

TAAJEER FINANCE LEASE COMPANY
(A Saudi Closed Joint Stock Company)
**INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT**
**FOR THE THREE-MONTH PERIOD ENDED
31 March 2024**

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 March 2024**

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the shareholders

Taajeer Finance Lease Company

(A Saudi Closed Joint Stock Company)

Jeddah, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Taajeer Finance Lease Company (a Saudi Closed Joint Stock Company) (the "Company") as at 31 March 2024, the related interim condensed statement of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with IAS 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of the persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs) as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Baker Tilly MKM & Co.
Certified Public Accountants



Bader Hatim Al Tamimi

License No. 489

Jeddah on 4 Dhual-Qa'dah 1445H

Corresponding to 12 May 2024



TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**AS AT 31 MARCH 2024**

	Note	<i>As At</i>		
		<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
		<i>2024</i>	<i>2023</i>	<i>2023</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>
ASSETS				
Cash and cash equivalents		235,618,452	241,629,091	297,907,185
Prepayments and other receivables		5,609,775	4,205,843	50,988,527
Financing, net	5	1,103,052,880	1,079,344,608	874,704,707
Net deferred consideration receivable	5	37,555,185	66,256,472	68,227,429
Net servicing asset	5	365,078	441,761	-
Due from related parties	11	10,227,373	9,890,922	19,881,880
Motor vehicles inventory		6,944,943	5,626,466	3,377,781
Equity investments at FVTOCI		892,850	892,850	892,850
Profit rate swap contract asset	8	6,135,574	6,655,089	10,888,512
Property and equipment		4,356,024	4,598,699	4,618,313
Right-of-use assets		1,241,993	1,321,487	-
Intangible assets		2,589,888	2,660,205	1,718,649
TOTAL ASSETS		1,414,590,015	1,423,523,493	1,333,205,833
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Trade payables and other accruals	6	161,415,432	156,011,978	192,755,388
Due to related parties	11	21,813,831	16,592,642	19,728
Lease liabilities		1,210,009	1,188,645	-
Zakat payable	7	13,063,939	11,455,783	10,782,073
Net servicing liability	5	-	-	3,603,031
Loans	8	603,099,374	639,890,942	570,593,101
Employee termination benefits		5,510,780	4,998,597	4,268,954
TOTAL LIABILITIES		806,113,365	830,138,587	782,022,275
SHAREHOLDERS' EQUITY				
Share capital	9	500,000,000	500,000,000	500,000,000
Proposed capital	9	-	-	-
Statutory reserve		21,144,701	21,144,701	14,715,637
Retained earnings		81,196,375	65,585,116	25,579,409
Profit rate hedge reserve		6,135,574	6,655,089	10,888,512
TOTAL SHAREHOLDERS' EQUITY		608,476,650	593,384,906	551,183,558
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,414,590,015	1,423,523,493	1,333,205,833

The attached notes form an integral part of these interim condensed financial statements

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

	Note	<i>For the Three-month period ended 31 March</i>	
		2024	2023
		<i>SR</i>	<i>SR</i>
Finance income		31,995,949	22,272,861
Finance costs		(12,019,261)	(10,458,161)
Net finance income		19,976,688	11,814,700
Net gain on securitization of receivables	5	-	15,443,144
Net change in deferred consideration receivables	5	1,718,713	2,402,081
Net change in net servicing asset	5	2,085,581	3,572,537
Other operating income, net	10	16,752,616	11,449,499
Selling and marketing expenses		(5,123,943)	(5,557,807)
General and administrative expenses		(11,142,174)	(10,392,748)
Impairment charge on financing	5	(5,156,317)	(6,652,195)
Other operating expenses		(1,891,749)	(2,764,338)
Operating profit		17,219,415	19,314,873
Zakat	7	(1,608,156)	(1,800,000)
Profit for the period		15,611,259	17,514,873
Other Comprehensive Income (OCI)			
<i>Items that may be reclassified to profit or loss</i>			
Change in fair value of profit rate swap	8	(519,515)	(2,444,111)
Other comprehensive loss for the period		(519,515)	(2,444,111)
Total comprehensive income for the period		15,091,744	15,070,762
Earnings per share:			
Basic and diluted earnings per share	14	0.31	0.35
Weighted average number of shares outstanding	14	50,000,000	50,000,000

The attached notes form an integral part of these interim condensed financial statements

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

	<i>Note</i>	<i>Share capital</i>		<i>Proposed capital</i>		<i>Statutory reserve</i>		<i>Retained earnings</i>		<i>Profit rate hedge reserve</i>		<i>Total</i>	
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
For the three-month period ended 31 March 2024:													
Balance as at 1 January 2024		500,000,000	-	-	21,144,701	65,585,116	6,655,089	593,384,906					
Profit for the period		-	-	-	-	15,611,259	-	15,611,259				15,611,259	
Other comprehensive loss		-	-	-	-	-	(519,515)	(519,515)				(519,515)	
Total comprehensive income for the period		-	-	-	-	15,611,259	(519,515)	15,091,744				15,091,744	
As at 31 March 2024		500,000,000	-	-	21,144,701	81,196,375	6,135,574	608,476,650					
For the three-month period ended 31 March 2023:													
Balance as at 1 January 2023		200,000,000	300,000,000		14,715,637	8,064,536	13,332,623	536,112,796					
Profit for the period		-	-	-	-	17,514,873	-	17,514,873				17,514,873	
Other comprehensive loss		-	-	-	-	-	(2,444,111)	(2,444,111)				(2,444,111)	
Total comprehensive income for the period		-	-	-	-	17,514,873	(2,444,111)	15,070,762				15,070,762	
Capital increase	9	300,000,000	(300,000,000)		-	-	-	-				-	
As at 31 March 2023		500,000,000	-	-	14,715,637	25,579,409	10,888,512	551,183,558					

The attached notes form an integral part of these interim condensed financial statements

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

	Note	<i>For the three-month period ended 31 March</i>	
		2024	2023
		<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES			
Profit for the period		15,611,259	17,514,873
Adjustments for non-cash items:			
Zakat expense	7	1,608,156	1,800,000
Impairment charge on financing	5	5,156,317	6,652,195
Finance costs		12,019,261	10,458,161
Depreciation and amortization		908,153	786,012
Employee termination benefits incurred		611,021	630,177
Net gain on securitization of receivables	5	-	(15,443,144)
Net change in deferred consideration receivables		(1,718,713)	(2,402,081)
Net change in net servicing asset		(2,085,581)	(3,572,537)
		32,109,873	16,423,656
Changes in working capital:			
Prepayments and other receivables		(1,403,932)	(34,990,321)
Financing, net		3,717,675	87,680,206
Due from related parties		(336,451)	1,077,850
Motor vehicles inventory		(1,318,477)	(2,054,433)
Trade payables and other accruals		6,924,128	(3,407,905)
Due to related parties		5,221,189	(1,297,229)
Cash generated from operations		44,914,005	63,431,824
Finance cost paid		(13,518,571)	(9,887,378)
Employee termination benefits paid		(98,838)	(43,875)
Net cash flows generated from operating activities		31,296,596	53,500,571
INVESTING ACTIVITIES			
Purchase of property and equipment		(515,667)	(636,629)
Net cash flows used in investing activities		(515,667)	(636,629)
FINANCING ACTIVITIES			
Proceeds from loans		48,418,000	23,000,000
Repayments of loans		(85,209,568)	(49,653,494)
Net cash flows used in financing activities		(36,791,568)	(26,653,494)
Net change in cash and cash equivalents		(6,010,639)	26,210,448
Cash and cash equivalents at the beginning of the period		241,629,091	271,696,737
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		235,618,452	297,907,185
NON-CASH TRANSACTIONS			
Change in fair value of profit rate swap	8	519,515	2,444,111

The attached notes form an integral part of these interim condensed financial statements

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

1 ORGANISATION AND ACTIVITIES

Taajeer Finance Lease Company (the "Company") is a Saudi Closed Joint Stock Company, registered in the Kingdom of Saudi Arabia under Commercial Registration number 4030289565 issued on 17 Sha'ban 1437H (corresponding to 24 May 2016).

The Company's head office is based in Jeddah. The principal activity of the Company is to engage in the following business activities in the Kingdom of Saudi Arabia:

- a) Small and Medium Enterprises (SME) Financing
- b) Finance Leasing
- c) Consumer Finance Murabaha
- d) Tawarroq

On 29 Safar 1438H (corresponding to 29 November 2016), the Company received a license from the Saudi Central Bank (SAMA) to undertake both finance leasing and small and medium enterprises (SME) financing in the Kingdom of Saudi Arabia under license number 46/AU/201611.

On 13 Jumada I 1441H (corresponding to 8 January 2020), the Company obtained the approval from SAMA to add consumer financing murabaha as a new product for individuals.

On 3 Muharram 1444H (corresponding to 1 August 2022), the Company obtained the approval from SAMA to add Tawarroq as a new product.

The Company is a subsidiary of Al Ahdaf Al Mumaizah Company Limited (the "Parent Company"). The ultimate parent of the Company is Taajeer Group ("Ultimate Parent"). Saudi shareholders own the Company, the Parent and the Ultimate Parent of the Company.

As at 31 March 2024, the Company operates through 6 branches (31 December 2023: 6 branches). The accompanying interim condensed financial statements include the assets, liabilities and results of the Company and these branches as listed below:

CR number	Location
1010468134	Riyadh
4030293321	Jeddah
2252067592	Al Mubarraz
2050111740	Dammam
4031098948	Makkah
5850070587	Abha

2 BASIS OF PREPARATION

The interim condensed financial statements of the Company for the three-month period ended 31 March 2024 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia.

The interim condensed financial statements have been prepared on the historical cost convention using the accrual basis of accounting, except for financial instruments measured at fair value. The interim condensed financial statements are presented in Saudi Riyals which is also the functional currency of the Company and all values are rounded to the nearest Saudi Riyal (SR), except when otherwise indicated.

These interim condensed financial statements do not include all the information required for the annual financial statements.

The interim condensed financial statements may not be considered indicative of the expected results for the full year.

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024****3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that were applied to the annual financial statements as at and for the year ended 31 December 2023.

4 CHANGES IN MATERIAL ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the interim condensed financial statements for the period ended 31 March 2024 are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2023.

Some standards and amendments to the IFRS came into effect for annual periods on 1 January 2024. These standards and amendments did not result in any impact on the Company's interim condensed financial statements.

5 FINANCING, NET

	<i>31 March 2024</i>	<i>31 December 2023</i>	<i>31 March 2023</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Gross financing	1,541,665,575	1,473,746,905	1,254,548,376
Less: unearned finance income	(400,030,000)	(358,557,987)	(335,821,916)
	1,141,635,575	1,115,188,918	918,726,460
Less: allowance for expected credit losses	(38,582,695)	(35,844,310)	(44,021,753)
Financing, net	1,103,052,880	1,079,344,608	874,704,707

5.1 Movement in allowance for expected credit losses

	<i>For the three- month period ended 31 March 2024</i>	<i>For the year ended 31 December 2023</i>	<i>For the three- month period ended 31 March 2023</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
At the beginning of the period / year	35,844,310	42,643,441	42,643,441
Write offs	(2,417,932)	(16,746,427)	(4,630,731)
Allowance related to derecognized receivables	-	(8,497,160)	(643,152)
Impairment during the period / year	5,156,317	18,444,456	6,652,195
	38,582,695	35,844,310	44,021,753

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024****5 FINANCING, NET (CONTINUED)****5.2 Ageing of gross financing receivables**

	31 March 2024	<i>31 December 2023</i>	<i>31 March 2023</i>
	SR	<i>SR</i>	<i>SR</i>
Not due	1,506,306,713	1,427,982,189	1,224,216,787
1 - 3 months over due	15,698,007	23,745,366	5,810,492
4 - 6 months over due	5,633,846	6,883,020	6,031,828
7 - 12 months over due	5,453,858	6,828,427	9,944,052
Over 12 months over due	8,573,151	8,307,903	8,545,217
	<u>1,541,665,575</u>	<u>1,473,746,905</u>	<u>1,254,548,376</u>

5.3 Portfolio analysis

The Company finances the sale of assets to its customers through Ijarah, Murabaha and Tawarroq. Under Ijarah, the legal ownership of the financed asset is retained by the Company, under Murabaha legal ownership is transferred to the customer and under Tawarroq the process occurred among a tri-party agreement. The net financing portfolio of the Company as of 31 March 2024, 31 December 2023 and 31 March 2023 is as follows:

	31 March 2024			
	Gross financing	Unearned finance income	Allowance for expected credit loss	Financing, net
	SR	SR	SR	SR
Ijarah	1,500,847,215	(387,206,351)	(35,813,008)	1,077,827,856
Murabaha	12,821,389	(2,764,931)	(1,466,854)	8,589,604
Tawarroq	27,996,971	(10,058,718)	(1,302,833)	16,635,420
	<u>1,541,665,575</u>	<u>(400,030,000)</u>	<u>(38,582,695)</u>	<u>1,103,052,880</u>
	31 December 2023			
	Gross financing	Unearned finance income	Allowance for expected credit loss	Financing, net
	SR	SR	SR	SR
Ijarah	1,435,245,139	(349,539,400)	(33,224,651)	1,052,481,088
Murabaha	12,119,865	(1,246,672)	(1,401,372)	9,471,821
Tawarroq	26,381,901	(7,771,915)	(1,218,287)	17,391,699
	<u>1,473,746,905</u>	<u>(358,557,987)</u>	<u>(35,844,310)</u>	<u>1,079,344,608</u>
	31 March 2023			
	Gross financing	Unearned finance income	Allowance for expected credit loss	Financing, net
	SR	SR	SR	SR
Ijarah	1,228,355,003	(332,402,861)	(39,384,584)	856,567,558
Murabaha	26,193,373	(3,419,055)	(4,637,169)	18,137,149
	<u>1,254,548,376</u>	<u>(335,821,916)</u>	<u>(44,021,753)</u>	<u>874,704,707</u>

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024****5 FINANCING, NET (CONTINUED)****5.4 Maturity analysis of financing is as follows:**

	<i>31 March 2024</i>			
	<i>Within 1 year</i>	<i>Non-current</i>		<i>Total</i>
		<i>1 to 3 years</i>	<i>Over 3 year</i>	
		<i>SR</i>	<i>SR</i>	
Gross financing	610,193,704	718,955,909	212,515,962	1,541,665,575
Less: unearned finance income	(158,657,556)	(205,708,720)	(35,663,724)	(400,030,000)
Financing, net	451,536,148	513,247,189	176,852,238	1,141,635,575

	<i>31 December 2023</i>			
	<i>Within 1 year</i>	<i>Non-current</i>		<i>Total</i>
		<i>1 to 3 years</i>	<i>Over 3 year</i>	
		<i>SR</i>	<i>SR</i>	
Gross financing	623,904,111	705,562,820	144,279,974	1,473,746,905
Less: unearned finance income	(141,569,460)	(200,546,425)	(16,442,102)	(358,557,987)
Financing, net	482,334,651	505,016,395	127,837,872	1,115,188,918

	<i>31 March 2023</i>			
	<i>Within 1 year</i>	<i>Non-current</i>		<i>Total</i>
		<i>1 to 3 years</i>	<i>Over 3 year</i>	
		<i>SR</i>	<i>SR</i>	
Gross financing	426,261,067	490,850,180	337,437,129	1,254,548,376
Less: unearned finance income	(116,665,905)	(192,618,604)	(26,537,407)	(335,821,916)
Financing, net	309,595,162	298,231,576	310,899,722	918,726,460

5.5 Securitized receivables

The Company has entered into purchase and service agreements (the 'Agreements') with local banks in respect of securitization of certain financing leases (the 'Receivables').

Under the terms of the purchase and service agreements, the Company first sells the eligible Receivables to banks and then manages them on behalf of the banks as an agent for a monthly fee as per the terms of the Agreements.

During the three-month period ended 31 March 2024, the Company sold SR Nil (31 March 2023: SR 106.6 million) of its Receivables and the total amount received from the banks in respect of such sale was SR Nil million (31 March 2023: SR 100 million). Upon sale, the Company derecognises the receivables from its books and recognises the difference as either gain or loss on derecognition of receivables.

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024****5 FINANCING, NET (CONTINUED)****5.5 Securitized receivables (Continued)**

The following are the significant terms of the Agreements:

- a) The agreements are supported by a "cash flow statement" which stipulates the principal amount and the monthly receivables falling due. Under the terms of the agreements, the Company, in the capacity of an agent, settles to the bank a monthly amount based on the cash flow statement. The amount of the next month's repayment is recognized as a liability and included in 'payable under purchase and agency agreement' (see note 6).
- b) A reserve is maintained, which is to be distributed at the end of the term of the agreement after deducting the actual defaults and discounts due to premature terminations. The balance in the reserve account after deducting the actual defaults and discounts shall be retained by the Company as deferred consideration on sale of receivables. Any shortfall in the reserve account is to be borne by the bank.

During the three-month period ended 31 March 2024, the Company recognized a net gain amounting to SR nil (31 March 2023: SR 15.4 million) on derecognition of receivables sold to the banks under the Agreement.

The present value of deferred consideration receivable is calculated by deducting the present value of expected defaults and discounts to be incurred over the life of the agreement from the present value of reserve amount to be received per the cash flow statement. This represents the net deferred consideration receivable by the Company under the Agreements calculated as follows:

	31 March 2024	<i>31 December 2023</i>	<i>31 March 2023</i>
	SR	<i>SR</i>	<i>SR</i>
Present value of deferred consideration receivable	52,795,209	82,304,552	79,105,343
Less: allowance for expected defaults	(15,240,024)	(16,048,080)	(10,877,914)
Net deferred consideration receivable	37,555,185	66,256,472	68,227,429

The Company's net servicing assets and related liabilities are calculated separately for each agreement by calculating the present value of servicing assets, as per the terms of the agreement and by estimating the present value of servicing liability and related provisions. The net amount is classified as a net servicing asset or a net servicing liability on the statement of interim condensed financial position. This has been presented as follows:

	31 March 2024	<i>31 December 2023</i>	<i>31 March 2023</i>
	SR	<i>SR</i>	<i>SR</i>
Present value of servicing asset	10,403,374	12,459,801	17,731,385
Less: Present value of servicing liability	(10,038,296)	(12,018,040)	(21,334,416)
Net servicing asset / (liability)	365,078	441,761	(3,603,031)

The present value of net deferred consideration receivable and the present value of net servicing liability is calculated by using a discount rate ranging from 4.50% to 7.58% (2023: 4.50% to 7.58%).

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024****6 TRADE PAYABLES AND OTHER ACCRUALS**

	31 March 2024	<i>31 December 2023</i>	<i>31 March 2023</i>
	SR	<i>SR</i>	<i>SR</i>
Payable to suppliers of vehicles	135,291,214	126,713,781	93,718,851
Payable under purchase and agency agreements (note 5)	14,263,311	16,935,066	83,412,532
Accrued expenses	8,254,108	10,087,066	9,449,557
Advance from customers	-	-	5,415,714
Other payables	3,606,799	2,276,065	758,734
	161,415,432	156,011,978	192,755,388

7 ZAKAT PAYABLE**Basis for Zakat:**

The Company is subject to the Regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia.

Zakat charged to profit or loss:

	For the three- month period ended 31 March 2024	<i>For the year ended 31 December 2023</i>	<i>For the three- month period ended 31 March 2023</i>
	SR	<i>SR</i>	<i>SR</i>
Current zakat charges	1,608,156	11,499,575	1,800,000
Charge for prior periods	-	821,646	-
	1,608,156	12,321,221	1,800,000

The movement in the zakat payable is as follows:

	For the three- month period ended 31 March 2024	<i>For the year ended 31 December 2023</i>	<i>For the three- month period ended 31 March 2023</i>
	SR	<i>SR</i>	<i>SR</i>
At the beginning of the period / year	11,455,783	8,982,073	8,982,073
Charge for the period / year	1,608,156	12,321,221	1,800,000
Payments	-	(9,847,511)	-
	13,063,939	11,455,783	10,782,073

Status of certificates and assessments:

The Company finalized its zakat assessments with the Zakat, Tax and Customs Authority (ZATCA), for all years from inception up to 2018. The zakat returns for the years 2019 through 2023 have been submitted and have not yet been reviewed by ZATCA. The Company has a valid zakat certificate till 30 April 2025.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024****8 LOANS**

Loans comprise the following:

	<i>31 March</i> <i>2024</i>	<i>31 December</i> <i>2023</i>	<i>31 March</i> <i>2023</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Commercial loans (see note (a) below)	565,383,520	567,336,843	416,321,653
Governmental loans (see note (b) below)	34,913,656	39,150,455	77,271,448
Loans from other financial institution (see note (c) below)	2,802,198	33,403,644	77,000,000
	<u>603,099,374</u>	<u>639,890,942</u>	<u>570,593,101</u>

a) Commercial loans

Commercial loans were obtained from local financial institutions to finance working capital requirements. These loans carry commercial profit rate. The loans are guaranteed with corporate guarantees and assignment of financing. Commercial loans as at 31 March 2024 are presented net of a cash compensating balance of SR 19,841,797 (31 December 2023 : SR 19,810,445 and 31 March 2022 : SR 19,715,999).

b) Governmental loans

The Company has obtained loans at below-market interest rate from governmental bodies under a scheme to support small and medium sized entities. The Company recognized the loan initially at its fair value using a discount factor of 3.25% - 7.5% and recognized an unearned government grant being the difference between the amount received and the fair value of the loan. The Company earns the government grant on its utilization of funds obtained from the governmental bodies to finance small and medium sized entities on a pro-rata basis.

c) Loans from other financial institution

The Company has obtained loans from other financial institution to finance working capital requirements (note 11). The loans are guaranteed with corporate guarantee and assignment of financing (note 5).

Profit rate swap

The Company has entered into a profit rate swap (the "Contract") with local banks to manage exposure to profit rate fluctuations. The notional amount of the Contract as at 31 March 2024 is SR 170 million (31 December 2023: SR 193 million and 31 March 2023: SR 261 million).

The Company has accounted for the Contract as an effective cash flow hedge. Accordingly, the Company recorded the change in the fair value of the Contract through other comprehensive income.

9 SHARE CAPITAL

The capital of the Company as at 31 March 2024 comprised 50,000,000 shares (31 December 2023 and 31 March 2023: 50,000,000 shares) stated at SR 10 per share. The shareholders of the Company as at 31 March 2024, 31 December 2023 and 31 March 2023 and their respective shareholding is as follows:

	<i>31 March</i> <i>2024</i>	<i>31 December</i> <i>2023</i>	<i>31 March</i> <i>2023</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Al Ahdaf Al Mumaizah Company	480,000,000	480,000,000	480,000,000
Taajeer Gulf Company	5,000,000	5,000,000	5,000,000
Taajeer Global Company	5,000,000	5,000,000	5,000,000
Taajeer International Company	5,000,000	5,000,000	5,000,000
Taajeer National Company for Auto Maintenance and Integrated Service Limited	5,000,000	5,000,000	5,000,000
	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>

On 5 January 2023, the Company completed legal procedures for the capital increase and transferred SR 300 millions from proposed capital to share capital.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024****10 OTHER OPERATING INCOME, NET**

	<i>For the three-month period ended</i>	
	31 March	
	2024	2023
	<i>SR</i>	<i>SR</i>
Administrative fee income	2,672,865	1,006,246
Insurance reimbursed / (paid), net	893,582	2,120,304
Rebate on purchase of vehicles	6,075,127	7,873,909
Recoveries of amounts previously written off	3,521,962	-
Interest income on time deposit	2,891,850	-
Other	697,230	449,040
	16,752,616	11,449,499

11 RELATED PARTY DISCLOSURES

The following table provides details of the material transactions and amounts that have been entered into with related parties:

Related party	Nature of transaction	<i>For the three-month period ended</i>	
		31 March	
		2024	2023
		<i>SR</i>	<i>SR</i>
Ultimate Parent			
Taajeer Group	Recharging IPO costs	474,477	-
Shareholders			
Taajeer International Company	Purchase of Vehicles	44,389,549	26,318,235
Taajeer National Company	Vehicle maintenance	1,526,796	541,574
Sister company			
Awaed Arabia Company	Debt collection Service	2,701,914	-
Other			
Alawal Capital Company	Loans obtained	-	23,000,000
	Loans paid	30,601,447	1,098,553

Due from related parties comprise the following:

	31 March	<i>31 December</i>	<i>31 March</i>
	2024	<i>2023</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Taajeer Group	10,227,373	9,890,922	74,118
Taajeer International Company	-	-	19,807,762
	10,227,373	9,890,922	19,881,880

Due to related parties comprise the following:

	31 March	<i>31 December</i>	<i>31 March</i>
	2024	<i>2023</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Taajeer International	20,267,306	15,085,341	-
Taajeer National Company	1,546,525	1,507,301	19,728
	21,813,831	16,592,642	19,728

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024****11 RELATED PARTY DISCLOSURES (CONTINUED)**

Loans from a related party comprise the following:

	<i>31 March 2024</i>	<i>31 December 2023</i>	<i>31 March 2023</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Al Awwal Capital (see note (a) below)	2,802,198	33,403,644	77,000,000

a) The loans from a related party is presented under loans (see note 8).

Compensation of key management personnel of the Company

	<i>For the three-month period ended 31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
Short term employee benefits	2,168,637	2,065,369
Termination benefits	-	-
Total compensation of key management personnel	2,168,637	2,065,369

During the three-month period ended 31 March 2024, the Company paid SR 1,525,000 as remuneration to its directors (31 March 2023 SR 1,475,000).

12 COMMITMENTS AND CONTINGENCIES

As at 31 March 2024, the Company had no contingent liabilities and commitments (31 December 2023 and 31 March 2023 :Nil).

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial assets consist of cash and bank balances, financing, equity investment at FVTOCI, net deferred consideration receivable, due from related parties and other receivables. Its financial liabilities consist of due to related parties, trade payables, loans and payables under purchase and agency agreement.

The fair values of the financial instruments are not materially different from their carrying amounts except for financing.

14 EARNINGS PER SHARE

The basic and diluted earnings per share from net profit is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

There was no dilutive component affecting the weighted average number of ordinary shares.

15 PROPOSED DIVIDENDS

During the three-month period ended 31 March 2024, the Board of Director proposed dividends distribution of SR 32,500,000 for the shareholders based on Company's bylaws and the proposed is subject to General Assembly's approval.

TAAJEER FINANCE LEASE COMPANY

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024****16 RECLASSIFICATION OF PREVIOUSLY REPORTED FIGURES**

The Company reclassified certain figures that were previously reported in the interim condensed statement of profit or loss for the three-month period ended 31 March 2023.

The impact of the reclassification in the interim condensed statement of financial position was as follows:

	<i>As previously reported</i>	<i>Reclassification</i>	<i>After Reclassification</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Financing, net	882,836,984	(8,132,277)	874,704,707
Net deferred consideration receivable	60,095,152	8,132,277	68,227,429

The impact of the reclassification in the interim condensed statement of profit or loss was as follows:

	<i>As previously reported</i>	<i>Reclassification</i>	<i>After Reclassification</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Net gain on securitization of receivables	7,310,867	8,132,277	15,443,144
Impairment charge on financing	1,480,082	(8,132,277)	(6,652,195)

17 DATE OF AUTHORIZATION

These interim condensed financial statements were authorized for issue by the Company's Board of Directors on 4 Dhual-Qa'dah 1445H corresponding to 12 May 2024.