تمويل الأولى

TAMWEEL ALOULA

Tamweel Al Oula Company
(A Saudi Closed Joint Stock Company)

Financial Statements and
Independent Auditor's Report

FOR THE YEAR ENDED 31 DECEMBER 2025

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

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2025

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Head office: Moon Tower - 8 Floor
P.O. Box 8736, Riyadh 11492
Unified Number : 92 002 4254
Fax : +966 11 278 2883

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Tamweel Al Oula Company
(A Saudi Closed Joint Stock Company)

Opinion

We have audited the financial statements of Tamweel Al Oula Company ("A Saudi Closed Joint Stock Company") ("the Company") which comprise the statement of financial position as at December 31, 2025 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

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

Basis for opinion

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

Other matter

The reissued financial statements of the Company for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 18, 2026.

Responsibilities of the Company's management and Those Charged with Governance ("TCWG") for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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Independent Auditors' Report to the Shareholders of Tamweel Al Oula Company (a Saudi Closed Joint Stock Company) for the year ended December 31, 2025 (Continued)

Auditor's responsibilities for the audit of the financial statements (Continued)

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

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

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 Dr. Mohamed Al-Amri & Co.

د. محمد العمري وشركاه - محاسبون قانونيون
شركة مهنية رقم ٢/٦٦/١١/٣٢٣
س.ت ٢٠٥٠١٠٥٨٢٢
Dammam
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Maher T. Al-Khatieb
Certified Public Accountant
Registration No. 514

Dammam, on 24 Muharram, 1448 (H)
Corresponding to 09 July, 2026 (G)

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2025

	Note	*2025* ⃁	*2024* ⃁
Commission income	7	**514,414,247**	390,913,300
Commission expense	8.1	**(163,059,792)**	(107,216,522)
		351,354,455	283,696,778
Other income, net	9	**48,383,338**	36,080,099
NET INCOME FROM OPERATIONS		**399,737,793**	319,776,877
EXPENSES			
Depreciation and amortization	10	**(7,045,691)**	(6,521,634)
Selling and advertising	12	**(75,976,632)**	(68,925,192)
General and administrative	11	**(44,431,524)**	(35,390,664)
Finance cost	8.2	**(1,193,248)**	(538,270)
Expected credit loss charge	13 & 14	**(53,653,292)**	(54,132,397)
PROFIT BEFORE ZAKAT		**217,437,406**	154,268,720
Zakat expense	30	**(23,198,381)**	(19,187,052)
PROFIT FOR THE YEAR		**194,239,025**	135,081,668
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:			
Re-measurement loss on employees' defined benefits liabilities	25	**(2,229,847)**	(173,920)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**192,009,178**	134,907,748
EARNINGS PER SHARE			
Basic and diluted earnings per share	21	**1.52**	1.35

The accompanying notes from 1 to 35 form an integral part of these financial statements.

Sulaiman Alafaleq
Chairman

صالح الفالق

Saleh Alafaleq
Managing Director

Mohamed Alkatheer
Chief Financial Officer

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note	2025 ⃁	2024 ⃁
ASSETS			
Bank balances and cash	19	**89,257,792**	192,805,894
Net investment in Islamic finance receivables	13	**3,512,153,821**	2,392,683,678
Musharakah financing assets	14	**580,388,174**	709,642,831
Prepayments and other receivables	18	**174,632,306**	55,657,435
Equity investment at fair value through other comprehensive income "FVOCI		**892,850**	892,850
Assets repossessed held for sale		**28,664,010**	-
Property and equipment	17	**4,927,366**	4,415,387
Right-of-use assets	15	**7,411,891**	8,377,571
Intangible assets	16	**11,684,790**	4,868,787
TOTAL ASSETS		**4,410,013,000**	3,369,344,433
LIABILITIES AND EQUITY			
EQUITY			
Share capital	20	**500,000,000**	500,000,000
Statutory reserve	20.1	**69,301,687**	50,100,769
Retained earnings		**97,696,972**	102,520,221
TOTAL SHAREHOLDERS' EQUITY		**666,998,659**	652,620,990
Tier 1 sukuk	20.2	**500,000,000**	470,000,000
TOTAL EQUITY		**1,166,998,659**	1,122,620,990
LIABILITIES			
Trade payables	26	**112,067,432**	114,285,880
Amounts due to related parties	27	**341,616**	1,774,739
Accrued expenses and other liabilities	28	**79,141,316**	54,594,539
Musharakah payable	14	**514,435,839**	624,679,513
Islamic bank financing	22	**2,495,119,479**	1,402,266,391
Derivative financial instruments	29	**1,958,431**	-
Lease liabilities	24	**6,379,792**	6,709,589
Government grants	23	**379,353**	15,344,761
Provision for Zakat	30	**18,471,656**	16,124,236
Employees' defined benefits liabilities	25	**14,719,427**	10,943,795
TOTAL LIABILITIES		**3,243,014,341**	2,246,723,443
TOTAL LIABILITIES AND EQUITY		**4,410,013,000**	3,369,344,433

The accompanying notes from 1 to 35 form an integral part of these financial statements.

Sulaiman Alafaleq Chairman	Saleh Alafaleq Managing Director	Mohamed Alkatheer Chief Financial Officer

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

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025

	Share capital ⃁	*Statutory reserve* ⃁	*Retained earnings* ⃁	*Total Shareholders' Equity* ⃁	*Tier 1 Sukuk* ⃁	*Total equity* ⃁
As at 1 January 2024	500,000,000	32,018,542	88,909,171	620,927,713	-	620,927,713
Profit for the year	-	-	135,081,668	135,081,668	-	135,081,668
Other comprehensive loss for the year	-	-	(173,920)	(173,920)	-	(173,920)
Total comprehensive income for the year	-	-	134,907,748	134,907,748	-	134,907,748
Transfer to statutory reserve (note 20.1)	-	18,082,227	(18,082,227)	-	-	-
Dividends (note 20)	-	-	(95,000,000)	(95,000,000)	-	(95,000,000)
Issuance of Tier 1 Sukuk (note 20.2)	-	-	-	-	470,000,000	470,000,000
Tier 1 Sukuk related cost (note 20.2)	-	-	(8,214,471)	(8,214,471)	-	(8,214,471)
As at 31 December 2024	500,000,000	50,100,769	102,520,221	652,620,990	470,000,000	1,122,620,990
As at 1 January 2025	500,000,000	50,100,769	102,520,221	652,620,990	470,000,000	1,122,620,990
Profit for the year	-	-	194,239,025	194,239,025	-	194,239,025
Other comprehensive loss for the year	-	-	(2,229,847)	(2,229,847)	-	(2,229,847)
Total comprehensive income for the year	-	-	192,009,178	192,009,178	-	192,009,178
Transfer to statutory reserve (note 20.1)	-	19,200,918	(19,200,918)	-	-	-
Dividends (note 20)	-	-	(135,000,000)	(135,000,000)	-	(135,000,000)
Issuance of Tier 1 Sukuk (note 20.2)	-	-	-	-	30,000,000	30,000,000
Tier 1 Sukuk related cost (note 20.2)	-	-	(42,631,509)	(42,631,509)	-	(42,631,509)
As at 31 December 2025	**500,000,000**	**69,301,687**	**97,696,972**	**666,998,659**	**500,000,000**	**1,166,998,659**

The accompanying notes from 1 to 35 form an integral part of these financial statements.

Sulaiman Alafaleq	Saleh Alafaleq	Mohamed Alkatheer
Chairman	Managing Director	Chief Financial Officer

STATEMENT OF CASH FLOWS
For the year ended 31 December 2025

	Note	*2025* ⃁	*2024* ⃁
OPERATING ACTIVITIES			
Profit before Zakat		**217,437,406**	154,268,720
Adjustments to reconcile profit before zakat for the year to net cash flows:			
Depreciation of property and equipment	17	**1,984,015**	1,742,243
Depreciation of right-of-use assets	15	**3,681,952**	3,298,947
Amortization of intangible assets	16	**1,379,724**	1,480,444
Commission expenses on Islamic bank financing	8.1	**178,025,200**	154,780,405
Provision for employees' defined benefits liabilities	25	**2,356,258**	2,060,504
Bank charges		**1,167,525**	536,091
Finance cost on benefit obligation for the year	8.2	**613,489**	485,293
Expected credit loss charge on Islamic finance receivables	13 & 14	**53,653,292**	54,132,397
Finance cost on lease liabilities	24	**579,759**	52,977
Grant income realized	8.1	**(14,965,408)**	(47,563,883)
Loss on disposal of property and equipment		**47,702**	36,899
		445,960,914	325,311,037
Changes in operating assets and liabilities:			
Net investment in Islamic finance receivables		**(1,177,868,361)**	564,918,616
Prepayments and other receivables		**(118,974,871)**	12,801,202
Musharakah financing assets		**133,999,583**	(153,669,083)
Assets repossessed held for sale		**(28,664,010)**	-
Amounts due to related parties		**(1,433,123)**	(1,458,573)
Trade payables		**(2,218,448)**	(70,208,536)
Accrued expenses and other liabilities		**24,546,777**	(11,662,465)
Cash (used in) / provided by operations		**(724,651,539)**	666,032,198
Employees defined benefits liabilities paid	25	**(1,423,962)**	(396,994)
Zakat paid	30	**(20,850,961)**	(14,680,591)
Bank charges Paid		**(1,167,525)**	(536,091)
Commission expense paid		**(163,059,792)**	(107,216,522)
Net cash (used in) / generated from operating activities		**(911,153,779)**	543,202,000
INVESTING ACTIVITIES			
Purchase of property and equipment	17	**(2,626,997)**	(1,544,530)
Purchase of intangible assets	16	**(8,195,727)**	(134,391)
Proceeds from disposal of property and equipment		**83,301**	9,788
Net cash used in investing activities		**(10,739,423)**	(1,669,133)
FINANCING ACTIVITIES			
Dividends paid	20	**(135,000,000)**	(95,000,000)
Payment of lease liabilities		**(3,625,829)**	(3,884,691)
Issuance of tier 1 sukuk		**30,000,000**	470,000,000
Tier 1 Sukuk related cost		**(42,631,509)**	(8,214,471)
Proceeds from Islamic bank financing		**2,157,597,247**	413,850,131
Derivative financial instruments		**1,958,431**	-
Net movement in restricted cash		**(13,113,812)**	305,918
Proceeds from Musharakah financing assets		**50,625,000**	250,000,000
Repayment of Musharakah Payable		**(160,868,674)**	(124,410,340)
Repayment of Islamic bank financing		**(1,079,709,566)**	(1,277,372,333)
Net cash generated from / (used in) financing activities		**805,231,288**	(374,725,786)

STATEMENT OF CASH FLOWS (Continued)
For the year ended 31 December 2025

	Note	*2025* ⃁	*2024* ⃁
Net change in cash and cash equivalents		**(116,661,914)**	166,807,041
Cash and cash equivalents at the beginning of the year		**189,281,877**	22,474,836
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	19	**72,619,963**	189,281,877
SUPPLEMENTAL CASH FLOW INFORMATION			
Commission income received		**467,293,274**	386,389,057
Commission expense paid		**(160,785,945)**	(107,216,522)
Significant non-cash transactions			
Modification of lease liabilities and right of use assets		**2,716,272**	7,079,189
Remeasurement loss on employees' defined benefit liabilities		**(2,229,847)**	(173,920)

The accompanying notes from 1 to 35 form an integral part of these financial statements.

Sulaiman Alafaleq
Chairman

Saleh Alafaleq
Managing Director

Mohamed Alkatheer
Chief Financial Officer

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 Bank ("SAMA").

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

Commercial Registration Name	***Number***	***Location***	***Date***
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 comparative financial information presented in these financial statements is based on reissued financial statements of the Company for the year ended 31 December 2024.

These financial statements of the Company as of 31 December 2025 were authorised for issuance on 08 July 2026.

2 BASIS OF PREPARATION

These 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.

The Company is currently in the process of extending the validity of the no-objection letter received from the Saudi Central Bank ("SAMA") in relation to the proposed initial public offering ("IPO").

Basis of measurement
The financial statements have been prepared on a historical cost basis using the accrual basis of accounting, except where otherwise disclosed in the material accounting policy information. The 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 financial statements have been prepared on a going concern basis.

2 BASIS OF PREPARATION (CONTINUED)

Presentation and functional currency

The presentation and functional currency of the Company is Saudi Riyal (⃁). All the amounts are rounded to nearest Saudi Riyal (⃁).

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted by the Company in preparing these 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, 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 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 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

Ijarah ("Islamic lease receivable")

The Company is generating revenue from Ijarah contracts. Gross investment in Ijarah 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 net investment represents as unearned finance income. Commission 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition (Continued)

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.

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.

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.

General and administration expenses
General and administration expenses include costs not specifically forming part of operating costs and are expensed in the period to which they relate.

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

Finance costs
Finance costs are expensed in the period to which they relate. Finance costs consist of profit and other cost that the Company incurs in connection with lease liabilities and end of service benefits.

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 receivable or payables in the statement of financial position.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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.

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

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

Islamic finance receivables

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

Ijarah

Ijarah 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 Ijarah contract is recognised over the term of the Ijarah using the effective profit rate method, which reflects a constant periodic rate of return.

Tawarruq

Tawarruq is a form of Murabaha transaction 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.

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

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.

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 statement of financial position, with a corresponding liability recognised for the consideration received.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Bank balances and cash
Bank balances and cash on hand in the 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 statement of cash flows, cash and cash equivalents consist of bank balances and cash, as defined above, net of restricted bank balances as they are considered an integral part of the Company's cash management.

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 profit 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 profit 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.

Assets repossessed held for sale
The represents assets acquired by the Company in settlement of outstanding financing exposures. Repossessed assets are initially recognised at fair value when control of the asset is obtained. Subsequently, where the criteria of IFRS 5 are met, the assets are classified as held for sale and measured at fair value less costs to sell. Such assets are not depreciated while classified as held for sale.

In its normal course of business, the company engages external agents to recover funds from the repossessed assets, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

In certain cases, the Company may enter into an agreement with the customer whereby the repossessed collateral is accepted as full and final settlement of the outstanding financing exposure at an agreed value. Under such arrangements, the customer has no further entitlement to any subsequent gain arising from the disposal of the repossessed asset.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Lease (Continued)

Lease liability (Continued)

a) Company as a lessee
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 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 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 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 comprise software and are initially recognized at cost when acquired separately. Subsequent to initial recognition, intangible assets are measured at cost less 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 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 statement of profit or loss and other comprehensive income when the asset is derecognised.

3 MATERIAL ACCOUNTING POLICY INFORMATION (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 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, unless in case of leasehold improvements if there is no further use beyond the lease term then they are amortised over the lease term, as follows:

	Years
Leasehold improvements	3-5 years or lease term, whichever is shorter
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 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.

Derivative Financial Instruments

The Company uses derivative financial instruments, including Profit Rate Swap (PRS) contracts, to manage its exposure to profit rate risk arising from financing activities.

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value at each reporting date.

Derivatives are recognized as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

The fair value of derivative financial instruments is determined using valuation techniques based on observable market inputs, including discounted future cash flows and applicable market benchmark profit rate curves.

Changes in the fair value of derivative financial instruments that are not designated in qualifying hedge relationships are recognized immediately in the statement of profit or loss.

The notional amounts of derivative financial instruments represent the contractual amounts outstanding and do not necessarily represent the actual market risk or credit exposure of the Company.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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.

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, profit income, foreign exchange revaluation and impairment losses or reversals are recognised in the 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments – initial recognition and subsequent measurement (Continued)

i) Financial assets (Continued)

Dividends Received
Dividends are recognised as other income in the 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 statement of financial position at fair value with net changes in fair value recognised in the 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.

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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments – initial recognition and subsequent measurement (Continued)

i) Financial assets (Continued)

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 'Stage1' 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;

3 MATERIAL ACCOUNTING POLICY INFORMATION (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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (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 statement of financial position
Allowance for ECL of financial assets measured at amortised cost are presented in the 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, Kafalah guarantees, personal guarantees, and real estate properties.

Collateral, unless repossessed, is not recorded on the Company's 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (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 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 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 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (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 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 statement of financial position.

(ii) Employees' end of service benefits

The Company has end of service benefits which qualifies as defined benefits plan. The net pension liability or liability recognised in the 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 p 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 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 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (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 a 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 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 are intended to compensate.

Cash dividends

The Company 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.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the 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 certain accounting estimates in these financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at the reporting date about future events that the Company believes 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 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:

Expected 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.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Estimates and assumptions (continued)

Expected 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.

Economic conditions anticipated to affect the large corporate portfolio required the Company to anticipated impact of potential project downsizing, oil price fluctuations, these factors were not yet fully observable in the model outputs and therefore were incorporated through a management overlay.

Accordingly, management's ECL assessment includes portfolio-level analysis and macroeconomic scenario analysis based on information reasonably available at the reporting date. The Company has recognized a management overlay of ⃁ 9.3 million as of 31 December 2025 (2024: ⃁ 15.6 million).

Management will continue to reassess the overlay as more reliable and observable information becomes available and will adjust, reverse, or incorporate the overlay into the ECL models in subsequent reporting periods.

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 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.

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 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 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 STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

The following amendment to IAS 21 became effective for annual periods beginning on 1 January 2025:

Lack of exchangeability – Amendments to IAS 21

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

This amendment did not have a material impact on the company financial statements.

Standards issued but not yet effective

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

Accounting Standards, interpretations, amendments	Description	Effective Date
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognised and derecognised and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026

5 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Standards issued but not yet effective (continued)

Accounting Standards, interpretations, amendments	Description	Effective Date
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards.	1 January 2026
IFRS 18 - Presentation and Disclosure in Financial Statements	In April 2025, 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. 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. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.	1 January 2027

6 OPERATING SEGMENTS

The Executive Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements.

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's objective is to provide financing for Retail and Corporate customers. All assets, liabilities and operations as reflected in the statement of financial position and 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 2025

	Retail ⃁	***Corporate*** ⃁	***Total*** ⃁
Total assets	**1,411,204,160**	**2,998,808,840**	**4,410,013,000**
Total liabilities	**1,037,764,589**	**2,205,249,752**	**3,243,014,341**

As at 31 December 2024

	Retail ⃁	*Corporate* ⃁	*Total* ⃁
Total assets	1,179,270,552	2,190,073,881	3,369,344,433
Total liabilities	786,353,205	1,460,370,238	2,246,723,443

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

For the year ended 31 December 2025

	Retail ⃁	***Corporate*** ⃁	***Total*** ⃁
Commission income	**228,222,190**	**286,192,057**	**514,414,247**
Commission expense	**(52,179,133)**	**(110,880,659)**	**(163,059,792)**
Other income, net	**21,120,507**	**27,262,831**	**48,383,338**
Depreciation and amortization	**(2,254,621)**	**(4,791,070)**	**(7,045,691)**
Selling and advertising expenses	**(24,312,522)**	**(51,664,110)**	**(75,976,632)**
General and administrative expenses	**(14,218,088)**	**(30,213,436)**	**(44,431,524)**
Finance cost	**(381,839)**	**(811,409)**	**(1,193,248)**
Expected credit loss charge	**(60,988,016)**	**7,334,724**	**(53,653,292)**
Segment profit before Zakat	**95,008,478**	**122,428,928**	**217,437,406**

6 OPERATING SEGMENTS (CONTINUED)

For the year ended 31 December 2024

	Retail ⃁	*Corporate* ⃁	*Total* ⃁
Commission income	212,665,922	178,247,378	390,913,300
Commission expense	(37,525,783)	(69,690,739)	(107,216,522)
Other income, net	4,321,201	31,758,898	36,080,099
Depreciation and amortization	(2,282,572)	(4,239,062)	(6,521,634)
Selling and advertising expenses	(24,123,817)	(44,801,375)	(68,925,192)
General and administrative expenses	(12,386,732)	(23,003,932)	(35,390,664)
Finance cost	(188,395)	(349,875)	(538,270)
Expected credit loss charge	(25,544,942)	(28,587,455)	(54,132,397)
Segment profit before Zakat	114,934,882	39,333,838	154,268,720

7 COMMISSION INCOME

Retail

	2025 ⃁	*2024* ⃁
Tawarruq/Murabaha revenue	**159,726,187**	146,491,790
Ijarah revenue	**68,496,003**	66,174,132
	228,222,190	212,665,922

Corporate

	2025 ⃁	*2024* ⃁
Tawarruq/Murabaha revenue	**192,943,808**	97,829,793
Ijarah revenue	**93,248,249**	80,417,585
	286,192,057	178,247,378

Total

	2025 ⃁	*2024* ⃁
Tawarruq/Murabaha revenue	**352,669,995**	244,321,583
Ijarah revenue	**161,744,252**	146,591,717
	514,414,247	390,913,300

7 COMMISSION INCOME (CONTINUED)

Customer wise revenue recognition

	2025 ⃁	2024 ⃁
External customers	**447,817,711**	369,323,517
Related parties (note 27)	**66,596,536**	21,589,783
	514,414,247	390,913,300

8 COMMISSION EXPENSE / FINANCE COST

8.1 COMMISSION EXPENSE

	2025 ⃁	2024 ⃁
SAMA - Supporting programs	**14,966,078**	47,617,949
Commission expenses on Islamic bank financing	**104,318,190**	52,730,215
Commission expenses from derivative agreements (SWAPS)	**1,958,431**	-
Commission expenses on Musharakah Payable	**56,782,501**	54,432,241
Grant income realized (note 23)	**(14,965,408)**	(47,563,883)
	163,059,792	107,216,522

8.2 FINANCE COST

	2025 ⃁	2024 ⃁
Finance cost on employees defined benefits liabilities (note 25)	**613,489**	485,293
Finance cost on lease liabilities (note 24)	**579,759**	52,977
	1,193,248	538,270

9 OTHER INCOME, NET

	2025 ⃁	2024 ⃁
Bad debts recoveries	**32,559,571**	27,525,587
Service fees	**5,410,724**	3,792,223
Others	**3,468,144**	2,973,973
Income from short term deposit	**3,226,264**	1,400,383
Income from derivative agreements (SWAPS)	**487,111**	-
Income from insurance, net	**3,231,524**	387,933
	48,383,338	36,080,099

10 DEPRECIATION AND AMORTIZATION

	2025 ⃁	2024 ⃁
Depreciation of right-of-use assets (note 15)	**3,681,952**	3,298,947
Amortization of intangible assets (note 16)	**1,379,724**	1,480,444
Depreciation of property and equipment (note 17)	**1,984,015**	1,742,243
	7,045,691	6,521,634

11 GENERAL AND ADMINISTRATIVE EXPENSES

	2025 ⃁	*2024* ⃁
Salaries and employees' related expenses (note 12.1)	**26,192,906**	22,887,801
IT services	**7,125,147**	3,331,428
Utilities expenses	**2,441,436**	2,160,846
Other expenses	**2,466,339**	1,469,532
Professional and consulting fees	**1,042,999**	1,223,882
Training expenses	**607,979**	1,001,986
Travel and transportation expenses	**242,649**	685,077
Governmental fees	**764,512**	646,319
Bank charges	**1,167,525**	536,091
Office supplies	**479,729**	482,237
Services charges	**949,964**	431,301
Repair and maintenance	**587,449**	370,484
Donations	**49,160**	77,063
Value added tax expenses	**62,164**	53,617
Short-term leases (note 15)	**251,566**	33,000
	44,431,524	35,390,664

12 SELLING AND ADVERTISING EXPENSES

	2025 ⃁	*2024* ⃁
Salaries and employees' related expenses (note 12.1)	**50,845,052**	44,429,261
Applications programming and interface expenses	**14,244,872**	16,291,432
Advertising expenses	**9,942,614**	5,639,967
Services charges	**944,094**	2,564,532
	75,976,632	68,925,192

12.1 Salaries and employees' related expenses

	2025 ⃁	*2024* ⃁
Salaries	**34,553,822**	32,505,940
Allowances	**28,229,766**	23,429,378
Bonuses	**14,254,370**	11,381,744
	77,037,958	67,317,062

	2025 ⃁	*2024* ⃁
General and administrative expenses (note 11)	**26,192,906**	22,887,801
Selling and advertising expenses (note 12)	**50,845,052**	44,429,261
	77,037,958	67,317,062

13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES

	2025	*2024*
	⃁	⃁
Gross investment in Islamic finance receivables	**4,844,656,380**	3,137,422,235
Less: unearned finance income	**(1,244,064,155)**	(665,760,496)
Investment in Islamic finance receivables (before allowance for expected credit losses on Islamic finance receivables)	**3,600,592,225**	2,471,661,739
Less: allowance for expected credit losses on Islamic finance receivables	**(88,438,404)**	(78,978,061)
Net investment in Islamic finance receivables	**3,512,153,821**	2,392,683,678
Analysed as follows:		
Net investment in Islamic finance receivables, non-current	**2,165,234,320**	1,468,688,249
Net investment in Islamic finance receivables, current	**1,346,919,501**	923,995,429
	3,512,153,821	2,392,683,678

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

31 December 2025

	Stage 1 (12-month ECL)	*Stage 2 (life-time ECL but not credit impaired)*	*Stage 3 (life-time ECL credit impaired)*	*Total*
	⃁	⃁	⃁	⃁
Ijarah				
Investment in Islamic finance receivables	**494,953,377**	**186,199,057**	**132,769,889**	**813,922,323**
Less: Expected credit losses	**(1,302,048)**	**(835,539)**	**(18,050,869)**	**(20,188,456)**
	493,651,329	**185,363,518**	**114,719,020**	**793,733,867**
Tawarruq/Murabaha				
Investment in Islamic finance receivables	**2,507,164,363**	**194,986,215**	**84,519,324**	**2,786,669,902**
Less: Expected credit losses	**(32,789,971)**	**(5,723,561)**	**(29,736,416)**	**(68,249,948)**
	2,474,374,392	**189,262,654**	**54,782,908**	**2,718,419,954**
	2,968,025,721	**374,626,172**	**169,501,928**	**3,512,153,821**

31 December 2024

	Stage 1 (12-month ECL)	*Stage 2 (life-time ECL but not credit impaired)*	*Stage 3 (life-time ECL credit impaired)*	*Total*
	⃁	⃁	⃁	⃁
Ijarah				
Investment in Islamic finance receivables	743,526,905	114,748,223	132,004,940	990,280,068
Less: Expected credit losses	(1,657,149)	(555,709)	(13,082,925)	(15,295,783)
	741,869,756	114,192,514	118,922,015	974,984,285
Tawarruq/Murabaha				
Investment in Islamic finance receivables	1,155,117,766	152,361,810	173,902,095	1,481,381,671
Less: Expected credit losses	(10,742,050)	(2,211,555)	(50,728,673)	(63,682,278)
	1,144,375,716	150,150,255	123,173,422	1,417,699,393
	1,886,245,472	264,342,769	242,095,437	2,392,683,678

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

	Gross carrying amount				***Allowance for expected credit losses***			
	Stage 1	*Stage 2*	*Stage 3*	*Total*	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
	⃁	⃁	⃁	⃁	⃁	⃁	⃁	⃁
At 1 January 2024	1,003,921,524	195,990,109	167,837,413	1,367,749,046	2,395,210	1,352,084	16,699,284	20,446,578
Transfers to stage 1	130,516,939	(121,652,314)	(8,864,625)	-	1,944,994	(980,339)	(964,655)	-
Transfers to stage 2	(92,429,386)	115,368,584	(22,939,198)	-	(239,894)	1,493,673	(1,253,779)	-
Transfers to stage 3	(97,020,357)	(21,710,813)	118,731,170	-	(249,854)	(108,789)	358,643	-
Net other changes during the year	(201,461,815)	(53,247,343)	(112,841,650)	(367,550,808)	(2,193,307)	(1,200,920)	8,161,602	4,767,375
Gross carrying amount / allowance for expected credit losses before write-off	743,526,905	114,748,223	141,923,110	1,000,198,238	1,657,149	555,709	23,001,095	25,213,953
Written off during the year	-	-	(9,918,170)	(9,918,170)	-	-	(9,918,170)	(9,918,170)
At 31 December 2024	743,526,905	114,748,223	132,004,940	990,280,068	1,657,149	555,709	13,082,925	15,295,783
At 1 January 2025	743,526,905	114,748,223	132,004,940	990,280,068	1,657,149	555,709	13,082,925	15,295,783
Transfers to stage 1	49,297,031	(12,393,276)	(36,903,755)	-	2,352,924	(120,675)	(2,232,249)	-
Transfers to stage 2	(105,361,451)	131,913,963	(26,552,512)	-	(190,231)	1,483,208	(1,292,977)	-
Transfers to stage 3	(62,433,547)	(48,596,653)	111,030,200	-	(287,243)	(184,679)	471,922	-
Net other changes during the year	(130,075,561)	526,800	(36,296,330)	(165,845,091)	(2,230,551)	(898,024)	18,533,902	15,405,327
Gross carrying amount / allowance for expected credit loss before write-off	494,953,377	186,199,057	143,282,543	824,434,977	1,302,048	835,539	28,563,523	30,701,110
Written off during the year	-	-	(10,512,654)	(10,512,654)	-	-	(10,512,654)	(10,512,654)
At 31 December 2025	**494,953,377**	**186,199,057**	**132,769,889**	**813,922,323**	**1,302,048**	**835,539**	**18,050,869**	**20,188,456**

13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (CONTINUED)

Tawarruq/Murabaha

	Gross carrying amount				*Allowance for expected credit losses*			
	Stage 1	*Stage 2*	*Stage 3*	*Total*	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
	⃁	⃁	⃁	⃁	⃁	⃁	⃁	⃁
At 1 January 2024	1,173,254,100	371,534,712	192,237,544	1,737,026,356	26,571,049	1,955,890	58,465,250	86,992,189
Transfers to stage 1	26,057,801	(18,008,383)	(8,049,418)	-	4,109,746	(108,834)	(4,000,912)	-
Transfers to stage 2	(67,991,192)	73,132,053	(5,140,861)	-	(2,073,259)	2,906,398	(833,139)	-
Transfers to stage 3	(39,066,301)	(19,978,027)	59,044,328	-	(2,381,901)	(260,356)	2,642,257	-
Net other changes during the year	62,863,358	(254,318,545)	(9,218,222)	(200,673,409)	(15,483,585)	(2,281,543)	49,426,493	31,661,365
Gross carrying amount / allowance for expected credit loss before write-off	1,155,117,766	152,361,810	228,873,371	1,536,352,947	10,742,050	2,211,555	105,699,949	118,653,554
Written off during the year	-	-	(54,971,276)	(54,971,276)	-	-	(54,971,276)	(54,971,276)
At 31 December 2024	1,155,117,766	152,361,810	173,902,095	1,481,381,671	10,742,050	2,211,555	50,728,673	63,682,278
At 1 January 2025	1,155,117,766	152,361,810	173,902,095	1,481,381,671	10,742,050	2,211,555	50,728,673	63,682,278
Transfers to stage 1	57,447,500	(54,920,835)	(2,526,665)	-	2,052,066	(1,196,536)	(855,530)	-
Transfers to stage 2	(11,169,152)	84,578,267	(73,409,115)	-	(216,330)	17,464,378	(17,248,048)	-
Transfers to stage 3	(21,242,360)	(10,555,236)	31,797,596	-	(681,139)	(511,214)	1,192,353	-
Net other changes during the year	1,327,010,609	23,522,209	(6,819,377)	1,343,713,441	20,893,324	(12,244,622)	34,344,178	42,992,880
Gross carrying amount / allowance for expected credit loss before write-off	2,507,164,363	194,986,215	122,944,534	2,825,095,112	32,789,971	5,723,561	68,161,626	106,675,158
Written off during the year	-	-	(38,425,210)	(38,425,210)	-	-	(38,425,210)	(38,425,210)
At 31 December 2025	**2,507,164,363**	**194,986,215**	**84,519,324**	**2,786,669,902**	**32,789,971**	**5,723,561**	**29,736,416**	**68,249,948**

13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (CONTINUED)

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

	2025	*2024*
	⃁	⃁
At January 01,	**78,978,061**	107,438,767
Provided during the year	**58,398,218**	44,684,748
Reclassified to Musharakah financing assets	**-**	(8,107,712)
Written off during the year	**(48,937,875)**	(65,037,742)
At December 31,	**88,438,404**	78,978,061

The maturity of the gross investment in Islamic finance receivables as at 31 December 2025 and 2024 is as follows:

	31 December 2025		
	Gross investment in Islamic finance receivables	*Unearned finance income*	*Net investment in Islamic finance receivables*
	⃁	⃁	⃁
No later than one year	**1,899,361,687**	**464,003,782**	**1,435,357,905**
Later than one year but not later than five years	**2,945,294,693**	**780,060,373**	**2,165,234,320**
	4,844,656,380	**1,244,064,155**	**3,600,592,225**

	31 December 2024		
	Gross investment in Islamic finance receivables	*Unearned finance income*	*Net investment in Islamic finance receivables*
	⃁	⃁	⃁
No later than one year	1,320,192,812	(317,219,322)	1,002,973,490
Later than one year but not later than five years	1,817,229,423	(348,541,174)	1,468,688,249
	3,137,422,235	(665,760,496)	2,471,661,739

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 arrangement, the Company acts as an agent to collect outstanding amounts on behalf of the Purchaser.

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 2025, the Company maintains restricted cash of ⃁ 2.9 million (2024: ⃁ 3.5 million) against the outstanding balance of this arrangement amounted to ⃁ 10.4 million (2024: ⃁ 20.7 million). Refer note 19.1.

Assets held as collateral:

	2025	*2024*
	⃁	⃁
Assets pledged as collateral under securitisation agreement	**6,706,483**	13,274,477
Fair value of assets held as collateral	**26,048,678**	35,156,089

13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (CONTINUED)

Below is the net position of securitisation agreement balances as at 31 December:

	Amortised cost	
	2025	*2024*
	⃁	⃁
Securitization:		
Securitization receivable	**9,908,924**	19,498,806
Securitization payable	**(10,442,924)**	(20,681,800)
Net securitization position	**(534,000)**	(1,182,994)

14 MUSHARAKAH ARRANGEMENT

The Company entered into a multiple Musharakah agreements with financial institutions (the "Musharakah Partners") 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 Partners. These receivables, which were initially originated by the Company and subsequently transferred to the Musharakah arrangement, continue to be recognized on the Company's statement of financial position as 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 ⃁ 643.3 million, (2024: ⃁ 777.3 million) with a corresponding Musharakah payable amounting to ⃁ 514.4 million (2024: ⃁ 624.7 million). Below is the outstanding balance in each Musharakah arrangement as of the reporting date.

31 December 2025

	Agreement date	***Musharakah payable*** ⃁	***Musharakah financing assets*** ⃁
Musharakah arrangement 1	20 September 2021	**29,384,840**	**36,737,183**
Musharakah arrangement 2	30 August 2022	**90,051,000**	**112,569,978**
Musharakah arrangement 3	07 July 2023	**130,833,333**	**163,523,843**
Musharakah arrangement 4	07 July 2024	**213,541,666**	**266,932,343**
Musharakah arrangement 5	18 February 2025	**50,625,000**	**63,560,000**
Less: allowance for expected credit losses on Musharakah financing assets		**-**	**(62,935,173)**
		514,435,839	**580,388,174**

31 December 2024

	Agreement date	*Musharakah payable* ⃁	*Musharakah financing assets* ⃁
Musharakah arrangement 1	20 September 2021	58,769,680	73,050,523
Musharakah arrangement 2	30 August 2022	135,076,500	167,875,083
Musharakah arrangement 3	07 July 2023	180,833,333	224,846,895
Musharakah arrangement 4	07 July 2024	250,000,000	311,550,429
Less: allowance for expected credit losses on Musharakah financing assets		-	(67,680,099)
		624,679,513	709,642,831

As at 31 December 2025, Musharakah financing assets of ⃁ 580.4 million includes refinancing of collections from its customers as agreed per the terms and conditions of Musharakah agreements of the Company with the Musharakah Partners.

14 MUSHARAKAH ARRANGEMENT (CONTINUED)

	2025 ⃁	*2024* ⃁
Gross investment in Musharakah Financing assets	**872,890,760**	1,099,469,720
Less: unearned finance income	**(229,567,413)**	(322,146,790)
Investment in Musharakah Financing assets (before allowance for expected credit losses on Musharakah Financing assets)	**643,323,347**	777,322,930
Less: allowance for expected credit losses on Musharakah Financing assets	**(62,935,173)**	(67,680,099)
Net investment in Musharakah Financing assets	**580,388,174**	709,642,831
Analysed as follows:		
Net investment in Musharakah Financing assets, non-current	**243,835,957**	504,488,683
Net investment in Musharakah Financing assets, current	**336,552,217**	205,154,148
	580,388,174	709,642,831

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

31 December 2025

	Stage 1 (12-month ECL) ⃁	*Stage 2 (life-time ECL but not credit impaired)* ⃁	*Stage 3 (life-time ECL credit impaired)* ⃁	*Total* ⃁
Ijarah				
Musharakah financing assets	**149,545,911**	**11,786,137**	**31,940,736**	**193,272,784**
Less: Expected credit losses	**(477,607)**	**(192,371)**	**(7,127,524)**	**(7,797,502)**
	149,068,304	**11,593,766**	**24,813,212**	**185,475,282**
Tawarruq/Murabaha				
Musharakah financing assets	**343,187,077**	**12,385,911**	**94,477,575**	**450,050,563**
Less: Expected credit losses	**(9,251,409)**	**(2,631,546)**	**(43,254,716)**	**(55,137,671)**
	333,935,668	**9,754,365**	**51,222,859**	**394,912,892**
	483,003,972	**21,348,131**	**76,036,071**	**580,388,174**

31 December 2024

	Stage 1 (12-month ECL) ⃁	*Stage 2 (life-time ECL but not credit impaired)* ⃁	*Stage 3 (life-time ECL credit impaired)* ⃁	*Total* ⃁
Ijarah				
Musharakah financing assets	215,690,177	20,813,354	43,768,858	280,272,389
Less: Expected credit losses	(531,505)	(176,368)	(14,856,290)	(15,564,163)
	215,158,672	20,636,986	28,912,568	264,708,226
Tawarruq/Murabaha				
Musharakah financing assets	405,951,850	21,094,598	70,004,093	497,050,541
Less: Expected credit losses	(9,943,934)	(2,520,319)	(39,651,683)	(52,115,936)
	396,007,916	18,574,279	30,352,410	444,934,605
	611,166,588	39,211,265	59,264,978	709,642,831

14 MUSHARAKAH ARRANGEMENT (CONTINUED)

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

Ijarah

	Gross carrying amount				*Allowance for expected credit losses*			
	Stage 1	*Stage 2*	*Stage 3*	*Total*	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
	⃁	⃁	⃁	⃁	⃁	⃁	⃁	⃁
At 1 January 2024	215,507,105	7,361,700	41,882,527	264,751,332	173,780	94,604	13,128,037	13,396,421
Transfers to stage 1	20,483,131	(3,520,489)	(16,962,642)	-	2,323,837	(61,762)	(2,262,075)	-
Transfers to stage 2	(3,234,321)	4,684,347	(1,450,026)	-	(4,719)	449,278	(444,559)	-
Transfers to stage 3	(3,348,630)	(850,892)	4,199,522	-	(3,964)	(23,689)	27,653	-
Net other changes during the year	(13,717,108)	13,138,688	16,099,477	15,521,057	(1,957,429)	(282,063)	4,407,234	2,167,742
At 31 December 2024	215,690,177	20,813,354	43,768,858	280,272,389	531,505	176,368	14,856,290	15,564,163
At 1 January 2025	215,690,177	20,813,354	43,768,858	280,272,389	531,505	176,368	14,856,290	15,564,163
Transfers to stage 1	20,696,447	(7,023,689)	(13,672,758)	-	1,572,100	(70,628)	(1,501,472)	-
Transfers to stage 2	(7,246,130)	7,792,743	(546,613)	-	(22,295)	103,026	(80,731)	-
Transfers to stage 3	(7,855,131)	(2,277,579)	10,132,710	-	(29,250)	(55,195)	84,445	-
Net other changes during the year	(71,739,452)	(7,518,692)	(7,741,461)	(86,999,605)	(1,574,453)	38,800	(6,231,008)	(7,766,661)
At 31 December 2025	**149,545,911**	**11,786,137**	**31,940,736**	**193,272,784**	**477,607**	**192,371**	**7,127,524**	**7,797,502**

14 MUSHARAKAH ARRANGEMENT (CONTINUED)

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

Tawarruq/Murabaha

	Gross carrying amount				***Allowance for expected credit losses***			
	Stage 1	*Stage 2*	*Stage 3*	*Total*	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
	⃁	⃁	⃁	⃁	⃁	⃁	⃁	⃁
At 1 January 2024	270,409,657	15,172,211	70,163,342	355,745,210	2,358,242	232,639	34,137,436	36,728,317
Transfers to stage 1	4,177,630	(2,261,399)	(1,916,231)	-	1,283,938	(116,655)	(1,167,283)	-
Transfers to stage 2	(23,299)	364,925	(341,626)	-	(91)	203,843	(203,752)	-
Transfers to stage 3	-	(9,150)	9,150	-	-	(22)	22	-
Net other changes during the year	131,387,862	7,828,011	2,089,458	141,305,331	6,301,845	2,200,514	6,885,260	15,387,619
At 31 December 2024	405,951,850	21,094,598	70,004,093	497,050,541	9,943,934	2,520,319	39,651,683	52,115,936
At 1 January 2025	405,951,850	21,094,598	70,004,093	497,050,541	9,943,934	2,520,319	39,651,683	52,115,936
Transfers to stage 1	7,689,704	(2,952,072)	(4,737,632)	-	2,345,887	(397,067)	(1,948,820)	-
Transfers to stage 2	(13,672,571)	14,234,349	(561,778)	-	(795,386)	1,017,288	(221,902)	-
Transfers to stage 3	(31,465,694)	(7,683,848)	39,149,542	-	(1,211,218)	(1,378,694)	2,589,912	-
Net other changes during the year	(25,316,212)	(12,307,116)	(9,376,650)	(46,999,978)	(1,031,808)	869,700	3,183,843	3,021,735
At 31 December 2025	**343,187,077**	**12,385,911**	**94,477,575**	**450,050,563**	**9,251,409**	**2,631,546**	**43,254,716**	**55,137,671**

14 MUSHARAKAH ARRANGEMENT (CONTINUED)

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

	2025	*2024*
	⃁	⃁
At January 01,	**67,680,099**	50,124,738
Reclassified from net investment in Islamic finance receivables	**-**	8,107,712
Reversal / provided during the year	**(4,744,926)**	9,447,649
At December 31,	**62,935,173**	67,680,099

The maturity of the Musharakah Financing assets as at 31 December 2025 and 2024 is as follows:

	31 December 2025		
	Gross investment in Musharakah Financing assets	*Unearned lease finance income*	*Net investment in Musharakah Financing assets*
	⃁	⃁	⃁
No later than one year	**448,063,418**	**(48,576,028)**	**399,487,390**
Later than one year but not later than five years	**424,827,342**	**(180,991,385)**	**243,835,957**
	872,890,760	**(229,567,413)**	**643,323,347**

	31 December 2024		
	Gross investment in Musharakah Financing assets	*Unearned lease finance income*	*Net investment in Musharakah Financing assets*
	⃁	⃁	⃁
No later than one year	443,177,714	(170,343,467)	272,834,247
Later than one year but not later than five years	656,292,006	(151,803,323)	504,488,683
	1,099,469,720	(322,146,790)	777,322,930

15 RIGHT-OF-USE ASSETS

	2025	*2024*
	⃁	⃁
Cost:		
At the beginning of the year	**22,713,091**	15,633,902
Modifications to lease liabilities*	**2,716,272**	7,079,189
At the end of the year	**25,429,363**	22,713,091
Accumulated depreciation:		
At the beginning of the year	**14,335,520**	11,036,573
Charge for the year (note 10)	**3,681,952**	3,298,947
At the end of the year	**18,017,472**	14,335,520
Net carrying amounts:		
At 31 December	**7,411,891**	8,377,571

*This amount represents modification of lease contracts with a related party during the year.

15 RIGHT-OF-USE ASSETS (CONTINUED)

The following were recognised in the statement of profit or loss and other comprehensive income:

	2025	*2024*
	⃁	⃁
Depreciation for right-of-use assets	**3,681,952**	3,298,947
Finance cost on lease liabilities (note 24)	**579,759**	52,977
Expenses related to short-term and low-value leases (note 11)	**251,566**	33,000
	4,513,277	3,384,924

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 5 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.

	Softwares	*Capital work in progress*	*Total*
	⃁	⃁	⃁
Cost:			
At 1 January 2024	8,201,853	-	8,201,853
Transfer from advances to suppliers	1,745,395	-	1,745,395
Reclassification (note 35)	-	2,032,552	2,032,552
Additions	134,391	-	134,391
At 31 December 2024	10,081,639	2,032,552	12,114,191
Additions	1,195,413	7,000,314	8,195,727
Transfers	1,840,323	(1,840,323)	-
At 31 December 2025	**13,117,375**	**7,192,543**	**20,309,918**
Accumulated depreciation:			
At 1 January 2024	5,764,960	-	5,764,960
Charge for the year (note 10)	1,480,444	-	1,480,444
At 31 December 2024	7,245,404	-	7,245,404
Charge for the year (note 10)	1,379,724	-	1,379,724
At 31 December 2025	**8,625,128**	**-**	**8,625,128**
Net book value:			
At 31 December 2025	**4,492,247**	**7,192,543**	**11,684,790**
At 31 December 2024	2,836,235	2,032,552	4,868,787

17 PROPERTY AND EQUIPMENT

	Leasehold improvements ⃁	*Office furniture and fixtures* ⃁	*Computers* ⃁	*Total* ⃁
Cost:				
At 1 January 2024	4,459,103	3,155,112	2,741,260	10,355,475
Additions	367,204	505,356	671,970	1,544,530
Disposals	(17,630)	(113,255)	(239,564)	(370,449)
At 31 December 2024	4,808,677	3,547,213	3,173,666	11,529,556
Additions	1,336,437	373,734	916,826	2,626,997
Disposals	-	(80,326)	(380,538)	(460,864)
At 31 December 2025	**6,145,114**	**3,840,621**	**3,709,954**	**13,695,689**
Accumulated depreciation:				
At 1 January 2024	2,825,526	1,472,136	1,398,065	5,695,727
Charge for the year (note 10)	522,059	497,347	722,837	1,742,243
Disposals	(4,942)	(107,525)	(211,334)	(323,801)
At 31 December 2024	3,342,643	1,861,958	1,909,568	7,114,169
Charge for the year (note 10)	673,050	506,958	804,007	1,984,015
Disposals	-	(67,930)	(261,931)	(329,861)
At 31 December 2025	**4,015,693**	**2,300,986**	**2,451,644**	**8,768,323**
Net book value:				
At 31 December 2025	**2,129,421**	**1,539,635**	**1,258,310**	**4,927,366**
At 31 December 2024	1,466,034	1,685,255	1,264,098	4,415,387

18 PREPAYMENTS AND OTHER RECEIVABLES

	2025	*2024*
	⃁	⃁
Amounts due from customers (note 18.2)	**76,057,306**	29,761,970
Prepayments	**58,921,305**	11,567,052
Insurance claims	**4,410,134**	4,873,374
Advance to suppliers (note 18.1)	**31,751,661**	2,177,402
Others	**3,491,900**	7,277,637
	174,632,306	55,657,435

18.1 The advance to suppliers include advances to related parties amounted to ⃁ 26.5 million (2024: ⃁ 2.1 million). Refer to note 27 for further details.

18.2 This includes insurance settlement receivables amounting to ⃁ 29.4 million (2024: ⃁ 29.8 million), The Company maintains a dedicated customers insurance settlement account for each financing agreement. This account tracks the variance between the estimated insurance costs collected from the customer and the actual premiums paid by the company to the insurance provider.

If the actual annual premium exceeds the amount collected from the customer, the Company funds the shortfall upfront to ensure continuous coverage. This creates a negative balance in the respective customers insurance settlement account, and collected at the end of financing agreement.

19 CASH AND CASH EQUIVALENTS

	2025	*2024*
	⃁	⃁
Bank balances and cash	**89,257,792**	192,805,894
Restricted cash (note 19.1)	**(16,637,829)**	(3,524,017)
	72,619,963	189,281,877

19.1 This comprise of ⃁ 2.9 million maintained as restricted cash against the outstanding balance of securitization agreement as described in note 13 and ⃁ 13.7 million against an Islamic bank financing agreement.

20 SHARE CAPITAL

During the year 2024, the Company has split its share capital with a ratio of 1:2 shares, resulting in an increase in the Company's share capital to 100 million shares, each with a nominal value of ⃁ 5 (2024: 100 million shares with a nominal value of ⃁ 5). Furthermore, Al Kifah Holding Company has transferred ⃁ 21 million shares to three new shareholders, with each receiving 7 million shares. The legal formalities for the transfer of these shares were successfully completed during the year 2024.

The weighted average number of ordinary shares and the related basic and diluted earnings per share for the comparative year have been retrospectively adjusted to reflect the impact of the share split.

	Ownership %			
Name of shareholder	***2025***	*2024*	***2025***	*2024*
			⃁	⃁
Al Kifah Holding Company	**79%**	79%	**395,000,000**	395,000,000
Buthoor Altharwa Company	**7%**	7%	**35,000,000**	35,000,000
Modern Impact Technologies Company	**7%**	7%	**35,000,000**	35,000,000
Omran Al Mostakbal Ready Mix Company	**7%**	7%	**35,000,000**	35,000,000
			500,000,000	500,000,000

The Company paid a final dividend of ⃁ 135 million (2024: ⃁ 95 million) during the year as approved by the shareholders of the Company. This resulted in ⃁ 1.35 per share (2024: ⃁ 1.9 per share) for the shareholders.

20.1 STATUTORY RESERVE

In accordance with the Company's By-laws, 10% of the annual net income is transferred to statutory reserve until such reserve equals 30% of the Company's share capital. This reserve is not available for distribution to the shareholders. During the year, the Company has transferred ⃁ 19.2 million (2024: ⃁ 18.1 million) to statutory reserve based on the originally reported profit for the year since the management decided not to reverse the original transfer made.

20.2 TIER 1 SUKUK

During 2024, the Company through a Shariah compliant arrangement announced Tier 1 Sukuk (the "Sukuk"), amounting to ⃁ 500 million divided multiple series. The Company has issued three series under the Sukuk Programme with an aggregate principal amount of ⃁ 500 million, comprising ⃁ 220 million issued on 13 October 2024, an additional issuance of ⃁ 250 million issued on 18 November 2024, and ⃁ 30 million on 24 February 2025, respectively. The issuance was approved by the regulatory authorities and the Board of Directors of the Company.

These Sukuks are perpetual securities in respect of which there is no fixed redemption dates and represents an undivided ownership interest of the Sukuk-holders in the Sukuk assets, with each Sukuk constituting an unsecured, conditional and subordinated obligation of the Company classified under equity. However, the Company shall have the exclusive right to redeem or call the Sukuk in a specific period of time, subject to the terms and conditions stipulated in the Sukuk Agreement. These securities also allow the Company to write-down (in whole or in part) any amounts due to the holders in the event of non-viability with the approval of SAMA.

The Sukuk bears profit from date of issue up to 2029 and is subjected to reset every 5 years. The applicable profit on the Sukuk is payable quarterly in arrears on each periodic distribution date, except upon the occurrence of a non-payment event or non-payment election by the Company, whereby the Company may at its sole discretion (subject to certain terms and conditions) elect not to make any distributions. Such non-payment event or non-payment election are not considered to be events of default and the amounts not paid thereof shall not be cumulative or compound with any future distributions.

21 EARNINGS PER SHARE

Basic and diluted earnings per share for the years ended 31 December 2025 and 2024 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:

	2025	*2024*
	⃁	⃁
Net income for the year	**194,239,025**	135,081,668
Profit paid on additional Tier 1 Sukuk	**(42,631,509)**	-
Weighted average number of outstanding shares	**100,000,000**	100,000,000
Basic and diluted earnings per share	**1.52**	1.35

As a result of the share capital split made in 2025 referred to in note 20, leading to an increase in the total number of outstanding shares, the Company determined that the split should be applied retrospectively. Accordingly, the earnings per share ("EPS") are calculated based on the revised weighted average number of outstanding shares as at 31 December 2025.

Basic and diluted earnings per share are calculated by dividing the profit for the year adjusted for Tier 1 Sukuk costs by the weighted average number of outstanding shares which were 100 million shares at 31 December 2025 (2024: 100 million). The diluted earnings per share is the same as the basic earnings per share.

22 ISLAMIC BANK FINANCING

	2025	2024
	⃁	⃁
Islamic Bank financing		
SAMA - Kafalah program (note 22.1)	**63,756,914**	636,076,623
Tawaruq and Murabaha financing (note 22.2)	**1,941,453,641**	588,950,100
SME's Bank (note 22.3)	**480,000,000**	150,000,000
Social Development Bank financing (note 22.4)	**-**	6,557,868
Securitization financing Arrangement (without recourse) (22.5)	**9,908,924**	20,681,800
Net loans and borrowings	**2,495,119,479**	1,402,266,391

Analyzed as follows:	2025	2024
	⃁	⃁
Non-current portion	**1,183,496,362**	561,598,664
Current portion	**1,311,623,117**	840,667,727
	2,495,119,479	1,402,266,391

22.1 During the prior years, the Company has obtained funds from SAMA under the loans guarantee program ("Kafalah") amounting to ⃁ 2.969 billion to grant financing to the Small and Medium-Sized Entities ("SMEs"), as part of the programs offered by the Government of the Kingdom of Saudi Arabia to allow the SMEs sector easy access to financing. These loans obtained from SAMA are repaid in equal monthly instalment with the final instalment due and settled in February 2026.

The loans are initially recognised at fair value using profit rate equivalent to the prevailing market rate. The difference between carrying value and face value as of initial recognition date, is treated as government grant, which is amortised over the duration of the related loans.

22.2 The Company has obtained Tawaruq and Murabaha 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 a 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 as at the reporting date.

22.3 During the year 2023, the Company entered into a financing agreement with the SME Bank for a ⃁ 150 million credit facility. The funds are dedicated to providing financing to eligible micro, small, and medium enterprises ("MSMEs") in specified sectors. This facility has to be utilised for lending to predefined MSME categories, however the Company can determine the MSME customers for this purpose. These financing facilities are secured against promissory notes issued to SME Bank. The agreement does not contain financial covenant clauses.

The loans ⃁ 150 million are repayable in a single bullet payment upon maturity in accordance with the terms of the respective financing agreements. The ⃁50 million facility is settled on 20 January 2026, while the ⃁100 million facility is repayable on 30 November 2026.

During the year 2025, the Company entered into a financing agreement with the SME Bank for a ⃁ 330 million credit facility.
The loan is repayable in monthly instalments commencing from September 2025 with the final instalment due in August 2028.

22 ISLAMIC BANK FINANCING (CONTINUED)

22.4 During the year 2018, the Company obtained financing facilities 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 financing facilities agreements do not include any covenant to maintain financial ratios during the financing facilities period. These financing facilities are secured against promissory notes issued to SDB. Social Development Bank financing are initially recognized at fair value using profit rate equivalent to the prevailing market rate. The difference between carrying value and face value as of initial recognition date, was treated as government grant, which is amortised over the duration of the related loans.

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

22.5 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 motor vehicles lease receivables 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 ⃁ 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 profit 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 financial statements, the Company applies judgment to assess whether these assets can be derecognised from the 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 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:

	2025	*2024*
	⃁	⃁
At January 01,	**15,344,761**	62,908,644
Recognised during the year	**(14,965,408)**	(47,563,883)
Balance at 31 December	**379,353**	15,344,761

Analyzed as follows:	***2025***	*2024*
	⃁	⃁
Non-current portion	**-**	379,353
Current portion	**379,353**	14,965,408

24 LEASE LIABILITIES

Movement in lease liabilities is as follows:

	2025	2024
	⃁	⃁
At the beginning of the year	**6,709,589**	3,462,114
Modifications during the year	**2,716,272**	7,079,189
Finance cost for the year (note 8)	**579,759**	52,977
Payments during the year	**(3,625,828)**	(3,884,691)
At the end of the year	**6,379,792**	6,709,589
Classified as:		
Current	**3,703,499**	3,936,986
Non-current	**2,676,293**	2,772,603
	6,379,792	6,709,589

Maturity analysis - contractual undiscounted cash flows

	2025	2024
	⃁	⃁
Less than 1 year	**3,625,830**	4,064,930
Later than one year to five years	**3,160,408**	8,129,860
	6,786,238	12,194,790

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 statement of profit or loss and other comprehensive income and balances reported in the statement of financial position:

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

	2025	2024
	⃁	⃁
Present value of employees defined benefits liabilities	**14,719,427**	10,943,795

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 statement of financial position.

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

	2025	*2024*
	⃁	⃁
Current service cost for the year	**2,356,258**	2,060,504
Finance cost on benefit obligation for the year	**613,489**	485,293
	2,969,747	2,545,797

The movement in employees defined benefits liabilities is as follows:

	2025	*2024*
	⃁	⃁
As at 1 January	**10,943,795**	8,621,072
Current service cost	**2,356,258**	2,060,504
Finance cost (note 8.2)	**613,489**	485,293
Remeasurement loss	**2,229,847**	173,920
Benefits paid during the year	**(1,423,962)**	(396,994)
As at 31 December	**14,719,427**	10,943,795

Remeasurement loss due to:

	2025	*2024*
	⃁	⃁
Change in demographic assumptions	**-**	(383)
Change in financial assumptions	**1,079,204**	(197,319)
loss or gain due to change	**1,150,643**	371,622
	2,229,847	173,920

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

	2025	*2024*
Discount rate	**4.9%**	6.0%
Future salary increase	**5.0%**	5.0%
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:

	2025	*2024*
	⃁	⃁
Increase in discount rate 1%	**(987,348)**	(730,330)
Decrease in discount rate - 1%	**1,128,709**	828,810
Increase in salary 1%	**1,116,182**	782,561
Decrease in salary -1%	**(995,343)**	(701,963)

25 EMPLOYEES DEFINED BENEFITS LIABILITIES (CONTINUED)

The sensitivity analysis 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 analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the 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:

	2025	*2024*
	⃁	⃁
Year		
1	**1,813,008**	1,471,633
2	**1,608,745**	1,324,333
3	**1,758,154**	1,173,314
4	**1,319,833**	1,310,816
5	**1,204,776**	964,714
6-10	**14,508,662**	11,959,048
Total expected payments	**22,213,178**	18,203,858

The weighted average duration of the defined benefit obligation is 7.3 years (2024: 7.3 years).

26 TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled on 30 to 120 days terms. For explanations on the Company's risk management processes, refer to note 32.

27 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include partners and entities controlled, jointly controlled or significantly influenced by such parties (affiliates). Fellow subsidiaries are entities under common control of the Shareholders. Other related parties include entities related to major shareholders, directors and senior management. 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:

Names of related parties	***Nature of Relationship***
Al Kifah Holding Company	Shareholder
Buthoor Altharwa Company	Shareholder
Modern Impact Technologies Company	Shareholder
Omran Al Mostakbal Ready Mix Company	Shareholder
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:

Related party	***Nature of transactions***	***Amounts of transactions***	
		2025	*2024*
		⃁	⃁
Shareholders			
Al Kifah Holding Company	Value added tax paid on behalf of the Company	**3,640,264**	3,130,037
	Services provided	**472,345**	506,590
	Dividends paid	**135,000,000**	95,000,000
	Processing fees	**6,142,617**	-
Fellow subsidiaries			
AlKifah Contracting Company	Tawarruq financing	**24,500,000**	65,535,800
	Commission income	**9,446,664**	1,582,781
	Amount collected against Islamic financing receivables	**(30,065,514)**	(44,775,773)
Al Kifah for Building Material Company	Services provided	**-**	6,539
	Tawarruq financing	**24,500,000**	63,000,000
	Commission income	**9,010,659**	1,310,581
	Amount collected against Islamic financing receivables	**(28,401,826)**	(15,609,200)

27 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party	***Nature of transactions***	***Amounts of transactions*** *2025* ⃁	*2024* ⃁
Fellow subsidiaries (continued)			
KiCe Construction Equipment Company	Heavy machinery and equipment sales financed by the Company	**8,022,918**	12,160,000
	Tawarruq financing	**20,000,000**	30,000,000
	Commission income	**4,301,721**	1,274,218
	Amount collected against Islamic financing receivables	**(13,854,551)**	(46,455,759)
Al Motaweroon Company	Services provided	**3,603,930**	-
	Tawarruq financing	**20,000,000**	50,934,000
	Commission income	**12,306,195**	1,488,647
	Amount collected against Islamic financing receivables	**(38,007,343)**	(36,696,284)
Takamol Aloula For Facilities Management Company	Services provided	**633,191**	5,524,717
	Tawarruq financing	**31,000,000**	20,000,000
	Commission income	**1,479,478**	5,400,010
	Amount collected against Islamic financing receivables	**(4,021,667)**	(34,972,116)
Takamol Aloula For Facilities Management Company – Branch	Amount collected against Islamic financing receivables	**-**	(22,213,333)
Al Kifah Precast Company	Tawarruq financing	**-**	64,000,000
	Commission income	**9,146,398**	1,164,961
	Amount collected against Islamic financing receivables	**(28,632,735)**	(39,484,102)
Green Vision Paper Products Company	Tawarruq financing	**15,000,000**	20,000,000
	Commission income	**6,876,316**	1,360,606
	Amount collected against Islamic finance receivables	**(21,744,037)**	(30,270,728)
Medical Infection Control Company	Tawarruq financing	**15,000,000**	15,000,000
	Commission income	**2,150,860**	436,860
	Amount collected against Islamic finance receivables	**(6,927,275)**	(35,781,213)
AlKifah Ready Mix Factory Company	Tawarruq financing	**15,000,000**	20,000,000
	Commission income	**2,867,814**	582,480
	Amount collected against Islamic finance receivables	**(9,236,367)**	(7,886,061)
Al Kifah Ready Mix Factory Company - Branch	Tawarruq financing	**-**	20,000,000
	Commission income	**2,867,814**	582,480
	Amount collected against Islamic finance receivables	**9,236,367**	(24,573,561)

27 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party	***Nature of transactions***	***Amounts of transactions*** 2025 ⃁	2024 ⃁
Fellow subsidiaries (continued)			
Optimal Supply for Catering Services Company	Tawarruq financing	**15,000,000**	20,000,000
	Commission income	**-**	5,400,010
	Amount collected against Islamic finance receivables	**-**	(52,109,333)
Wide Horizon Trading Company	Tawarruq financing	**75,000,000**	-
Con Cube Concrete Manufacturing company	Tawarruq financing	**27,500,000**	-
Enar Renewable Energy	Commission income	**-**	62,797
	Amount collected against Islamic finance receivables	**-**	(759,615)
ABAN Advanced Contracting	Services provided	**-**	1,879,771
	Tawarruq financing	**27,500,000**	-
Al Kifah Academy International School	Services provided	**279,425**	212,725
Other related party			
Alafouq Alareed Trading Company	Commission income	-	943,352
	Amount collected against Islamic finance receivables	-	(15,967,315)

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 and Musharakah arrangement note 14):

	2025 ⃁	*2024* ⃁
Al Kifah Contracting Company	**66,822,322**	62,941,171
Al Kifah Precast Company	**42,599,835**	62,086,170
Al Motaweroon Company	**55,008,392**	60,709,538
Al Kifah for Building Material Company	**65,955,776**	60,846,942
KiCe Construction Equipment Company	**39,011,798**	28,564,628
Green Vision Paper Products Company	**27,674,530**	27,521,746
Al Kifah Ready Mix Factory Company	**12,674,532**	19,043,085
Al Kifah Ready Mix Factory Company - Branch	**27,674,532**	19,043,085
Medical Infection Control Company	**24,505,899**	14,282,314
Optimal Supply for Catering Services Company	**15,000,000**	-
Takamol Aloula For Facilities Management Company	**28,457,811**	-
Con Cube Concrete Manufacturing	**27,500,000**	-
Aban Advance Contracting Company	**27,500,000**	-
Wide Horizon Trading Company	**75,000,000**	-
Less: allowances for expected credit loss	**(670,210)**	(258,537)
	534,715,217	354,780,142

27 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

	2025	2024
	⃁	⃁
At the beginning of the year	**258,537**	620,707
Charge / (reversal) during the year	**411,673**	(362,170)
At the end of the year	**670,210**	258,537

Advances to related parties - (presented under prepayments and other receivables note 18.1):

	2025	2024
	⃁	⃁
KiCe Construction Equipment Company (note 27.1)	**16,112,741**	300,000
Al Kifah Holding Company	**10,403,476**	1,191,269
Others	**-**	614,773
	26,516,217	2,106,042

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

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

	2025	2024
	⃁	⃁
Takamol Aloula For Facilities Management Company	**-**	1,473,968
Al Kifah Academy International School	**279,426**	212,725
ABAN Advanced Contracting	**62,190**	68,489
Al Kifah for Building Material Company	**-**	19,557
	341,616	1,774,739

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

	2025	2024
	⃁	⃁
Short-term employee benefit	**7,560,858**	6,336,899
Post-employment benefits	**517,833**	822,309
	8,078,691	7,159,208

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

	2025	2024
	⃁	⃁
Accrued expenses	**22,382,464**	13,241,368
Amounts due to customers (note 28.1)	**52,649,671**	35,675,199
Accrued employees' cost	**4,109,181**	5,677,972
	79,141,316	54,594,539

28.1 This represents credit balances, advances receipts and unallocated deposits held on behalf of the customers.

29 DERIVATIVE FINANCIAL INSTRUMENTS

Profit Rate Swap

The Company entered into one Profit Rate Swap (PRS) agreement with a local commercial bank to manage exposure to fluctuations in market profit rates associated with its financing arrangements.

The fair value of the PRS was determined based on valuation techniques using observable market inputs, including discounted future cash flows and applicable market profit rate curves. The valuation was based on confirmations obtained from the counterparty bank.

As at 31 December 2025, the aggregate mark-to-market ("MTM") valuation amounting of ⃁ 1.96 million (2024:⃁ 112.7 thousand).

Outstanding PRS Position

Description	2025	2024
Number of PRS contracts	**3**	1
Outstanding notional amount (SAR)	**207,105,263**	48,611,111
Fixed profit rate paid	**4.89% - 5.07%**	5.07%
Floating profit rate received	**5.06522%-5.16201%**	5.39563%
Contract maturity dates	**31 October 2027 to 8 May 2030**	31 October 2027
MTM valuation 31 December	**1,958,431**	112,708
Classification	**Derivative financial assets / (liabilities)**	

The outstanding PRS portfolio comprises the following contracts:

Trade date	Outstanding notional (SAR)	Fixed profit rate	Maturity date
29 October 2024	25,000,000	5.07%	31 October 2027
2 June 2025	89,473,684	4.89%	14 June 2030
24 June 2025	92,631,579	4.98%	8 May 2030

30 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.

	2025	*2024*
	⃁	⃁
Charge for the year	**23,198,381**	19,187,052
Prior year adjustments	**(4,726,725)**	(3,062,816)
	18,471,656	16,124,236

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

	2025	*2024*
	⃁	⃁
Shareholder’s equity	**1,166,998,659**	1,122,620,990
Liabilities	**1,441,730,674**	992,460,939
Total sources of fund	**2,608,729,333**	2,115,081,929
Total assets	**4,410,013,000**	3,369,344,433
Total assets not subject to Zakat	**(2,888,983,681)**	(2,183,584,264)
Total assets subject to Zakat	**1,521,029,319**	1,185,760,169
Assets subject for Zakat / total assets	**34%**	35%
Zakat base for assessment	**899,760,114**	744,352,476
Minimum limit for Zakat base	**869,749,624**	617,074,880
Maximum limit for Zakat base	**1,739,499,248**	1,234,149,760
Zakat base	**899,760,114**	744,352,476

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

	2025	*2024*
	⃁	⃁
At the beginning of the year	**16,124,236**	11,617,775
Provided during the year	**23,198,381**	19,187,052
Paid during the year	**(20,850,961)**	(14,680,591)
At the end of the year	**18,471,656**	16,124,236

Zakat assessments

Zakat returns for the years 2016 through 2018 were submitted to Zakat as part of the consolidated Zakat return of the Group. Accordingly, the Company is not exposed to any additional Zakat liability in respect of those years.

The Company's Zakat returns for the years 2019 through 2025 have been filed with ZATCA. During 2025, the Company received the final Zakat assessment for the year 2022, with no additional Zakat liability arising therefrom.

The Company holds a valid Zakat certificate up to 30 April 2026.

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.

31 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 financial statements.

32 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 profit 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.

Profit rate risk
Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit 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 profit rate risk mainly on its short-term deposits. The average effective profit rate on short-term deposits is 4.84% (2024: 5.38 %).

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 profit, an assumed increase of 100 basis points in profit rates would increase the Company's expenses for the year by ⃁ 349,338 (2024: ⃁ 4,127,296). A decrease of 100 basis points in profit rates would have an equal and opposite effect.

The Company enters into profit rate swap agreements as part of its overall risk management strategy to manage its exposure to fluctuations in market profit rates. These arrangements are intended to mitigate the impact of adverse changes in profit rates on the Company's cash flows and profitability by reducing the variability of financing costs.

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 profit 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 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 profit 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.

32 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 Kafalah 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. Kafalah program assesses each application separately and has the right to reject an application.

The carrying amount of financial assets recorded in the 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.

32 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 scaler 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:

	31 December 2025		
	Gross carrying amount	***Allowance for expected credit losses***	***ECL Coverage***
Retail	**861,460,035**	**49,324,456**	**5.7%**
Building and construction	**830,756,009**	**5,650,292**	**0.7%**
Transportation and communication	**555,036,529**	**13,214,442**	**2.4%**
Commerce (wholesale/retail trade)	**515,375,486**	**8,421,594**	**1.6%**
Manufacturing	**361,955,113**	**8,877,255**	**2.5%**
Services	**294,605,543**	**1,749,769**	**0.6%**
Utilities and health services	**150,078,716**	**993,690**	**0.7%**
Mining and quarrying	**29,840,345**	**204,481**	**0.7%**
Agriculture and fishing industry	**1,484,449**	**2,425**	**0.2%**
	3,600,592,225	**88,438,404**	**2.5%**

	31 December 2024		
	Gross carrying amount	*Allowance for expected credit losses*	*ECL Coverage*
Building and construction	728,264,620	31,032,853	4.3%
Retail	528,240,997	26,595,777	5.0%
Commerce (wholesale/retail trade)	381,870,177	5,846,542	1.5%
Manufacturing	250,095,994	3,973,696	1.6%
Transportation and communication	210,430,489	6,523,286	3.1%
Services	187,693,608	2,364,994	1.3%
Utilities and health services	165,267,946	2,168,470	1.3%
Mining and quarrying	17,987,709	468,058	2.6%
Agriculture and fishing industry	1,810,199	4,385	0.2%
	2,471,661,739	78,978,061	3.2%

32 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 days past due (DPD) bucket wise:
31 December 2025

	Gross carrying amount	***Allowance for expected credit losses***	***Net carrying amount***
	⃁	⃁	⃁
Corporate			
Not past due	**2,329,069,608**	**18,392,113**	**2,310,677,495**
Past due:			
1 to 29 days	**283,397,061**	**2,391,261**	**281,005,800**
30 to 59 days	**48,416,150**	**590,742**	**47,825,408**
60 to 89 days	**14,251,676**	**309,737**	**13,941,939**
90 to 119 days	**2,478,407**	**167,006**	**2,311,401**
120 to 149 days	**-**	**-**	**-**
150 to 179 days	**1,582,082**	**132,548**	**1,449,534**
180 to 359 days	**13,783,896**	**1,413,387**	**12,370,509**
More than 360 days	**46,153,310**	**15,717,154**	**30,436,156**
	2,739,132,190	**39,113,948**	**2,700,018,242**
Retail			
Not past due	**727,098,781**	**15,461,038**	**711,637,743**
Past due:			
1 to 29 days	**50,751,975**	**4,686,388**	**46,065,587**
30 to 59 days	**22,471,251**	**4,984,037**	**17,487,214**
60 to 89 days	**124,115**	**37,199**	**86,916**
90 to 119 days	**11,757,417**	**4,708,365**	**7,049,052**
120 to 149 days	**9,640,230**	**3,790,728**	**5,849,502**
150 to 179 days	**8,044,358**	**3,252,450**	**4,791,908**
180 to 359 days	**21,986,596**	**8,633,705**	**13,352,891**
More than 360 days	**9,585,312**	**3,770,546**	**5,814,766**
	861,460,035	**49,324,456**	**812,135,579**

31 December 2024

	Gross carrying amount	*Allowance for expected loss*	*Net carrying amount*
	⃁	⃁	⃁
Corporate			
Not past due	1,655,176,966	27,482,972	1,627,693,994
Past due:			
1 to 29 days	185,649,107	11,497,504	174,151,603
30 to 59 days	39,938,604	1,016,953	38,921,651
60 to 89 days	6,841,707	2,832,675	4,009,032
90 to 119 days	44,358	1,926	42,432
120 to 149 days	273,551	9,144	264,407
150 to 179 days	2,324,032	299,538	2,024,494
180 to 359 days	19,226,133	1,547,237	17,678,896
More than 360 days	33,946,284	7,694,335	26,251,949
	1,943,420,742	52,382,284	1,891,038,458

32 RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

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

31 December 2024 (continued)

	Gross carrying amount ⃁	*Allowance for expected loss* ⃁	*Net carrying amount* ⃁
Retail			
Not past due	430,384,900	5,215,082	425,169,818
Past due:			
1 to 29 days	28,405,275	984,729	27,420,546
30 to 59 days	10,556,781	1,003,683	9,553,098
60 to 89 days	4,340,605	1,050,777	3,289,828
90 to 119 days	1,914,814	674,908	1,239,906
120 to 149 days	4,688,789	1,329,675	3,359,114
150 to 179 days	4,262,625	1,276,500	2,986,125
180 to 359 days	27,216,377	9,456,373	17,760,004
More than 360 days	16,470,831	5,604,050	10,866,781
	528,240,997	26,595,777	501,645,220

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.

32 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:

	31 December 2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount	**⃁**	**⃁**	**⃁**	**⃁**
Performing	**3,002,117,740**	**310,079,259**	**78,120,426**	**3,390,317,425**
Underperforming	**-**	**71,106,013**	**14,157,179**	**85,263,192**
Non-performing	**-**	**0**	**125,011,608**	**125,011,608**
Total	**3,002,117,740**	**381,185,272**	**217,289,213**	**3,600,592,225**
Allowance for expected credit loss				
Performing	**34,092,019**	**1,359,851**	**5,478,930**	**40,930,800**
Underperforming	**-**	**5,199,249**	**722,466**	**5,921,715**
Non-performing	**-**	**-**	**41,585,889**	**41,585,889**
Total	**34,092,019**	**6,559,100**	**47,787,285**	**88,438,404**
Net carrying amount				
Performing	**2,968,025,721**	**308,719,408**	**72,641,496**	**3,349,386,625**
Underperforming	**-**	**65,906,764**	**13,434,713**	**79,341,477**
Non-performing	**-**	**-**	**83,425,719**	**83,425,719**
	2,968,025,721	**374,626,172**	**169,501,928**	**3,512,153,821**

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	⃁	⃁	⃁	⃁
Performing	1,898,644,671	229,343,933	171,627,644	2,299,616,248
Underperforming		37,766,100	23,911,597	61,677,697
Non-performing			110,367,794	110,367,794
Total	1,898,644,671	267,110,033	305,907,035	2,471,661,739
Allowance for expected credit loss				
Performing	12,399,199	1,470,911	31,310,177	45,180,287
Underperforming		1,296,353	4,607,735	5,904,088
Non-performing			27,893,686	27,893,686
Total	12,399,199	2,767,264	63,811,598	78,978,061
Net carrying amount				
Performing	1,886,245,472	227,873,022	140,317,467	2,254,435,961
Underperforming	-	36,469,747	19,303,862	55,773,609
Non-performing	-	-	82,474,108	82,474,108
Total	1,886,245,472	264,342,769	242,095,437	2,392,683,678

32 RISK MANAGEMENT (CONTINUED)

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

Assets held as collateral

	2025	2024
	⃁	⃁
Assets held as collateral under investment in Islamic financing receivables*	**1,713,384,579**	1,466,414,744

*The collateral under investment in Islamic financing receivables comes in various forms, such as motor vehicles, equipment, Kafalah guarantees, personal guarantees and real estate properties.

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 days past due (DPD) bucket wise:

31 December 2025

	Gross carrying amount	***Allowance for expected credit losses***	***Net carrying amount***
	⃁	**⃁**	**⃁**
Not past due	**473,055,931**	**8,263,741**	**464,792,190**
Past due:			
1 to 29 days	**32,994,105**	**2,679,093**	**30,315,012**
30 to 59 days	**22,132,821**	**3,177,330**	**18,955,491**
60 to 89 days	**149,381**	**8,575**	**140,806**
90 to 119 days	**8,861,802**	**3,755,075**	**5,106,727**
120 to 149 days	**5,852,315**	**2,339,386**	**3,512,929**
150 to 179 days	**5,903,020**	**2,123,620**	**3,779,400**
180 to 359 days	**26,983,296**	**11,266,753**	**15,716,543**
More than 360 days	**67,390,676**	**29,321,600**	**38,069,076**
	643,323,347	**62,935,173**	**580,388,174**

31 December 2024

	Gross carrying amount	*Allowance for expected credit losses*	*Net carrying amount*
	⃁	⃁	⃁
Not past due	615,966,044	10,341,040	605,625,004
Past due:			
1 to 29 days	55,897,385	5,803,071	50,094,314
30 to 59 days	13,133,356	1,925,237	11,208,119
60 to 89 days	6,305,119	1,050,491	5,254,628
90 to 119 days	1,477,250	541,554	935,696
120 to 149 days	7,214,735	2,463,600	4,751,135
150 to 179 days	6,915,861	2,392,756	4,523,105
180 to 359 days	34,007,528	12,228,325	21,779,203
More than 360 days	36,405,652	30,934,025	5,471,627
	777,322,930	67,680,099	709,642,831

32 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 Musharakah financing assets at the reporting date:

	31 December 2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	⃁	**⃁**	**⃁**	**⃁**
Gross carrying amount				
Performing	**492,732,988**	**9,135,394**	**4,181,654**	**506,050,036**
Underperforming	**-**	**15,036,654**	**7,245,548**	**22,282,202**
Non-performing	**-**	**-**	**114,991,109**	**114,991,109**
Total	**492,732,988**	**24,172,048**	**126,418,311**	**643,323,347**
Allowance for expected credit loss				
Performing	**9,729,016**	**173,722**	**1,040,096**	**10,942,834**
Underperforming	**-**	**2,650,195**	**535,710**	**3,185,905**
Non-performing	**-**	**-**	**48,806,434**	**48,806,434**
Total	**9,729,016**	**2,823,917**	**50,382,240**	**62,935,173**
Net carrying amount				
Performing	**483,003,972**	**8,961,672**	**3,141,558**	**495,107,202**
Underperforming	**-**	**12,386,459**	**6,709,838**	**19,096,297**
Non-performing	**-**	**-**	**66,184,675**	**66,184,675**
Total	**483,003,972**	**21,348,131**	**76,036,071**	**580,388,174**

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	⃁	⃁	⃁	⃁
Performing	621,642,027	24,212,801	26,008,601	671,863,429
Underperforming	-	17,695,151	1,743,324	19,438,475
Non-performing	-	-	86,021,026	86,021,026
Total	621,642,027	41,907,952	113,772,951	777,322,930
Allowance for expected credit loss				
Performing	10,475,439	236,712	5,431,960	16,144,111
Underperforming	-	2,459,975	515,753	2,975,728
Non-performing	-	-	48,560,260	48,560,260
Total	10,475,439	2,696,687	54,507,973	67,680,099
Net carrying amount				
Performing	611,166,588	23,976,089	20,576,641	655,719,318
Underperforming	-	15,235,176	1,227,571	16,462,747
Non-performing	-	-	37,460,766	37,460,766
Total	611,166,588	39,211,265	59,264,978	709,642,831

Assets held as collateral	***2025***	*2024*
	⃁	⃁
Assets held as collateral under Musharakah financing assets*	**175,307,521**	245,491,432

*The collateral under Musharakah financing assets comes in various forms, such as motor vehicles, equipment, Kafalah guarantees, personal guarantees and real estate properties.

32 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 2025 as base year:

Assumption used in 2025

Key macroeconomic variables Used	ECL scenario and assigned Weightage	*2026*	*2027*	*2028*
General government revenue – Percent of GDP				
Base	40%	23.22	23.20	23.27
Upside	30%	30.19	30.16	30.25
Downside	30%	16.25	16.24	16.29
Consumer price index all items- Period average				
Base	40%	105.97	108.21	110.37
Upside	30%	137.76	140.67	143.49
Base	40%	74.18	75.75	77.26
General government expenditure – Percent of GDP				
Base	40%	26.67	26.67	26.32
Upside	30%	34.68	34.67	34.21
Downside	30%	18.67	18.67	18.42
Gross capital formation – Percent of GDP				
Base	40%	30.31	30.87	30.83
Upside	30%	39.40	40.13	40.08
Downside	30%	21.22	21.61	21.58
Gross domestic product constant prices - Percent change				
Base	40%	30.31	30.87	30.83
Upside	30%	39.40	40.13	40.08
Downside	30%	21.22	21.61	21.58

32 RISK MANAGEMENT (CONTINUED)

Assumption used in 2024

Key macroeconomic variables Used	ECL scenario and assigned weightage	*2025*	*2026*	*2027*
Gross domestic product constant prices - Percent change				
Base	40%	4.57	4.36	3.57
Upside	30%	5.94	5.66	4.65
Downside	30%	3.20	3.05	2.50
Total investment Percent of GDP				
Base	40%	31.15	31.21	31.34
Upside	30%	40.49	40.58	40.75
Base	40%	21.80	21.85	21.94
Inflation average consumer prices Index				
Base	40%	113.47	115.77	118.08
Upside	30%	147.51	150.50	153.51
Downside	30%	79.43	81.04	82.66
General government gross debt National currency				
Base	40%	2.63%	2.31%	2.23%
Upside	30%	3.42%	3.00%	2.89%
Downside	30%	1.84%	1.62%	1.56%

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 1.81% (2024: increase by 1.08%) to a decrease by 1.81% (2024: decrease by 1.08%)

32 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:

		As of 31 December 2025		
	Within 3 months	***Within 3 – 12 months***	***1 to 5 years***	***Total***
	⃁	**⃁**	**⃁**	**⃁**
Trade payables	**112,067,432**	**-**	**-**	**112,067,432**
Amounts due to related parties	**341,616**	**-**	**-**	**341,616**
Islamic bank financing	**384,919,096**	**1,054,130,362**	**1,290,843,621**	**2,729,893,079**
Musharakah payable	**49,048,951**	**186,406,263**	**371,174,683**	**606,629,897**
Lease liabilities	**486,450**	**3,139,380**	**3,160,408**	**6,786,238**
	546,863,545	**1,243,676,005**	**1,665,178,712**	**3,455,718,262**

		As of 31 December 2024		
	Within 3 months	*Within 3 – 12 months*	*1 to 5 years*	*Total*
	⃁	⃁	⃁	⃁
Trade payable	114,285,880	-	-	114,285,880
Amounts due to related parties	1,774,739	-	-	1,774,739
Islamic bank financing	260,322,266	626,207,453	576,951,865	1,463,481,584
Musharakah payable	35,681,010	184,627,117	539,484,253	759,792,380
Lease liabilities	261,500	3,803,430	8,129,860	12,194,790
	412,325,395	814,638,000	1,124,565,978	2,351,529,373

32 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.

	As of 31 December 2025			
	Within 3 months	***3 to 12 months***	***1 to 5 years***	***Total***
	⃁	⃁	⃁	⃁
Assets				
Bank balances	**89,257,792**	**-**	**-**	**89,257,792**
Net investment in Islamic finance receivables	**474,645,513**	**872,273,988**	**2,165,234,320**	**3,512,153,821**
Musharakah financing assets	**109,746,885**	**226,805,332**	**243,835,957**	**580,388,174**
Prepayments and other receivables	**174,632,306**	**-**	**-**	**174,632,306**
	848,282,496	**1,099,079,320**	**2,409,070,277**	**4,356,432,093**
Liabilities				
Amounts due to related parties	**341,616**	**-**	**-**	**341,616**
Provision for zakat	**18,471,656**	**-**	**-**	**18,471,656**
Musharakah payable	**35,471,210**	**151,439,129**	**327,525,500**	**514,435,839**
Islamic bank financing	**345,700,667**	**965,922,450**	**1,183,496,362**	**2,495,119,479**
Lease liabilities	**486,450**	**3,217,049**	**2,676,293**	**6,379,792**
Accrued expenses and other liabilities	**79,141,316**	**-**	**-**	**79,141,316**
Trade payables	**112,067,432**	**-**	**-**	**112,067,432**
	591,680,347	**1,120,578,628**	**1,513,698,155**	**3,225,957,130**

32 RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

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

	As of 31 December 2024			
	Within 3 months	*3 to 12 months*	*1 to 5 years*	*Total*
	⃁	⃁	⃁	⃁
Assets				
Bank balances	192,805,894	-	-	192,805,894
Net investment in Islamic finance receivables	327,037,457	596,957,972	1,468,688,249	2,392,683,678
Musharakah financing assets	67,679,211	137,474,937	504,488,683	709,642,831
Prepayments and other receivables	41,912,981	-	-	41,912,981
	629,435,543	734,432,909	1,973,176,932	3,337,045,384
Liabilities				
Amounts due to related parties	1,774,739	-	-	1,774,739
Provision for zakat	16,124,236	-	-	16,124,236
Musharakah payable	19,846,210	141,022,463	463,810,840	624,679,513
Islamic bank financing	248,856,768	591,810,959	561,598,664	1,402,266,391
Lease liabilities	89,646	3,847,340	2,772,603	6,709,589
Accrued expenses and other liabilities	54,594,539	-	-	54,594,539
Trade payables	114,285,880	-	-	114,285,880
	455,572,018	736,680,762	1,028,182,107	2,220,434,887

32 RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Changes in liabilities arising from financing activities:

	1 January 2025 ⃁	*Cash outflow* ⃁	*Cash inflow / Other** ⃁	*31 December 2025* ⃁
Lease liabilities	**6,709,589**	**(3,625,831)**	**3,296,034**	**6,379,792**
Islamic bank financing	**1,402,266,391**	**(1,064,744,159)**	**2,157,597,247**	**2,495,119,479**
Musharakah Payable	**624,679,513**	**(160,868,674)**	**50,625,000**	**514,435,839**
Total liabilities from financing activities	**2,033,655,493**	**(1,229,238,664)**	**2,211,518,281**	**3,015,935,110**

	1 January 2024 ⃁	*Cash outflow* ⃁	*Cash inflow / Other** ⃁	*31 December 2024* ⃁
Lease liabilities	3,462,114	(3,884,691)	7,132,166	6,709,589
Islamic bank financing	2,218,224,710	(1,277,372,333)	461,414,014	1,402,266,391
Musharakah Payable	499,089,853	(124,410,340)	250,000,000	624,679,513
Total liabilities from financing activities	2,720,776,677	(1,405,667,364)	718,546,180	2,033,655,493

*Others include accretion of commission expense and modification of lease liabilities.

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 shareholders, return capital to shareholder.

No changes were made in objectives, policies or processes for managing capital during the year ended 31 December 2025 (2024: NIL).

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.

	2025 ⃁	*2024* ⃁
Aggregate financing to capital ratio (Total financing (net investment in Islamic finance receivables and Musharakah Financing assets) divided by total equity)		
Net investment in Islamic finance receivables	**3,512,153,821**	2,392,683,678
Musharakah financing assets	**580,388,174**	709,642,831
Total financing	**4,092,541,995**	3,102,326,509
Total equity*	**1,166,998,659**	1,122,620,990
Capital Ratio	**3.51**	2.76

*Total equity includes share capital, statutory reserve, retained earnings and Tier 1 sukuk .

33 COMMITMENTS AND CONTINGENCIES

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

34 SUBSEQUENT EVENTS

During the year 2026, the Middle East region has experienced heightened geopolitical tensions and ongoing conflict in certain areas. The situation remains dynamic and continues to evolve, creating uncertainty in the regional and global economic environment. The Company operates primarily within the GCC region.

As of the reporting date and when these financial statements were approved, the Company has not had any material impact on its main operations or assets.

However, the broader economic consequences of the ongoing conflict may include increased volatility in energy prices, fluctuations in foreign exchange markets, potential disruptions in regional trade flows, increased financing costs.
These factors may indirectly affect the Company's operations, financial performance, and valuation of certain financial and non-financial assets in future reporting periods. Accordingly, no adjustments have been made to the amounts recognized in the financial statements as of the reporting date.
The Company continues to closely monitor the evolving geopolitical situation. Management will reassess the potential financial implications of these developments in future reporting periods as more information becomes available.

Based on the above, management believes that the ECL allowance recognised as at 31 December 2025 is appropriate and sufficient to absorb expected credit losses arising from the Company's exposure to credit risk.

35 COMPARATIVE FIGURES

The comparative figures have been reclassified in order to conform with the presentation for the current year. Such reclassifications have been made by the Company to improve the quality of information presented.

Statement of financial position

Reclassification from	**Reclassification to**	**December 31, 2024**
Prepayments and other receivables:	*Intangible Assets:*	
Prepayments	Capital work in progress	2,032,552

The above reclassification does not affect previously reported profit for the year ended December 31, 2024 in the statement of profit or loss and other comprehensive income and the previously reported cash flows in the statement of cash flows for the year then ended.