0%	2.5%
Future salary increase	4.5%	3.0%
Rate of employee turnover	Moderate	Moderate

A quantitative sensitivity analysis for significant assumption on the employees terminal benefits as at reporting date is as shown below:

	2022	2021
Increase in discount rate 1%	(449,382)	(377,753)
Decrease in discount rate - 1%	511,592	433,670
Increase in salary 1%	509,003	426,967
Decrease in salary -1%	(455,488)	(379,483)

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25 EMPLOYEES DEFINED BENEFITS LIABILITIES (continued)

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

The following are the expected payments to the defined benefit liabilities in future years:

Year	2022	2021
1	881,557	639,225
2	819,446	587,498
3	806,395	592,797
4	658,509	529,102
5	578,276	411,900
6-10	6,733,285	3,981,752
Total expected payments	<u>10,477,468</u>	<u>6,742,274</u>

The weighted average duration of the defined benefit obligation is 7.3 years (2021: same). The expected maturity analysis of undiscounted defined benefit obligation is as follows (time in years):

26 TRADE PAYABLES

Trade payables are non-interesting bearing and are normally settled on 30 to 120 days terms. For explanations on the Company's liquidity risk management processes, refer to note 30).

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27 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include partners and entities controlled, jointly controlled or significantly influenced by such parties (affiliates). Pricing policies and terms of payments of transactions with related parties are approved by the Company's management. Following is the list of related parties of the Company:

<u>Names of related parties</u>	<u>Nature of Relationship</u>
Al Kifah Holding Company	Shareholder
Butthoor Altharwa Company	Other related party
Modern Impact Technologies Company	Other related party
Omran Al Mostakbal Ready Mix Company	Other related party
Al Kifah Trading Company	Fellow subsidiary
Al Kifah for Building Material Company	Fellow subsidiary
Al Kifah Contracting Company	Fellow subsidiary
Al Motaweroon Company	Fellow subsidiary
Takamol Aloula For Facilities Management Company	Fellow subsidiary
Takamol Aloula For Facilities Management Company - Branch	Fellow subsidiary
Al Kifah Paper Products Company	Fellow subsidiary
Al Kifah Precast Company	Fellow subsidiary
Al Kifah Holding Company - Branch	Fellow subsidiary
Al Kifah Information Technology Company	Fellow subsidiary
KiCe Construction Equipment Company	Fellow subsidiary
Green Vision Paper Products Company	Fellow subsidiary
Medical Infection Control Company	Fellow subsidiary
Al Kifah Ready Mix Factory Company	Fellow subsidiary
Al Kifah Ready Mix Factory Company - Branch	Fellow subsidiary
Optimal Supply for Catering Services Company	Fellow subsidiary
Enar Renewable Energy	Fellow subsidiary
Alafouq Alareed Trading Company	Other related party
ABAN Advanced Contracting	Fellow subsidiary
Al Kifah Academy International School	Fellow subsidiary

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

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amounts of transactions</u>	
		<u>2022</u>	<u>2021</u>
<i>Shareholders</i>			
Al Kifah Holding Company	Value added tax paid on behalf of the Company	3,819,273	3,296,425
	Services provided	1,319,692	3,752,951
	Dividends paid	33,000,000	-
<i>Fellow subsidiaries</i>			
Al Kifah Contracting Company	Amount collected against Islamic financing receivables	(5,568,366)	(4,362,144)
	Financing	-	9,200,000
	Commission income	3,406,605	1,071,297
Al Kifah for Building Material Company	Amount collected against Islamic financing receivables	(7,219,665)	(11,611,846)
	Financing	-	500,000
	Services provided	11,400	20,410
	Commission income	5,290,778	1,640,372

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27 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amounts of transactions</u>	
		2022	2021
		RS	RS
KiCe Construction Equipment Company	Heavy machinery and equipment sales financed by the Company	43,512,500	49,712,376
	Financing	42,500,000	15,000,000
	Amount collected against Islamic financing receivables	(5,786,667)	-
	Commission income	1,783,965	180,000
Al Motaweroon Company	Amount collected against Islamic financing receivables	(11,906,933)	(3,566,222)
	Financing	29,200,000	31,224,000
	Commission income	2,880,481	643,467
Al Kifah Holding Company Branch	Amount collected against Islamic financing receivables	(3,750,986)	(13,238,733)
	Commission income	1,166,074	1,421,737
Al Kifah Real Estate Company	Amount collected against Islamic financing receivables	(16,999,600)	(7,447,100)
	Financing	27,500,000	8,900,000
	Services provided	3,170,431	1,640,579
	Commission income	7,866,938	1,866,974
Al Kifah Paper Products Company	Amount collected against Islamic financing receivables	(32,036,117)	(7,403,178)
	Financing	-	4,500,000
	Amounts paid against rent	-	(16,255)
	Services provided	-	1,317
	Commission income	8,428,174	1,421,775
Al Kifah Precast Company	Amount collected against Islamic financing receivables	(17,639,845)	(7,447,100)
	Financing	30,000,000	8,900,000
	Commission income	7,999,208	1,781,775
Al Kifah Information Technology Company	Information technology fee	440,490	2,308,817
Green Vision Paper Products Company	Financing	46,154,709	-
	Amount collected against Islamic finance receivables	(11,237,236)	-
	Commission income	2,197,406	-
Medical Infection Control Company	Financing	22,500,000	-
	Amount collected against Islamic finance receivables	(1,493,333)	-
	Commission income	652,214	-

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27 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amounts of transactions</i>	
		2022	2021
Al Kifah Ready Mix Factory Company	Financing	20,000,000	-
	Amount collected against Islamic finance receivables	(2,986,667)	-
	Commission income	932,057	-
Optimal Supply for Catering Services Company	Financing	7,500,000	-
	Amount collected against Islamic finance receivables	-	-

The breakdown of amounts due from/to related parties are as follows:

Amounts due from related parties - (presented under net investment in Islamic finance receivables note 13):

	2022	2021
KiCe Construction Equipment Company	53,677,298	15,180,000
Al Motaweroon Company	47,329,543	27,251,245
Al Kifah Precast Company	45,841,814	30,168,046
Al Kifah Real Estate Company	43,981,717	30,210,755
Green Vision Paper Products Company	37,114,880	-
Medical Infection Control Company	21,658,881	-
Al Kifah Ready Mix Factory Company	17,945,390	-
Optimal Supply for Catering Services Company	7,500,000	-
Al Kifah Contracting Company	6,011,412	10,631,545
Al Kifah for Building Material Company	3,625,222	10,032,316
Al Kifah Holding Company Branch	1,329,765	4,748,495
Al Kifah Paper Products Company	-	28,768,046
Less: allowances for expected credit loss	(267,553)	(137,252)
	285,748,369	156,853,196

Advances to related parties - (presented under prepayments and other receivables):

	2022	2021
KiCe Construction Equipment Company	152,563,977	-
Al Kifah Holding Company	1,980,003	-
Others	143,670	-
	154,687,650	-

27.1 The amount represents advance to a related party against acquisition of equipment

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27 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Amounts due to related parties - (presented under liabilities):

	2022	2021
Al Kifah for Building Material Company	12,718	1,318
Al Kifah Real Estate Company	3,234,597	420,468
Al Kifah Holding Company	439,335	1,741,873
Al Kifah Contracting Company	32,926	44,883
Al Kifah Information Technology Company	6,750	208,349
	<u>3,726,326</u>	<u>2,416,891</u>

Compensation and remuneration (including salaries and other benefits) for key management personnel is disclosed as follows:

	2022	2021
Short-term employee benefit	2,191,330	1,230,999
Post-employment benefits	332,007	171,341
	<u>2,523,337</u>	<u>1,402,340</u>

Prices and terms of payments of the above transactions with related parties have been approved by the Company. Financing limits provided to related parties are approved by the Board of Directors.

28 ACCRUED EXPENSES AND OTHER LIABILITIES

	2022	2021
Amounts due to customers	30,734,189	22,451,183
Discount from suppliers (note 28.1)	11,053,751	2,619,531
Accrued expenses	8,617,876	1,966,365
Accrued employees cost	2,739,778	3,332,104
	<u>53,145,594</u>	<u>30,369,183</u>

28.1 The Company acquires vehicles from various suppliers which are then leased out to the customers (lessee). As a result of these purchases, the Company receives rebates from suppliers which primarily relate to outright payment in cash as compared to longer credit terms of showrooms or assisting the supplier sell slow moving inventory by providing financing options to potential customers against specific vehicles. The initial invoice for each vehicle is issued at full list price at the time of purchase. The Company subsequently receives credit notes from its vendors / suppliers on a pre-agreed rate that reduces the purchase price against each vehicle identified by its unique identification number.

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29 ZAKAT

The zakat base computed in accordance with the formula specified in the zakat regulations is also subject to thresholds for minimum and maximum liability.

	2022	2021
	#	#
Charge for the year	8,480,913	3,178,492
Prior period adjustments	(1,931,071)	(1,208)
	6,549,842	3,177,284

The significant components of zakat base for the Company are as follows:

	2022	2021
	#	#
Shareholder's equity	554,532,387	316,727,032
Liabilities	153,374,709	273,777,309
Total sources of fund	707,907,096	590,504,341
Total assets	2,769,760,784	1,948,523,334
Total assets not subject to zakat	(1,674,133,435)	(1,157,457,374)
Total assets subject to zakat	1,095,627,349	791,065,960
Assets subject for zakat / Total Assets	40%	41%
	280,025,040	239,734,303
Minimum limit for zakat base	328,113,996	122,924,392
Maximum limit for zakat base	656,227,992	245,848,784
Zakat base	328,113,996	239,734,303

The differences between the financial and the zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable results.

Movement in zakat provision

	2022	2021
	#	#
At the beginning of the year	3,177,284	461,707
Provided during the year	8,480,913	3,178,492
Paid during the year	(5,108,355)	(462,915)
At the end of the year	6,549,842	3,177,284

Zakat assessments

Zakat returns for the years 2016 through 2018 have been submitted to ZATCA as part of Al Kifah Holding Company (referred to as the "Group") as part of a consolidated zakat return. The Company is not liable for any additional liability related to those years. The zakat return for the years 2019 through 2022 has been submitted, however, the assessment has not yet been raised by ZATCA. The Company has a valid zakat certificate till 30 April 2024. During the year 2025, the Company received final assessment from ZATCA for the year 2022 with no additional zakat liability raised.

Zakat has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Saudi Arabia are subject to different interpretations and new zakat regulations have been issued by ZATCA for financing companies.

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30 FAIR VALUES OF FINANCIAL INSTRUMENTS

At the reporting date all of the financial assets and financial liabilities are measured at amortised cost, except equity instrument which is classified under FVOCI and categorised under level 3 of fair value hierarchy. The fair value of financial assets does not significantly differ from the carrying value included in the reissued financial statements.

31 RISK MANAGEMENT

The Company's significant financial liabilities include Islamic bank financing, trade payables, and lease liabilities, which are initially measured at fair value and subsequently stated at amortized cost. Financial assets consist of bank balances and net investments in Islamic finance receivables, which are initially measured at fair value and subsequently recorded at amortized cost, adjusted for any allowance for expected credit losses. Additionally, equity investments are classified as fair value through other comprehensive income (OCI), with any changes in fair value recognized in OCI, if applicable.

The Company is exposed to interest rate risk, liquidity risk and credit risk. The Company's senior management is supported by a risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company.

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 of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: profit rate risk, currency risk and commodity risk. Financial instruments affected by market risk include leasing activities, Islamic bank financing.

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. Before entering into purchase and agency arrangements with banks, the Company is exposed to profit rate fair value risk on its financial assets to be sold. The Company monitors the market cost rate movements and negotiates the terms of the agreements with various banks.

The Company is also exposed to interest rate cash flow risk mainly on its short-term deposits. The average effective profit rate on short-term deposits is 5.38% (31 December 2021: 4.62 %).

As of the reporting date, the Company has loans from SAMA, Social Development Bank, which are cost-free loans or below market rate. The Company has loans from local banks bearing interest, an assumed increase of 100 basis points in profit/interest rates would increase the Company's expenses for the year by ₩ 4,127,296 (2023: ₩ 5,453,841). A decrease of 100 basis points in profit/interest rates would have an equal and opposite effect.

Fixed profit rate (net investment in Islamic receivables) - fair value exposure

The Company's net investment in Islamic receivables arising from Sharia-compliant financing arrangements earn a fixed profit rate over the contractual term. While these instruments are not directly repriced with changes in benchmark market profit rates, they expose the Company to fair value interest rate risk. Changes in market profit rates influence the discounted value of the remaining contractual cash flows, resulting in movements in the fair value of these receivables. Although such movements are not recognised in the reissued statement of profit or loss when these assets are measured at amortised cost, the Company closely monitors benchmark rate fluctuations as part of its asset/liability management framework. This monitoring helps the Company evaluate the economic value sensitivity of its fixed-profit assets and maintain interest rate risk exposures within approved risk limits.

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 on bank balances, musharakah financing assets, net investment in Islamic finance receivables and other receivables. The Company has established procedures to manage credit exposure including evaluation of lessees' credit worthiness, formal credit approvals, assigning credit limits, obtaining collaterals such as down payments and personal guarantees. Individual Islamic financing contracts generally are for term not exceeding sixty-months.

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31 RISK MANAGEMENT (continued)

Credit risk (continued)

Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular segment of customers.

The Company manages concentration of credit risk exposure through diversification of exposures. However, the Company mitigates its credit risk through evaluation of credit worthiness and by obtaining promissory notes and by retaining the title of the vehicle leased out. For certain types of customers, the maximum credit limits are defined. An allowance expected credit loss is maintained at a level which, in the judgment of management, is adequate to provide for impairment losses on delinquent receivables.

All investment in Islamic finance receivables are secured mainly through promissory notes and by retaining the title of the vehicle leased out and yield a fixed rate of commission for each contract. The title of the vehicles sold under finance lease agreements is held in the name of the Company as collateral to be repossessed, in case of default by the customer. The Company participates in Kaflah program that intended to provide the financial sector in the Kingdom of Saudi Arabia guarantees against loans provided to the Small and Medium-Sized Entities ("SME"). The guarantees range based on the SMEs sector and these guarantees may reach up to 95% of the Company's exposure. Kaflah program assesses each application separately and has the right to reject an application.

The carrying amount of financial assets recorded in the reissued financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Expected credit loss assessment for investment in Islamic finance receivables

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

- i. Probability of Default (PD);
- ii. Loss Given Default (LGD);
- iii. 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 above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large non-retail counterparties. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, and recovery costs of any collateral that is integral to the financial asset. For investment in Islamic receivables secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective profit rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. For financial assets, when material, EAD is determined by modeling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any customer's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require repayment of an investment in Islamic receivables.

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31 RISK MANAGEMENT (continued)

Credit risk (continued)

Expected credit loss assessment for investment in Islamic finance receivables (continued)

The investment in Islamic finance receivables generally exposed to significant credit risk, therefore, the Company has established a number of procedures to manage credit risk exposure including evaluation of the lessees' credit worthiness, formal credit approvals, assigning credit limits obtaining collateral and personal guarantees.

The Company follows a credit classification mechanism, primarily driven by the day's delinquency as a tool to manage the quality of credit risk of investment in Islamic finance receivables. Further, the Company has categorised its investment in Islamic finance receivables into sub-categorised on the basis of similar credit risk characteristic. Exposures within each credit risk category are segmented by industrial classification and an ECL is calculated for each segment based on the delinquency status and actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect differences between economic conditions, current conditions and the Company's view of economic conditions over the expected lives of the investment in Islamic financing receivables and Musharakah Financing assets.

An analysis of risk concentration in gross carrying amounts and corresponding ECL in investment in Islamic finance receivables by sector is presented below:

	<i>31 December 2022</i>		
	<i>Gross carrying amount</i>	<i>Allowance for expected credit losses</i>	<i>ECL Coverage</i>
Building and construction	533,358,680	16,571,848	3.1%
Retail	387,480,131	9,635,712	2.5%
Manufacturing	382,092,285	10,942,636	2.9%
Services	368,917,537	22,903,194	6.2%
Commerce (wholesale/retail trade)	237,016,920	14,039,126	5.9%
Transportation and communication	180,931,576	7,388,470	4.1%
Electricity water & gas and health services	137,817,582	12,076,533	8.8%
Mining and quarrying	20,050,513	1,293,708	6.5%
Agriculture and fishing industry	1,859,597	25,560	1.4%
	2,249,524,821	94,876,787	4.2%

	<i>31 December 2021</i>		
	<i>Gross carrying amount</i>	<i>Allowance for expected credit losses</i>	<i>ECL Coverage</i>
Building and construction	309,718,438	8,632,111	2.8%
Retail	320,811,436	4,105,881	1.3%
Manufacturing	265,254,649	6,947,652	2.6%
Services	342,022,758	18,847,540	5.5%
Commerce (wholesale/retail trade)	198,284,326	6,782,955	3.4%
Transportation and communication	125,299,827	2,710,000	2.2%
Electricity water & gas and health services	133,161,816	5,873,617	4.4%
Mining and quarrying	5,100,000	74,940	1.5%
	1,699,653,250	53,974,696	3.2%

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31 RISK MANAGEMENT (continued)

Credit risk (continued)

Expected credit loss assessment for investment in Islamic finance receivables (continued)

Below are the details of the Company's net investment in Islamic finance receivables DPD bucket wise:

31 December 2022

	<i>Gross carrying amount</i> ₪	<i>Allowance for expected credit losses</i> ₪	<i>Net carrying amount</i> ₪
<i>Corporate</i>			
Not past due	1,384,125,436	43,117,119	1,341,008,317
<i>Past due:</i>			
1 to 29 days	246,258,179	9,330,771	236,927,408
30 to 59 days	90,524,427	10,098,504	80,425,923
60 to 89 days	64,074,113	8,434,973	55,639,140
90 to 119 days	14,196,718	2,067,863	12,128,855
150 to 179 days	5,750,610	624,819	5,125,791
180 to 359 days	52,788,664	10,526,016	42,262,648
More than 360 days	4,326,543	1,041,010	3,285,533
	<u>1,862,044,690</u>	<u>85,241,075</u>	<u>1,776,803,615</u>
<i>Retail</i>			
Not past due	345,109,285	3,899,042	341,210,243
<i>Past due:</i>			
1 to 29 days	23,124,244	1,306,088	21,818,156
30 to 59 days	5,299,236	620,437	4,678,799
60 to 89 days			-
90 to 119 days	3,231,553	804,370	2,427,183
120 to 149 days	1,836,612	406,079	1,430,533
150 to 179 days	1,700,638	387,513	1,313,125
180 to 359 days	6,710,371	2,096,068	4,614,303
More than 360 days	468,192	116,115	352,077
	<u>387,480,131</u>	<u>9,635,712</u>	<u>377,844,419</u>

31 December 2021

	<i>Gross carrying amount</i> ₪	<i>Allowance for expected loss</i> ₪	<i>Net carrying amount</i> ₪
<i>Corporate</i>			
Not past due	1,230,131,666	41,092,005	1,189,039,661
<i>Past due:</i>			
1 to 29 days	107,091,018	6,486,857	100,604,161
30 to 59 days	29,078,895	1,119,939	27,958,956
90 to 119 days	5,272,094	455,091	4,817,003
120 to 149 days	4,079,290	290,780	3,788,510
150 to 179 days	1,063,562	107,004	956,558
180 to 359 days	1,034,053	135,448	898,605
More than 360 days	1,091,236	181,691	909,545
	<u>1,378,841,814</u>	<u>49,868,815</u>	<u>1,328,972,999</u>

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2022

31 RISK MANAGEMENT (continued)

Credit risk (continued)

Expected credit loss assessment for investment in Islamic finance receivables (continued)

31 December 2021 (continued)

	<i>Gross carrying amount</i> ₪	<i>Allowance for expected loss</i> ₪	<i>Net carrying amount</i> ₪
<u>Retail</u>			
Not past due	288,498,528	1,543,740	286,954,788
Past due:			
1 to 29 days	22,105,438	592,539	21,512,899
30 to 59 days	4,226,312	237,936	3,988,376
90 to 119 days	1,163,494	239,678	923,816
120 to 149 days	630,083	141,770	488,313
150 to 179 days	544,366	138,405	405,961
180 to 359 days	2,662,707	836,552	1,826,155
More than 360 days	980,508	375,261	605,247
	<u>320,811,436</u>	<u>4,105,881</u>	<u>316,705,555</u>

Classification of investments in Islamic receivables

The Company classifies its investments in Islamic receivables into three categories: performing, underperforming, and non-performing. These classifications are determined in accordance with SAMA's Expected Credit Loss (ECL) guidelines and the Company's IFRS 9 ECL policy. A summary of the categories and the corresponding staging criteria are set out below:

- 1) Performing investments in Islamic receivables:
 - Stage 1: Represents investments in Islamic receivables that do not have amounts past due beyond 30 days.
 - Stage 2: Represents investments in Islamic receivables that do not have amounts past due for more than 30 days, but customers are still within the stipulated curing periods.
 - Curing period: 90 days for non-retail customers.
 - Curing period: 60 days for retail customers.
 - Stage 3: Represents investments in Islamic receivables that do not have amounts past due more than 30 days, but customers continue to fall within the stipulated curing periods for Stage 3 classifications.
 - 9 months to move from Stage 3 to Stage 2 for non-retail customers.
 - 3 months to move from Stage 2 to Stage 1 for non-retail customers.
 - 4 months to move from Stage 3 to Stage 2 for retail customers.
 - 2 months to move from Stage 2 to Stage 1 for retail customers.
- 2) Underperforming investments in Islamic receivables:
 - Stage 2: Represents investments in Islamic receivables with past-due amounts exceeding 30 days but not exceeding 90 days.
 - Stage 3: Represents investments in Islamic receivables with past due amounts over 30 days but not exceeding 90 days, where customers remain within the stipulated curing periods.
 - 9 months from Stage 3 to Stage 2 for non-retail customers.
 - 3 months from Stage 2 to Stage 1 for non-retail customers.
 - 4 months from Stage 3 to Stage 2 for retail customers.
 - 2 months from Stage 2 to Stage 1 for retail customers.
- 3) Non-performing investments in Islamic receivables: represents investments in Islamic receivables with past-due amounts exceeding 90 days.

**TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

31 RISK MANAGEMENT (continued)

Credit risk (continued)

Expected credit loss assessment for investment in Islamic finance receivables (continued)

Set out below is the information about the credit risk exposure on the Company's investment in Investment in Islamic financing at the reporting date:

	<i>31 December 2022</i>			
	Stage 1	Stage 2	Stage 3	Total
<i>Gross carrying amount</i>				
Performing	982,914,723	634,332,717	381,369,704	1,998,617,144
Underperforming	-	59,852,160	100,045,616	159,897,776
Non-performing	-	-	91,009,901	91,009,901
Total	982,914,723	694,184,877	572,425,221	2,249,524,821
<i>Allowance for expected credit loss</i>				
Performing	9,444,339	1,893,224	46,315,457	57,653,020
Underperforming	-	1,269,275	17,884,639	19,153,914
Non-performing	-	-	18,069,853	18,069,853
Total	9,444,339	3,162,499	82,269,949	94,876,787
<i>Net carrying amount</i>				
Performing	973,470,384	632,439,493	335,054,247	1,940,964,124
Underperforming	-	58,582,885	82,160,977	140,743,862
Non-performing	-	-	72,940,048	72,940,048
Total	973,470,384	691,022,378	490,155,272	2,154,648,034
	<i>31 December 2021</i>			
	Stage 1	Stage 2	Stage 3	Total
<i>Gross carrying amount</i>				
Performing	1,195,455,520	71,988,736	380,382,394	1,647,826,650
Underperforming	-	18,172,878	15,132,329	33,305,207
Non-performing	-	-	18,521,393	18,521,393
Total	1,195,455,520	90,161,614	414,036,116	1,699,653,250
<i>Allowance for expected credit loss</i>				
Performing	5,525,754	740,213	43,449,174	49,715,141
Underperforming	-	420,463	937,412	1,357,875
Non-performing	-	-	2,901,680	2,901,680
Total	5,525,754	1,160,676	47,288,266	53,974,696
<i>Net carrying amount</i>				
Performing	1,189,929,766	71,248,523	336,933,220	1,598,111,509
Underperforming	-	17,752,415	14,194,917	31,947,332
Non-performing	-	-	15,619,713	15,619,713
Total	1,189,929,766	89,000,938	366,747,850	1,645,678,554

TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
 At 31 December 2022

31 RISK MANAGEMENT (continued)

Credit risk (continued)

Assets held as collateral

	2022	2021
Assets held as collateral under investment in Islamic receivables	<u>1,688,741,271</u>	1,258,654,605

Set out below is the information about the credit risk exposure on the Company's investment in Musharakah financing assets at the reporting date, Musharakah financing assets due from retail customers:

Below are the details of the Company's Musharakah financing assets DPD bucket wise:

31 December 2022

	<i>Gross carrying amount</i>	<i>Allowance for expected credit losses</i>	<i>Net carrying amount</i>
Not past due	330,537,025	2,651,025	327,886,000
Past due:			
1 to 29 days	28,432,737	617,231	27,815,506
30 to 59 days	8,007,061	355,134	7,651,927
90 to 119 days	4,800,509	1,643,202	3,157,307
120 to 149 days	4,335,007	1,478,369	2,856,638
150 to 179 days	2,443,373	823,054	1,620,319
180 to 359 days	8,948,412	3,014,036	5,934,376
More than 360 days	4,097,098	1,420,999	2,676,099
	<u>391,601,222</u>	<u>12,003,050</u>	<u>379,598,172</u>

31 December 2021

	<i>Gross carrying amount</i>	<i>Allowance for expected credit losses</i>	<i>Net carrying amount</i>
Not past due	89,038,331	1,118,005	87,920,326
Past due:			
1 to 29 days	13,878,304	583,436	13,294,868
30 to 59 days	4,249,599	201,472	4,048,127
90 to 119 days	1,181,093	307,343	873,750
120 to 149 days	412,882	89,264	323,618
150 to 179 days	280,276	73,824	206,452
180 to 359 days	1,022,730	220,124	802,606
More than 360 days	129,935	25,898	104,037
	<u>110,193,150</u>	<u>2,619,366</u>	<u>107,573,784</u>

**TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

31 RISK MANAGEMENT (continued)

Credit risk (continued)

Set out below is the information about the credit risk exposure on the Company's Musharakah financing assets at the reporting date:

	<i>31 December 2022</i>			
	Stage 1	Stage 2	Stage 3	Total
<i>Gross carrying amount</i>				
Performing	345,898,524	6,182,689	6,888,549	358,969,762
Underperforming	-	7,394,747	612,314	8,007,061
Non-performing	-	-	24,624,399	24,624,399
Total	345,898,524	13,577,436	32,125,262	391,601,222
<i>Allowance for expected credit loss</i>				
Performing	1,576,937	22,720	1,668,599	3,268,256
Underperforming	-	183,639	171,495	355,134
Non-performing	-	-	8,379,660	8,379,660
Total	1,576,937	206,359	10,219,754	12,003,050
<i>Net carrying amount</i>				
Performing	344,321,587	6,159,969	5,219,950	355,701,506
Underperforming	-	7,211,108	440,819	7,651,927
Non-performing	-	-	16,244,739	16,244,739
Total	344,321,587	13,371,077	21,905,508	379,598,172
	<i>31 December 2021</i>			
	Stage 1	Stage 2	Stage 3	Total
<i>Gross carrying amount</i>				
Performing	110,193,150	-	-	110,193,150
<i>Allowance for expected credit loss</i>				
Performing	2,619,366	-	-	2,619,366
<i>Net carrying amount</i>				
Performing	107,573,784	-	-	107,573,784
Assets held as collateral				
			<i>2022</i>	<i>2021</i>
			<i>#</i>	<i>#</i>
Assets held as collateral under investment in Islamic receivables			230,839,734	58,958,081

**TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

31 RISK MANAGEMENT (continued)

Economic variable assumptions

To ensure appropriate ECL estimation, the Company uses independent third-party data sources (e.g Moody's and IMF).

The most significant assumptions affecting the ECL allowance are as follows:

- (i) GDP, given the significant impact on companies' performance and collateral valuations; and
- (ii) Relevant equity indices, given its impact on the economy, counterparty performance and collateral valuations.

The following table sets out the key macroeconomic variables of ECL calculation and weightages used for scenarios showing increase /decrease in comparison to 2022 as base year:

Assumption used in 2022

Key macroeconomic variables Used	ECL scenario and assigned weightage	2023	2024	2025
General government total expenditure-Percent of GDP				
Base	40%	29.6%	29.9%	29.7%
Upside	30%	38.5%	38.8%	38.6%
Downside	30%	26.9%	27.2%	27.0%
General government gross debt-Percent of GDP				
Base	40%	23.6%	23.1%	22.3%
Upside	30%	30.6%	30.1%	29.0%
Downside	30%	16.5%	16.2%	15.6%
Assumption used in 2021				
General government total expenditure-Percent of GDP		2022	2023	2024
Base	40%	25.3%	28.3%	29.6%
Upside	30%	32.9%	36.8%	38.4%
Downside	30%	17.7%	19.8%	20.7%
General government gross debt-Percent of GDP				
Base	40%	23.0%	26.2%	29.2%
Upside	30%	29.9%	34.0%	38.0%
Downside	30%	16.1%	18.3%	20.4%

The above macroeconomic variables are selected based on the regression analysis between the macroeconomic variables and the PD. These economic variables and their associated impact on the PD and LGD vary by industry. Forecasts of these economic variables (for all scenarios) are provided by Moody's on a quarterly basis and provide the best estimate view of the economy over future years.

Sensitivity analysis

Based on the above significant assumptions and changes in each economic variable by +5% and -5% while keeping other key variables constant will result in a change in the ECL (stage 1 and 2) in the range of increase by 0.34% (2021: increase by 0.45%) to a decrease by 0.34% (2021: decrease by 0.45%)

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2022

31 RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Company manages its liquidity risk by ensuring that the Company facilities and shareholder's support are available.

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

	<i>Within 3 months</i>	<i>Within 3 – 12 months</i>	<i>1 to 5 years</i>	<i>Total</i>
Trade payables	135,487,171	-	-	135,487,171
Amounts due to related parties	3,726,326	-	-	3,726,326
Islamic bank financing	268,201,945	679,164,489	742,853,395	1,690,219,829
Musharakah Payable	5,938,800	62,680,509	311,403,476	380,022,785
Lease liabilities	136,000	3,851,605	4,487,739	8,475,344
	413,490,242	745,696,603	1,058,744,610	2,217,931,455
<hr/>				
	<i>Within 3 months</i>	<i>Within 3 – 12 months</i>	<i>1 to 5 years</i>	<i>Total</i>
Trade payable	89,427,598	-	-	89,427,598
Amounts due to related parties	2,416,891	-	-	2,416,891
Islamic bank financing	95,936,699	542,016,055	794,079,081	1,432,031,835
Musharakah Payable	1,531,930	4,545,835	104,130,160	110,207,925
Lease liabilities	-	863,267	783,822	1,647,089
	189,313,118	547,425,157	898,993,063	1,635,731,338

TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

31 RISK MANAGEMENT (continued)

Liquidity risk (continued)

Analysis of discounted assets and liabilities by expected maturity

Below is an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	<i>As of 31 December 2022</i>			
	<i>Within 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Total</i>
Assets				
Bank balances	21,626,376	-	-	21,626,376
Net investment in Islamic finance receivables	231,883,450	653,964,487	1,268,800,097	2,154,648,034
Musharakah financing assets	19,063,470	41,272,241	319,262,461	379,598,172
Prepayments and other receivables	198,234,716	-	-	198,234,716
	470,808,012	695,236,728	1,588,062,558	2,754,107,298
Liabilities				
Amounts due to related parties	3,726,326	-	-	3,726,326
Provision for zakat	6,549,842	-	-	6,549,842
Musharakah payable	-	45,025,500	268,256,520	313,282,020
Islamic bank financing	249,039,011	635,881,559	725,707,837	1,610,628,407
Lease liabilities	89,646	3,550,997	3,950,660	7,591,303
Accrued expenses and other liabilities	53,145,594	-	-	53,145,594
Trade payables	135,487,171	-	-	135,487,171
	448,037,590	684,458,056	997,915,017	2,130,410,663

**TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2022

31 RISK MANAGEMENT (continued)

Liquidity risk (continued)

Analysis of discounted assets and liabilities by expected maturity (continued)

	<i>As of 31 December 2021</i>			
	<i>Within 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Total</i>
	<i>₪</i>	<i>₪</i>	<i>₪</i>	<i>₪</i>
Assets				
Bank balances	69,703,270	-	-	69,703,270
Net investment in Islamic finance receivables	120,086,997	465,036,030	1,060,555,527	1,645,678,554
Musharakah financing assets	5,147,959	14,330,515	88,095,310	107,573,784
Prepayments and other receivables	88,320,192	-	-	88,320,192
	<u>283,258,418</u>	<u>479,366,545</u>	<u>1,148,650,837</u>	<u>1,911,275,800</u>
Liabilities				
Amounts due to related parties	2,416,891	-	-	2,416,891
Provision for zakat	3,177,284	-	-	3,177,284
Musharakah payable	-	-	88,154,520	88,154,520
Islamic bank financing	83,064,792	504,777,928	777,086,697	1,364,929,417
Lease liabilities	-	858,113	754,276	1,612,389
Accrued expenses and other liabilities	30,369,183	-	-	30,369,183
Trade payables	89,427,598	-	-	89,427,598
	<u>208,455,748</u>	<u>505,636,041</u>	<u>865,995,493</u>	<u>1,580,087,282</u>

TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2022

31 RISK MANAGEMENT (continued)

Liquidity risk (continued)

Changes in liabilities arising from financing activities:

	<i>1 January 2022 AED</i>	<i>Cash outflow AED</i>	<i>Cash inflow / Other AED</i>	<i>31 December 2022 AED</i>
Lease liabilities	1,612,389	(3,628,617)	9,607,531	7,591,303
Islamic bank financing	1,364,929,417	(784,988,317)	1,030,687,307	1,610,628,407
Musharakah Payable	88,154,520	-	225,127,500	313,282,020
	1,454,696,326	(788,616,934)	1,265,422,338	1,931,501,730
	<i>1 January 2021 AED</i>	<i>Cash outflow AED</i>	<i>Cash inflow / Other AED</i>	<i>31 December 2021 AED</i>
Lease liabilities	252,231	(1,989,904)	3,350,062	1,612,389
Islamic bank financing	682,709,255	(283,239,031)	965,459,193	1,364,929,417
Musharakah Payable	-	-	88,154,520	88,154,520
Total liabilities from financing activities	682,961,486	(285,228,935)	1,056,963,775	1,454,696,326

TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

31 RISK MANAGEMENT (continued)

Capital management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide adequate return to its shareholder through the optimization of the capital structure. The Company manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder.

No changes were made in objectives, policies or processes for managing capital during the year ended 31 December 2022 (2021: same).

The Company monitors aggregate amount of financing offered by the Company on the basis of the regulatory requirements of Companies' law and SAMA. SAMA requires Finance Companies engaged in financing other than real estate, to not exceed aggregate financing to capital ratio of three times. However, during the year, the Company has obtained exemption from SAMA to exceed the three times ratio limit.

	2022	2021
Aggregate financing to capital ratio (Total financing (net investment in Islamic finance receivables and Musharakah Financing assets) divided by total equity)	4.40	#
<i>Total financing</i>		
Net investment in Islamic finance receivables	2,154,648,034	1,645,678,554
Musharakah financing assets	379,598,172	107,573,784
	2,534,246,206	1,753,252,338
Total equity	575,765,265	285,516,221
	4.40	6.14

Total equity includes share capital, statutory reserve and retained earnings.

32 COMMITMENTS AND CONTINGENCIES

As of the date of the reissued statement of financial position, the Company did not have any outstanding commitments or contingencies.

33 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments are not expected to have a material impact on the Company's reissued financial statements. The standard is effective for the annual period starting on 1 January 2025.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

33 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 18 Presentation and Disclosure in Financial Statements (continued)

It also requires disclosure of newly defined management defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements. The standard is effective for annual periods starting on 1 January 2027.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares financial statements, available for public use, which comply with IFRS accounting standards.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements. The standard is effective for annual periods starting on 1 January 2027.

34 SUBSEQUENT EVENTS

Except for the plan for Initial Public Offering (“IPO”) as detailed in note 2, there have been no further significant subsequent events since the year ended 31 December 2022 that would have a material impact on the financial position of the Company as reflected in these reissued financial statements.

**TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

35 REISSUED FINANCIAL STATEMENT ADJUSTMENTS

The Company's financial statements for the year ended 31 December 2022 have been reissued to replace the previous financial statements approved by the Board of Directors on 6 Sha'ban 1444H (corresponding to 26 February 2023). These reissued financial statements, together with the related comparative figures for the years ended 31 December 2021 and 1 January 2021, have been restated and / or reclassified. The restatements resulted in adjustments to line items in the statement of financial position and the statement of profit or loss and other comprehensive income. Accordingly, these restatements impacted statement of cash flows, statement of changes in equity and notes to the reissued financial statements. These adjustments were made to ensure a more accurate representation of the Company's financial position and performance in accordance with IFRS Accounting Standards. It is important to note that the restatements did not result in any change to the Company's legal structure, contractual terms, or the economic substance of the transactions previously reported. The specific facts and reasons contributing to these restatements are detailed below.

Reissued statement of financial position – below are presented only the accounts that are impacted by the reissuance:

At 31 December 2022 (impact of reissuance)

	Note	31 December 2022 <i>(Before reissuance)</i>	Reclassifications	Restatements	31 December 2022 <i>(Restated)</i>
ASSETS					
Prepayments and other receivables	35.1	197,015,207	-	1,219,509	198,234,716
Net investment in Islamic finance receivables	35.2	2,213,634,301	(70,494,168)	11,507,901	2,154,648,034
Musharakah financing assets	35.3	-	70,494,168	309,104,004	379,598,172
TOTAL ASSETS		2,447,929,370	-	321,831,414	2,769,760,784
LIABILITIES AND SHAREHOLDER'S EQUITY					
SHAREHOLDER'S EQUITY					
Retained earnings	35.4	94,919,613	-	(38,402,788)	56,516,825
TOTAL SHAREHOLDER'S EQUITY		614,168,052	-	(38,402,788)	575,765,264
LIABILITIES					
Provision for zakat	35.5	9,280,400	-	(2,730,558)	6,549,842
Accrued expenses and other liabilities	35.6	43,107,562	-	10,038,032	53,145,594
Islamic bank financing	35.7	1,570,983,699	-	39,644,708	1,610,628,407
Musharakah Payable	35.3	-	-	313,282,020	313,282,020
TOTAL LIABILITIES		1,833,761,318	-	360,234,202	2,193,995,520
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		2,447,929,370	-	321,831,414	2,769,760,784

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35 RESTATEMENTS AND RECLASSIFICATIONS (continued)

Reissued statement of profit or loss and other comprehensive income - below are presented only the accounts that are impacted by the reissuance:
For the year ended 31 December 2022 (impact of reissuance)

		2022 <i>Note</i>	Reclassifications <i>Note</i>	Restatements <i>Note</i>	2022 <i>(Restated)</i>
Commission income	35.8	206,662,726	20,953,589	(10,406,234)	217,210,081
Commission expense	35.9	(19,760,811)	(10,145,699)	(4,187,304)	(34,093,814)
		186,901,915	10,807,890	(14,593,538)	183,116,267
Other income, net	35.8 (a)	18,846,544	(9,911,762)	8,793,849	17,728,631
NET REVENUE FROM OPERATIONS		205,748,459	896,128	(5,799,689)	200,844,898
EXPENSES					
Salaries and employees' related expenses	35.10	(37,949,110)	37,949,110	-	-
General and administrative	35.10	(20,886,386)	(1,127,414)	-	(22,013,800)
Selling and advertising	35.10	-	(36,821,696)	-	(36,821,696)
Finance cost		-	(896,128)	-	(896,128)
Expected credit loss charge on Islamic finance receivables	35.11	(51,054,992)	-	(2,178,982)	(53,233,974)
PROFIT BEFORE ZAKAT		90,007,170	-	(7,978,671)	82,028,499
Zakat expense	35.12	(9,243,059)	-	762,146	(8,480,913)
PROFIT FOR THE YEAR		80,764,111	-	(7,216,525)	73,547,586
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		80,465,568	-	(7,216,525)	73,249,043

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
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35 RESTATEMENTS AND RECLASSIFICATIONS (continued)

Reissued statement of financial position - below are presented only the accounts that are impacted by the restatement:

At 31 December 2021 (impact of restatement)

	<i>Note</i>	<i>31 December 2021 (Before restatement)</i>	<i>Reclassifications #</i>	<i>Restatements #</i>	<i>31 December 2021 (Restated)</i>
ASSETS					
Net investment in Islamic finance receivables	35.2	1,693,604,693	(21,627,343)	(26,298,796)	1,645,678,554
Musharakah financing assets	35.3	-	21,627,343	85,946,441	107,573,784
TOTAL ASSETS		1,860,368,818	-	59,647,645	1,920,016,463
LIABILITIES AND SHAREHOLDER'S EQUITY					
SHAREHOLDER'S EQUITY					
Retained earnings	35.4	55,530,456	-	(31,186,263)	24,344,193
TOTAL EQUITY		316,702,484	-	(31,186,263)	285,516,221
LIABILITIES					
Provision for zakat	35.5	5,145,697	-	(1,968,413)	3,177,284
Accrued expenses and other liabilities	35.6	26,717,260	-	3,651,923	30,369,183
Musharakah Payable	35.3	-	-	88,154,520	88,154,520
Government grant	35.7	47,889,415	-	995,878	48,885,293
TOTAL LIABILITIES		1,543,666,334	-	90,833,908	1,634,500,242
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		1,860,368,818	-	59,647,645	1,920,016,463

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35 RESTATEMENTS AND RECLASSIFICATIONS (continued)

Reissued statement of profit or loss and other comprehensive income - below are presented only the accounts that are impacted by the restatement:

For the year ended 31 December 2021 (impact of restatement)

		<i>Note</i>	<i>2021 (Before reissuance)</i>	<i>Reclassifications #</i>	<i>Restatements #</i>	<i>2021 (Restated)</i>
Commission income		35.8	130,375,481	(9,241,511)	(8,513,051)	112,620,919
Commission expense		35.7 & 35.9	(13,388,058)	439,961	(2,028,268)	(14,976,365)
Other income, net		35.8 (a)	116,987,423	(8,801,550)	(10,541,319)	97,644,554
NET REVENUE FROM OPERATIONS			3,945,841	8,419,643	-	12,365,484
EXPENSES			120,933,264	(381,907)	(10,541,319)	110,010,038
Salaries and employees' related expenses		35.10	(27,414,667)	27,414,667	-	-
General and administrative		35.10	(13,907,003)	(2,880,635)	-	(16,787,638)
Selling and advertising		35.10	-	(23,712,164)	-	(23,712,164)
Finance cost			-	(439,961)	-	(439,961)
Expected credit loss charge on Islamic finance receivables		35.11	(26,719,941)	-	(8,271,635)	(34,991,576)
PROFIT BEFORE ZAKAT			49,544,052	-	(18,812,954)	30,731,098
Zakat expense		35.12	(5,146,905)	-	1,968,413	(3,178,492)
PROFIT FOR THE YEAR			44,397,147	-	(16,844,541)	27,552,606
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			44,197,958	-	(16,844,541)	27,353,417

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
 At 1 January 2021

35 RESTATEMENTS AND RECLASSIFICATIONS (continued)

Reissued statement of financial position - below are presented only the accounts that are impacted by the restatement:

At 1 January 2021 (impact of restatement)

	<i>Note</i>	<i>1 January 2021 # (Before restatement)</i>	<i>Reclassifications #</i>	<i>Restatements #</i>	<i>1 January 2021 # (Restated)</i>
ASSETS					
Net investment in Islamic finance receivables	35.2	926,956,591	-	(14,341,722)	912,614,869
TOTAL ASSETS		1,054,265,975	-	(14,341,722)	1,039,924,253
LIABILITIES AND SHAREHOLDER'S EQUITY					
SHAREHOLDER'S EQUITY					
Retained earnings	35.4	15,772,213	-	(14,341,722)	1,430,491
TOTAL SHAREHOLDER'S EQUITY		272,504,526	-	(14,341,722)	258,162,804
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		1,054,265,975	-	(14,341,722)	1,039,924,253

Impact on reissued statement of cash flows

For the year ended 31 December 2022

	<i>2022 # (Before restatement)</i>	<i>2022 # (Restated)</i>
Net cash used in operating activities	(460,833,626)	(724,250,475)
Net cash used in investing activities	(3,507,194)	(3,507,194)
Net cash from financing activities	416,263,926	675,850,840

For the year ended 31 December 2021

	<i>2021 # (Before restatement)</i>	<i>2021 # (Restated)</i>
Net cash used in operating activities	(706,231,227)	(794,085,746)
Net cash used in investing activities	(4,078,829)	(4,078,829)
Net cash from financing activities	674,566,341	762,420,860

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
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35 RESTATEMENTS AND RECLASSIFICATIONS (continued)

35.1 Prepayments and other receivables

	<i>31 December 2022</i>
	Note
Securitization arrangement	35.2 (b)
Insurance settlement receivable from customers	35.1 (a)
	(7,408,158)
	8,627,667
	1,219,509

a) Insurance settlement receivable from customers

The Company was recognizing revenue at the end of the lease term instead of recognizing the revenue in the relevant year as per IFRS Conceptual Framework. Accordingly, an amount of ₩ 8.6 million revenue has been recognised during the year ended 31 December 2022. Further, since the comparative amount is immaterial, comparatives have not been restated.

35.2 Net investment in Islamic finance receivables

	<i>31 December 2022</i>	<i>31 December 2021</i>	<i>1 January 2020</i>
	Note	₪	₪
Reclassification			
Musharakah arrangement	35.2 (a)	(70,494,168)	(21,627,343)
Restatements			
Securitization arrangement	35.2 (b)	33,711,038	-
Repricing of related party contracts	35.2 (c)	844,694	-
Grace period	35.2 (d)	2,930,376	(4,474,383)
Expected credit losses	35.2 (e)	(25,978,207)	(25,769,163)
Modification gain/loss on deferment	35.2 (f)	-	(19,705,607)
		11,507,901	(373,345)
		(26,298,796)	(14,341,722)

a) Musharaka arrangement

This pertains to the transfer of Company's 20% share in the Musharakah arrangement to Musharakah Financing Assets from the Net Investment in Islamic Finance Receivables amounting to ₩ 70.4 million (31 December 2021: 21.63 million). Refer note 35.3 for more details on musharaka arrangement.

b) Securitisation arrangement

The Company reassessed its securitization arrangement with a local financial institution and concluded that the related assets should not be derecognized under IFRS 9. Accordingly, the initial derecognition entry, which amounted to ₩ 33.7 million (2021: nil) for net investment in Islamic finance receivables, ₩ 7.4 million (2021: nil) for prepayments and other receivables, ₩ 3.5 million (2021: nil) for accrued expenses and other liabilities, and ₩ 38.3 million (2021: nil) for Islamic bank financing related to the securitization, has been reversed.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2022

35 RESTATEMENTS AND RECLASSIFICATIONS (continued)

35.2 Net investment in Islamic finance receivables (continued)

c) Repricing of related party contracts

As at 1 January 2022, the Company's related party loan contracts were repriced with changes to the profit rates and other terms remain constant. These changes to profit rates resulted in a substantial modification of terms as per IFRS 9, however the Company did not properly account for the modification in accordance with the requirement of the standard. Since the revised profit rates resulted in a substantial modification as per IFRS 9, the Company has restated the related party balances by derecognising the same and recognised at new carrying value. The new carrying value was recalculated based on the revised cash flows and EPR was applied to discount these cash flows. This resulted in gain on derecognition which has now been accounted.

d) Grace period

The Company in its normal course of business, grants finance to some customers with an initial grace period in repayment. The grace period enabled customers to defer their initial lease payment for a period agreed with the Company, allowing the first instalment to be due after the completion of grace period without incurring any penalties or additional costs. As a result, the Company does not receive any payments from customers during the initial contract period. The Company incorrectly recognized profit income during the grace period on a straight-line basis calculated on the original principal. This income is subsequently amortised against the total income recognized over the remaining duration of the contract, rather than adjusting the Effective Profit Rate (EPR) to account for the grace period.

e) Expected credit losses

As a result of the items stated in 35.2 (a) to (d) and a review of the expected credit loss model, there has been an additional charge of ₩ 2.2 million, ₩ 8.3 million for the year ended 31 December 2022 and 2021 and ₩ 19.7 million against retained earnings as at 1 January 2021.

f) Modification loss on deferment

The Saudi Central Bank (SAMA) introduced the Deferred Payment Program on 14 March 2020 under its Private Sector Financing Support Programs to support MSMEs affected by the COVID-19 pandemic. The program, initially for six months, was extended multiple times in three-month intervals until 31 March 2022. Each extension was treated as a separate modification, resulting in insignificant individual modification losses. However, as the program continued and the number of deferred contracts increased, the cumulative modification loss became material. Accordingly, the modification loss on deferment was recomputed in line with IFRS 9 requirements, resulting in the restatement of modification loss amounts.

35.3 Musharakah Financing Assets and related Payables

The Company entered into a Musharakah arrangement with a third party on 30 December 2021 and had derecognized the related Musharakah financing assets. Under the arrangement, 80% of the agreed financing value was attributed to the third party, and the Company had recognized only its 20% share under Net Investment in Islamic Finance Receivables. Upon review, it was determined that the arrangement does not meet the derecognition criteria under IFRS 9. Accordingly, the entire portfolio has been recognized, resulting in Musharakah Financing Assets of ₩ 379.6 million, net of ECL provision of ₩ 12 million (2021: ₩ 107.6 million, net of ECL provision of ₩ 6 million) and corresponding payables of ₩ 313 million (2021: ₩ 88 million).

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

35 RESTATEMENTS AND RECLASSIFICATIONS (continued)

35.4 Retained earnings

This restatement pertains to a change in profit and other comprehensive income (OCI) reserves. This has been recognized in the statement of profit or loss, which has resulted in a corresponding increase in retained earnings. Comparative figures have been restated accordingly.

	<i>31 December 2022</i>	<i>31 December 2021</i>	<i>1 January 2021</i>
	<i>Note</i>	<i>₪</i>	<i>₪</i>
Restatement impacts on profit before zakat	35.4 (a)	(41,133,346)	(33,154,678)
Change in zakat as a result of impact on profit	35.4 (b)	2,730,558	1,968,415
Expected credit losses	35.4 (e)	-	(19,705,607)
Grace period	35.4 (d)	-	5,737,230
Modification gain/loss on deferment	35.4 (f)	-	(373,345)
		(38,402,788)	(31,186,263)
			(14,341,722)

a) Restatement impacts on profit before zakat

These relates to impacts of net profit of the Company before zakat as a result of restatement items for 31 December 2022, 31 December 2021 and 1 January 2021, which are detailed in other sections.

b) Change in zakat as a result of impact on profit

These relates to change in zakat charge for the years ended 31 December 2022 and 2021 as a result of restated net profit for the respective periods.

35.5 Provision for zakat

Zakat provision has been recalculated based on the restated profit figures of the Company and amounted to ₪ 2.5 million (2021: ₪ 1.9 million). This is to ensure that the Zakat liability accurately reflects the Company's financial position following the restatements described in this section.

35.6 Accrued expenses and other liabilities

Accrued expenses and other liabilities has been restated for an amount of ₪ 7.6 million in respect of following matters:

	<i>2022</i>	<i>2021</i>
	<i>Note</i>	<i>₪</i>
Discount from vendors/suppliers	35.6 (a)	11,120,279
Securitisation	35.2 (b)	(3,532,938)
Accrued profit on Musharakah payable	35.6 (b)	2,450,691
		10,038,032
		3,651,923

a) Discount from vendors/suppliers

The discounts received by the Company from vendors and suppliers were previously recognized as revenue from other activities in the Company's financial statements upon receipt. However, since these discounts can be directly attributed to specific assets, the Company should have adjusted the related cash flows to reflect the effective profit rate in accordance with IFRS 9. Consequently, the income from such discounts should be recognized over the life of the contract rather than immediately.

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35 RESTATEMENTS AND RECLASSIFICATIONS (continued)

35.6 Accrued expenses and other liabilities (continued)

a) Discount from vendors/suppliers (continued)

Based on this reassessment, the Company has reversed the income previously recognized in relation to supplier discounts for the year ended 31 December 2022 and has instead recognized the related amortization charges over the contract term as reductions in the cost of acquiring the vehicles. The net impact on accrued expenses and other liabilities arising from this adjustment amounts to ₩ 11.1 million (2021: ₩ 2.6 million).

Additionally, the derecognition revenue amounting to ₩ 9.2 million (2021: ₩ 2.6 million). This amount will be amortized over the lease term, resulting in an additional impact of ₩ 0.7 million (2021: nil).

b) Accrued profit on Musharakah payable

The Company has recognised the commission expense on the Musharakah payable by accruing the expense up to the reporting date in respect of the relevant period.

35.7 Islamic bank financing

An amount of ₩ 39.6 million has been recognized in Islamic bank financing with respect to the following matters:

a) Securitisation arrangement

The related payable to the financial institution has been recognised as a result of recognition of securitisation arrangement as per IFRS 9. Refer to note 35.2 (b) above for more details on securitisation arrangement.

b) Modification loss on deferment / government grant

The Company has derecognised the unwound profit on SAMA related payable amount under deferment program due to early settlement of the outstanding balance.

35.8 Commission income

The impact on commission income amounting to ₩ 10.5 million relates to following matters:

	Note	2022 ₪	2021 ₪
Reclassification			
Other income	35.8 (a)	20,953,589	(9,241,511)
Restatement			
Securitisation	35.2 (b)	(6,210,255)	-
Grace period contracts	35.2 (d)	7,404,759	(10,211,612)
Repricing of related parties	35.2 (c)	844,694	-
Modification gain/loss on deferment	35.2 (f)	(3,944,749)	4,318,094
Discount from vendors/suppliers	35.6 (a)	(8,500,683)	(2,619,534)
		(10,406,234)	(8,513,051)

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2022

35 RESTATEMENTS AND RECLASSIFICATIONS (continued)

35.8 Commission income (continued)

a) Other income, net

These include other income amounting to ₩ 9.9 million (2021: ₩ 8.4 million) which were previously recorded under commission income and has now been reclassified to other income. These pertain to recognition of discount from vendors / suppliers in commission income amounting to ₩ 12.7 million (2021: ₩ 3.3 million), net loss on insurance settlement claim amounting to ₩ 2 million (2021: net gain of ₩ 6.8 million), service fees amounting to ₩ 5.4 million (2021: ₩ 5.8 million) and other expenses of ₩ 0.5 million (2021: nil). Further, there were finance costs amounting to ₩ 11 million (2021: ₩ 0.8 million) that were netted off in commission income which are now reclassified to finance costs. Refer note 35.9 below for more details.

35.9 Commission expense

The Company had recognised in finance cost, the amortisation charges of government grant and derecognition entries of amounts payable to the financial institution related to securitisation. With respect to impacts detailed in note 35.7 (b) above related to government grant, this had corresponding impact in finance costs as well amounting to ₩ 0.4 million. Further, with respect to impacts detailed in note 35.7 (a) above related to securitisation, finance costs amounting to ₩ 1.4 million has been recognised to correct the error. Further, finance cost amounting to ₩ 11 million has been reclassified from commission income to finance cost. Refer note 35.8 (a).

35.10 Other expenses

These are reclassifications of salaries and employees' related expenses of ₩ 37.9 million (2021: ₩ 27.4 million), general and administrative expenses of ₩ 1.1 million (2021: ₩ 2.9 million) and selling and advertising expenses of ₩ 36.8 million (2021: 23.7 million) to ensure that the expenses are presented in accordance with their nature and function.

35.11 Charge for expected credit losses on Islamic finance receivables

The charge to ECL is associated to the charge of recognising ECL on securitisation and musharakah financing contracts. Comparative figures have been restated accordingly to reflect this impact.

35.12 Zakat

These are associated charges on zakat as a result of change in profit due to restatements of various items detailed in other notes above.