

TAAJEER FINANCE LEASE COMPANY
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024**

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INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of
Taajeer Finance Lease Company**
(A Saudi Closed Joint Stock Company)
Jeddah, Kingdom of Saudi Arabia

Opinion

We have audited the financial statements of Taajeer Finance Lease Company (the "Company"), which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia ("ISAs"). 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 Code of Ethics for Professional Accountants that is endorsed in the Kingdom of Saudi Arabia, and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Taajeer Finance Lease Company

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, 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.

Report on legal and regulatory requirements

Article 20 of the Regulation for Companies requires the auditor to include in his report any observed non-compliance with the provision of the Regulation for the Companies or the provisions of the Company's By-laws. During our audit, we observed a violation that has no significant impact on the financial statements which is represented in non-submission of the financial statements within the statutory period stated in Article 17 of the Saudi Regulation for Companies.

Baker Tilly Professional services

Jeddah, Kingdom of Saudi Arabia

Bader Hatim Al Tamimi

(License No. 489)

15 Safar 1447H

Corresponding to 9 August 2025



TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 December 2024	31 December 2023	1 January 2023
			Restated (Note 30)	Restated (Note 30)
ASSETS				
Cash and cash equivalents	5	108,090,125	241,629,091	271,696,737
Prepayments and other receivables	6	8,461,469	4,205,843	15,998,206
Financing, net	7	1,190,536,046	1,376,669,316	1,239,147,043
Due from related parties	25	141,812,924	9,890,922	20,959,730
Motor vehicles inventory		3,577,652	5,626,466	1,323,348
Equity instruments at FVOCI	8	892,850	892,850	892,850
Profit rate swap contract assets	14	2,422,876	6,655,089	13,332,623
Property, plant and equipment	9	3,536,928	4,598,699	4,516,279
Right-of-use assets	10	5,066,764	1,321,487	-
Intangible assets	11	3,410,636	2,660,205	1,970,066
TOTAL ASSETS		<u>1,467,808,270</u>	<u>1,654,149,968</u>	<u>1,569,836,882</u>
LIABILITIES AND EQUITY				
Liabilities				
Trade payables and other accruals	12	64,476,031	139,076,912	92,553,362
Due to related parties	25	-	16,592,642	1,316,957
Lease liabilities	10	4,503,430	1,188,645	-
Zakat payable	13	16,856,670	11,455,783	8,982,073
Long-term borrowings	14	774,137,817	893,643,565	953,785,474
Employee termination benefits	18	6,259,581	4,998,597	3,682,652
Total liabilities		<u>866,233,529</u>	<u>1,066,956,144</u>	<u>1,060,320,518</u>
Equity				
Capital	15	500,000,000	500,000,000	200,000,000
Proposed capital		-	-	300,000,000
Discretionary / statutory reserve		21,144,701	21,144,701	14,715,637
Retained earnings		78,007,164	59,394,034	(18,531,896)
Profit rate swap hedge reserve	14	2,422,876	6,655,089	13,332,623
Total equity		<u>601,574,741</u>	<u>587,193,824</u>	<u>509,516,364</u>
TOTAL LIABILITIES AND EQUITY		<u>1,467,808,270</u>	<u>1,654,149,968</u>	<u>1,569,836,882</u>

The accompanying notes form an integral part of these financial statements

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	2024	2023
			Restated (Note 30)
Finance income	19	156,508,927	137,410,713
Finance costs	20	(62,233,179)	(56,365,070)
Net finance income		94,275,748	81,045,643
Other operating income, net	21	58,977,426	81,975,513
Selling and marketing expenses	22	(11,996,114)	(11,301,345)
General and administrative expenses	23	(47,871,922)	(37,939,886)
Impairment loss on financing	7	(26,977,049)	(14,417,190)
Other operating expenses		(2,134,064)	(2,345,521)
Net operating profit		64,274,025	97,017,214
Zakat	13	(12,854,805)	(12,321,221)
Profit for the year		51,419,220	84,695,993
Other Comprehensive Income			
Items that may be reclassified to profit or loss:			
Change in fair value of profit rate swap	14	(4,232,213)	(6,677,534)
Items that will not be reclassified to profit or loss:			
Remeasurement of employee termination benefits	18	(306,090)	(340,999)
Other comprehensive loss for the year		(4,538,303)	(7,018,533)
Total comprehensive income for the year		46,880,917	77,677,460
Earnings per share:			
Basic and diluted earnings per share	26	1.03	1.69
Weighted average number of outstanding shares	26	50,000,000	50,000,000

The accompanying notes form an integral part of these financial statements

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

	<i>Note</i>	<i>Capital</i>	<i>Proposed capital</i>	<i>Discretionary / statutory reserve</i>	<i>Retained earnings</i>	<i>Profit rate swap hedge reserve</i>	<i>Total equity</i>
For the year ended 31 December 2024:							
As at 1 January 2024		500,000,000	-	21,144,701	59,394,034	6,655,089	587,193,824
Profit for the year		-	-	-	51,419,220	-	51,419,220
Other comprehensive loss		-	-	-	(306,090)	(4,232,213)	(4,538,303)
Total comprehensive income		-	-	-	51,113,130	(4,232,213)	46,880,917
Dividends declared	16	-	-	-	(32,500,000)	-	(32,500,000)
As at 31 December 2024		500,000,000	-	21,144,701	78,007,164	2,422,876	601,574,741
For the year ended 31 December 2023:							
As at 1 January 2023, As previously reported		200,000,000	300,000,000	14,715,637	8,064,536	13,332,623	536,112,796
Restatement - (note 30)		-	-	-	(26,596,432)	-	(26,596,432)
As At 1 January 2023 - restated		200,000,000	300,000,000	14,715,637	(18,531,896)	13,332,623	509,516,364
Profit for the year - restated		-	-	-	84,695,993	-	84,695,993
Other comprehensive loss		-	-	-	(340,999)	(6,677,534)	(7,018,533)
Total comprehensive income		-	-	-	84,354,994	(6,677,534)	77,677,460
Capital increase		300,000,000	(300,000,000)	-	-	-	-
Transfer to statutory reserve		-	-	6,429,064	(6,429,064)	-	-
As at 31 December 2023		500,000,000	-	21,144,701	59,394,034	6,655,089	587,193,824

The accompanying notes form an integral part of these financial statements

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

	<u>Note</u>	<u>2024</u>	<u>2023</u>
			<i>Restated</i> (Note 30)
OPERATING ACTIVITIES			
Profit for the year		51,419,220	84,695,993
Adjustments for non-cash items:			
Zakat and income tax charges	13	12,854,805	12,321,221
Impairment of financing	7	26,977,049	14,417,190
Finance costs	20	62,233,179	56,365,070
Depreciation and amortization	24	4,102,038	3,487,255
Employee termination benefits incurred	18	1,302,653	1,021,878
		158,888,944	172,308,607
Changes in working capital:			
Prepayments and other receivables		(4,255,626)	11,792,363
Financing, net		159,156,221	(151,939,463)
Due from related parties		(131,922,002)	11,068,808
Motor vehicles inventory		2,048,814	(4,303,118)
Trade payables and other accruals		(105,615,783)	46,462,321
Due to related parties		(16,592,642)	15,275,685
		61,707,926	100,665,203
Finance costs paid		(66,477,918)	(60,384,243)
Employee termination benefits paid	18	(606,532)	(198,718)
Zakat paid	13	(7,453,918)	(9,847,511)
Net cash flows (used in)/ generated from operating activities		(12,830,442)	30,234,731
INVESTING ACTIVITIES			
Purchase of property and equipment	9	(1,533,188)	(2,568,297)
Purchase of intangibles	11	(1,469,056)	(1,575,075)
Net cash flows used in investing activities		(3,002,244)	(4,143,372)
FINANCING ACTIVITIES			
Proceeds from long-term borrowings	14	296,561,809	467,166,508
Repayment of long-term borrowings	14	(412,836,088)	(523,050,513)
Repayment of lease liabilities	10	(1,432,001)	(275,000)
Net cash flows used in financing activities		(117,706,280)	(56,159,005)
Net change in cash and cash equivalents		(133,538,966)	(30,067,646)
Cash and cash equivalents at the beginning of the year		241,629,091	271,696,737
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	108,090,125	241,629,091
NON-CASH TRANSACTIONS			
Change in fair value of profit rate swap		4,232,213	6,677,534
Transfer to share capital from proposed capital		-	300,000,000
Additions to right-of-use assets	10	4,533,731	1,437,929
Dividends declared but not paid	16	32,500,000	-
Unwinding of discount on deferred consideration	14	3,231,469	4,257,904

The accompanying notes form an integral part of these financial statements

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts in Saudi Riyals unless otherwise stated)

1 COMPANY INFORMATION

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) and unified number 7009425773. The registered address of the Company is Jeddah, Kingdom of Saudi Arabia.

The Company is principally engaged 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) Tawarooq

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 Tawarooq as a new product.

The Company is a subsidiary of Al Ahdaf Al Mumaizah Company Limited (the "Parent Company"). During the year, Alsulaiman Group ("Ultimate Parent") acquired a majority shareholding of the Parent Company and became the Ultimate Parent Company. Saudi shareholders own the Company, the Parent and the Ultimate Parent of the Company.

As at 31 December 2024, the Company operates through 6 branches (31 December 2023: 6 branches). These financial statements include the assets, liabilities and activities of the Company and its following branches:

CR number	Location	Dated
1010468134	Riyadh	14 February 2017
4030293321	Jeddah	16 February 2017
2252067592	Al Mubarraz	14 February 2017
2050111740	Dammam	14 February 2017
4031098948	Mekkah	14 February 2017
5850070587	Abha	14 February 2017

2 BASIS OF PREPARATION

The financial statements of the Company for the year ended 31 December 2024 have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (hereinafter collectively referred to as "IFRS"). Details of the Company's material accounting policies are disclosed in note 29.

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

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts in Saudi Riyals unless otherwise stated)

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's 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.

Other disclosures relating to the Company's exposure to risk and uncertainties' includes:

- Financial instruments risk management Note 28
- Sensitivity analysis disclosures Note 18

3.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements.

Treatment of securitized receivables

As explained in notes 7 and 14, management exercises professional judgment in determining whether the purchase and agency agreements transfers substantially all the risks and rewards of ownership of securitized lease receivables to the banks and whether the Company lost control on such receivables to determine whether such receivables should be derecognized accordingly. Management determined that the Company substantially retained all the risks and rewards of ownership of securitized lease receivables and therefore continued to recognise these receivables in the statement of financial position.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as prepayment risk, liquidity risk, credit risk and volatility.

Uncertain zakat positions

The Company's current zakat payable relates to management's assessment of the amount of zakat payable on open zakat positions where the liabilities remain to be agreed with the Zakat, Tax and Customs Authority (ZATCA). Due to the uncertainty associated with such zakat items, it is possible that, on finalization of open zakat assessments at a future date, the final outcome may differ significantly. Note 13 describes the status of zakat and tax assessments.

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts in Saudi Riyals unless otherwise stated)

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

3.2 Estimates and assumptions (continued)

Impairment of financing

In the preparation of the financial statements management has made certain additional assumptions in the measurement of Expected Credit Loss (ECL). However, in view of the current uncertainty, any future change in the assumptions and key estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments (refer to note 28).

The measurement of impairment losses 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 Expected Credit Loss (ECL) calculation is an output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

- The Company's internal credit grading model, which assigns Probabilities of Default (PDs) to the individual pool of receivables;
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime Expected Credit Loss (LTECL) basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels, GDP and the effect on PDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model.

Long-term assumptions of employee termination benefits

Employee termination benefits represent obligations which will be paid in the future upon the termination of employment contracts. Management has to make assumptions about the variables such as discount factor, salary increase rate, mortality rates and employee turnover. The Company's management periodically takes advice from actuaries on these assumptions. Changes in key assumptions could materially affect the provision for employees' termination benefits.

4 CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the financial statements for the year ended 31 December 2024 are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2023, except for the adoption of certain amendments which became effective for annual periods starting on or after 1 January 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Company applies, for the first time, the following amendments:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Non-current liabilities with covenants
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

These new amendments had no material impact on the financial statements of the Company.

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

5 CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash on hand	14,289	89,577
Cash at bank	108,075,836	37,007,356
Time deposits	-	204,532,158
	108,090,125	241,629,091

Time deposits are held by a commercial bank and yield finance income between 5 to 6 percentage. Time deposit are not subject to any restrictions.

6 PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2024	31 December 2023
Prepaid expenses	3,361,071	3,846,371
Accrued profit on time deposit - related party (note 25)	2,022,604	-
Advances to suppliers	647,063	-
Advances to employees	610,395	306,256
Others	1,820,336	53,216
	8,461,469	4,205,843

7 FINANCING, NET

	31 December 2024	31 December 2023
		Restated (Note 30)
Gross financing	1,666,362,763	1,863,051,829
Less: unearned finance income	(407,467,406)	(434,490,123)
	1,258,895,357	1,428,561,706
Less: allowance for expected credit losses	(68,359,311)	(51,892,390)
Financing, net	1,190,536,046	1,376,669,316

Financing includes securitised contracts amounting SR 274.4 million (31 December 2023: SR 283.6 million) used as a form of guarantee against securitisation loans (see note 14).

7.1 Movement in allowance for expected credit losses

	2024	2023
At the beginning of the year	51,892,390	54,221,627
Write offs	(10,510,128)	(16,746,427)
Provided during the year	26,977,049	14,417,190
	68,359,311	51,892,390

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts in Saudi Riyals unless otherwise stated)

7 FINANANCING, NET (CONTINUED)**7.2 Ageing of gross financing receivables**

	<u>2024</u>	<u>2023</u>
Not due	1,573,440,981	1,806,121,979
1 - 3 months over due	29,804,389	29,538,479
4 - 6 months over due	5,193,455	8,562,258
7 - 12 months over due	15,147,614	8,494,346
Over 12 months over due	42,776,324	10,334,767
	<u>1,666,362,763</u>	<u>1,863,051,829</u>

7.3 Portfolio analysis

The Company finances the sale of assets to its customers through Ijarah, Murabaha and Tawarruq. 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 Tawarruq the process occurs among a tri-party agreement. The net financing portfolio of the Company as of 31 December is as follows:

	31 December 2024			
	Gross financing	Unearned finance income	Allowance for expected credit loss	Financing, net
Ijarah	1,601,803,619	(387,954,627)	(61,311,067)	1,152,537,925
Murabaha	7,376,202	(1,501,126)	(1,930,295)	3,944,781
Tawarruq	57,182,942	(18,011,653)	(5,117,949)	34,053,340
	<u>1,666,362,763</u>	<u>(407,467,406)</u>	<u>(68,359,311)</u>	<u>1,190,536,046</u>
	31 December 2023			
	Gross financing	Unearned finance income	Allowance for expected credit loss	Financing, net
Ijarah	1,815,156,858	(423,561,662)	(44,668,913)	1,346,926,283
Murabaha	15,076,726	(1,510,681)	(6,159,266)	7,406,779
Tawarruq	32,818,245	(9,417,780)	(1,064,211)	22,336,254
	<u>1,863,051,829</u>	<u>(434,490,123)</u>	<u>(51,892,390)</u>	<u>1,376,669,316</u>

7.4 Maturity analysis of financing is as follows

	31 December 2024			
	Non-current			
	Within 1 year	1 to 3 years	Over 3 year	Total
Gross financing	832,091,005	715,927,289	118,344,469	1,666,362,763
Less: unearned finance income	(172,900,450)	(195,455,093)	(39,111,863)	(407,467,406)
Financing, net	<u>659,190,555</u>	<u>520,472,196</u>	<u>79,232,606</u>	<u>1,258,895,357</u>
	31 December 2023			
	Non-current			
	Within 1 year	1 to 3 years	Over 3 year	Total
Gross financing	805,874,462	877,697,675	179,479,692	1,863,051,829
Less: unearned finance income	(171,549,746)	(243,016,316)	(19,924,061)	(434,490,123)
Financing, net	<u>634,324,716</u>	<u>634,681,359</u>	<u>159,555,631</u>	<u>1,428,561,706</u>

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8 EQUITY INSTRUMENTS AT FVOCI

It represents the capital contribution in the Saudi Finance Leasing Contract Registry Company "SIJIL" established under article 12 of the implementation regulations of the finance companies control law. It requires all finance companies operating in the Kingdom of Saudi Arabia to establish a joint stock company, after the approval of SAMA, for the purpose of establishing a database of finance lease contracts and enabling secure access to the data in the contracts register. The Company can only sell this investment with prior approval of SAMA.

The Company subscribed 2.38% of paid up capital amounting SR 892,850 on 14 December 2017 (corresponding to 26 Rabi I 1439H). The management believe that the cost approximate the fair value.

The fair value of the investment is classified under level 3 of the fair value hierarchy.

9 PROPERTY, PLANT AND EQUIPMENT

	<i>Leasehold improveme</i>	<i>Furniture & fixture</i>	<i>Computer equipment</i>	<i>Office equipment</i>	<i>Total</i>
Cost:					
At 1 January 2023	2,407,109	1,241,977	6,313,779	948,601	10,911,466
Additions	1,284,973	116,417	1,128,871	38,036	2,568,297
At 31 December 2023	3,692,082	1,358,394	7,442,650	986,637	13,479,763
Additions	899,251	438,424	139,210	56,303	1,533,188
At 31 December 2024	4,591,333	1,796,818	7,581,860	1,042,940	15,012,951
Accumulated depreciation:					
At 1 January 2023	1,272,768	488,453	4,317,503	316,463	6,395,187
Charge for the year	473,749	157,602	1,741,639	112,887	2,485,877
At 31 December 2023	1,746,517	646,055	6,059,142	429,350	8,881,064
Charge for the year	822,114	178,255	1,445,526	149,064	2,594,959
At 31 December 2024	2,568,631	824,310	7,504,668	578,414	11,476,023
Net book values:					
31 December 2024	2,022,702	972,508	77,192	464,526	3,536,928
31 December 2023	1,945,565	712,339	1,383,508	557,287	4,598,699

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10 LEASES**10.1 RIGHT-OF-USE ASSETS**

Cost:	Buildings	Total
At 1 January 2023	-	-
Additions	1,437,929	1,437,929
At 31 December 2023	1,437,929	1,437,929
Additions	4,533,731	4,533,731
At 31 December 2024	5,971,660	5,971,660
Accumulated depreciation:		
At 1 January 2023	-	-
Charge for the year	116,442	116,442
At 31 December 2023	116,442	116,442
Charge for the year	788,454	788,454
At 31 December 2024	904,896	904,896
Net book values:		
At 31 December 2024	5,066,764	5,066,764
At 31 December 2023	1,321,487	1,321,487

- The Company leases offices. The leases term are between 3 and 5 years.

10.2 LEASE LIABILITIES

The movement of lease liabilities for the years ended 31 December were as follows:

	2024	2023
At 1 January	1,188,645	-
Additions	4,533,731	1,437,929
Unwinding the discount	213,055	25,716
Paid	(1,432,001)	(275,000)
At 31 December	4,503,430	1,188,645

The information related to the maturity of lease liabilities is disclosed in note 28.

11 INTANGIBLES

	Software & programs	Total
Cost:		
At 1 January 2023	7,464,818	7,464,818
Additions	1,575,075	1,575,075
At 31 December 2023	9,039,893	9,039,893
Additions	1,469,056	1,469,056
At 31 December 2024	10,508,949	10,508,949
Accumulated amortization		
At 1 January 2023	5,494,752	5,494,752
Charge for the year	884,936	884,936
At 31 December 2023	6,379,688	6,379,688
Charge for the year	718,625	718,625
At 31 December 2024	7,098,313	7,098,313
Net book value		
At 31 December 2024	3,410,636	3,410,636
At 31 December 2023	2,660,205	2,660,205

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12 TRADE PAYABLES AND OTHER ACCRUALS

	31 December 2024	31 December 2023
		Restated (Note 30)
Trade Payables - third parties	28,545,968	126,713,781
Trade Payables - related parties (note 25)	640,457	-
Accrued expenses	2,526,944	10,087,066
Dividend payable (note 16)	32,500,000	-
Other payables	262,662	2,276,065
	<u>64,476,031</u>	<u>139,076,912</u>

13 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 the Statement of profit or loss

	2024	2023
Current zakat charge	12,854,805	11,499,575
Charge related to prior years	-	821,646
	<u>12,854,805</u>	<u>12,321,221</u>

The movement in the zakat payable is as follows:

	2024	2023
At 1 January	11,455,783	8,982,073
Charge for the year	12,854,805	12,321,221
Payments	(7,453,918)	(9,847,511)
At 31 December	<u>16,856,670</u>	<u>11,455,783</u>

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 2024 have been submitted and have not yet been reviewed by ZATCA. The Company has a valid zakat certificate till 30 April 2026.

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14 LONG-TERM BORROWINGS**14.1 Loans**

The loans comprise the following:

	31 December 2024	31 December 2023
		Restated (Note 30)
Commercial loans (see note (a) below)	575,012,420	588,918,879
Governmental loans (see note (b) below)	17,499,962	40,433,350
Loan from other financial institutions (see note (c) below)	-	33,403,644
Securitisation loans (see note (d) below)	265,567,873	336,057,175
	858,080,255	998,813,048
Cash compensating balances (see note (a) below)	(19,905,342)	(19,810,445)
Deferred consideration receivable (see note (d) below)	(61,603,946)	(82,304,552)
Unamortised administration fees	(2,433,150)	(3,054,486)
	774,137,817	893,643,565

The movement in long term borrowing, during the year is as follow:

	2024	2023
At 1 January	893,643,565	953,785,474
Proceed from the loans	296,561,809	467,166,508
Repayment during the year	(416,067,557)	(527,308,417)
At 31 December	774,137,817	893,643,565

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 December 2024 are presented net of cash compensating balances of SR 19.9 million (31 December 2023 : SR 19.8 million).

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 releases 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 (related party - note 25) to finance working capital requirements. The loans are guaranteed with corporate guarantee and assignment of financing (note 7).

d) Securitised loans

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

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14 LONG-TERM BORROWINGS (CONTINUED)

14.1 Loans (continued)

d) Securitised loans (continued)

During the year ended 31 December 2024, the Company sold SR 60.8 million (31 December 2023: SR 82.5 million) of its receivables and in return for the sale received SR 72.0 million in cash (31 December 2023: SR 90.0 million in cash) and SR 8.7 million in the form of a deferred consideration to be received by the bank upon satisfactory closure of the deal (31 December 2023: SR 10.0 million in the form of a deferred consideration). Upon sale, the Company continues to recognize the receivables on its books and records cash received as a securitization loan.

14.2 Profit rate swap

The Company has entered into a profit rate swap (the "Contract") with a local banks to manage exposure to profit rate fluctuations. The notional amount of the Contract as at 31 December 2023 is SR 99.28 million (31 December 2023 :SR 193 million).

The Company accounts for the IRS contract as an effective cash flow hedge. Accordingly, the Company recorded the decline in fair value of the IRS contract through OCI and a corresponding non-current liability was recorded in the statement of financial position.

15 CAPITAL AND RESERVES

15.1 CAPITAL

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

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

15.2 DISCRETIONARY / STATUTORY RESERVE

The Company updated its bylaws to align it with the new company's law. Consequently, the balance of the old statutory reserve is now subject to shareholders' discretion.

16 DIVIDENDS

During 2024, the shareholders declared dividends of SR 32.5 million (2023: no dividends were declared).

17 CAPITAL MANAGEMENT

For the purpose of capital management, capital includes capital and all other equity reserves attributable to the shareholders of the Company. The primary objective of capital management is to maximise value to the shareholders.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust bank loans or dividend payments to shareholders.

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18 EMPLOYEE TERMINATION BENEFITS

The movement in the provision for employees' termination benefits, a defined benefit plan, during the year is as follows:

	2024	2023
At 1 January	4,998,597	3,682,652
Expense charged to profit or loss	1,561,426	1,234,893
Actuarial remeasurement charged to OCI	306,090	340,999
Payments	(606,532)	(198,718)
Transfer to other payables	-	(61,229)
At 31 December	6,259,581	4,998,597

The expense charged to profit or loss comprise of:

	2024	2023
Current service cost	1,302,653	1,021,878
Unwinding the discount	258,773	213,015
Cost recognized in profit or loss	1,561,426	1,234,893

Significant actuarial assumptions

	As at 31 December	
	2024	2023
Discount factor used	6.00%	5.50%
Salary increase rate	6.00%	6.00%
Rates of employee turnover	Heavy	Heavy

Sensitivity analysis of key actuarial assumptions are as follows:

	2024		2023	
	%		%	
Discount rate				
Increase	+ 1%	5,827,781	+ 1%	4,725,329
Decrease	- 1%	6,750,415	- 1%	5,303,331
Salary growth rate				
Increase	+ 1%	6,721,739	+ 1%	5,298,819
Decrease	- 1%	5,845,319	- 1%	4,724,095

19 FINANCE INCOME

	2024	2023
		Restated (Note 30)
Income from Ijarah	148,890,902	134,288,088
Income from Murabaha	5,385,126	2,393,874
Income from Tawaroq	2,232,899	728,751
	156,508,927	137,410,713

It represents income earned on financing at the profit rate implicit in the lease determined at the inception of the contract.

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20 FINANCE COSTS

	<u>2024</u>	<u>2023</u>
		Restated (Note 30)
Commission on borrowings (note 14)	47,956,124	38,418,479
Securitization loans (note 14)	17,036,696	21,965,764
Unwinding of restricted margin	(3,231,469)	(4,257,904)
Unwinding of discount on termination benefits (note 18)	258,773	213,015
Unwinding of discount on lease liabilities (note 10)	213,055	25,716
	<u>62,233,179</u>	<u>56,365,070</u>

21 OTHER OPERATING INCOME , NET

	<u>2024</u>	<u>2023</u>
		Restated (Note 30)
Insurance reimbursed/ (paid), net	24,589,058	30,845,025
Rebate on purchase of vehicles	16,967,406	31,583,683
Profit on time deposits	7,507,838	9,861,103
Recoveries of amount previously written off	7,026,063	3,272,613
Administrative fee income	1,490,010	4,812,381
Others	1,397,051	1,600,708
	<u>58,977,426</u>	<u>81,975,513</u>

22 SELLING AND MARKETING EXPENSES

	<u>2024</u>	<u>2023</u>
Employee benefits	10,439,229	9,191,410
Rent for short-term leases	673,773	1,004,331
Advertisement	883,112	1,105,604
	<u>11,996,114</u>	<u>11,301,345</u>

23 GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2024</u>	<u>2023</u>
Employee benefits	24,337,359	21,079,793
Information technology and communication	7,645,287	349,185
Depreciation and amortisation	4,102,038	3,487,255
Settlement of closed contracts	2,615,050	5,297,008
Collection costs	1,811,509	1,814,714
Rent for short-term leases	1,099,315	1,610,292
Professional charges	715,250	774,443
Utilities	594,735	360,255
Others	4,951,379	3,166,941
	<u>47,871,922</u>	<u>37,939,886</u>

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24 EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION INCLUDED IN THE STATEMENT OF PROFIT OR LOSS

	<u>2024</u>	<u>2023</u>
Included in selling and marketing expenses:		
Employee benefits	10,439,229	9,191,410
Included in general and administrative expenses:		
Employee benefits	24,337,359	21,079,793
Depreciation of Property, plant and equipment	2,594,959	2,485,877
Depreciation of right-of-use assets	788,454	116,442
Amortization of intangibles assets	718,625	884,936

25 RELATED PARTY DISCLOSURES

The following table provides the total amount of material transactions that have been entered into with related parties:

<u>Related party</u>	<u>Nature of transaction</u>	<u>2024</u>	<u>2023</u>
Shareholder of the Parent Company			
Taajeer Group Company	Recharging IPO costs	4,929,891	9,890,922
Shareholders			
Taajeer International Company	Purchase of Vehicles	19,744,090	97,006,583
	Rebate on purchases	9,818,554	15,098,749
	Advance payments	100,000,000	-
Taajeer National Company	Motor vehicle maintenance	119,224	1,487,573
Taajeer Global Company	Purchase of motor vehicles	13,422,593	-
	Rebate on purchases	3,849,046	-
Sister companies			
Awaed Arabia Company	Debt collection services	1,125,573	2,600,545
Other			
Alawal Capital Company	Finance costs	1,035,852	3,628,674
	Profit on time deposit (note 6)	2,022,604	-

Due from related parties comprise the following:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Taajeer Group Company	14,645,688	9,890,922
Taajeer National Company	1,144,374	-
Taajeer International Company	126,022,862	-
	141,812,924	9,890,922

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25 RELATED PARTY DISCLOSURES (CONTINUED)**Due to related parties comprise of the following:**

	31 December 2024	31 December 2023
Taajeer International Company	-	15,085,341
Taajeer National Company	-	1,507,301
	<u>-</u>	<u>16,592,642</u>

Trade payables to related parties comprise of following:

	31 December 2024	31 December 2023
Taajeer Global	640,457	-

-These balances are presented under trade payables and other accruals (see note - 12)

Loan from a related party comprise the following:

	31 December 2024	31 December 2023
Al Awwal Capital	-	33,403,644

a) The loans from a related party is presented under loans (see note 14).

Compensation of key management personnel the Company

	2024	2023
Short-term employee benefits	5,666,763	3,873,099
Termination benefits paid	-	1,224,435
Total compensation of key management personnel	5,666,763	5,097,534

During the year, the Company paid SR 1,525,000 as remuneration to its directors (2023: SR 1,475,000).

26 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.

27 COMMITMENTS AND CONTINGENCIES

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

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28 FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS**28.1 Fair value measurements of financial instruments**

The Company's financial assets consist of bank balances, financing, equity investment at FVTOCI, net deferred consideration receivable and due from the related parties. Its financial liabilities consist of trade payables and loans.

28.2 Risk management of financial instruments

The Company's activities expose it to a variety of financial risks, credit risk, liquidity risk and market price risk.

Credit Risk:

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on the financial assets as follows.

	31 December 2024	31 December 2023
Financing, net	1,190,536,046	1,376,669,316
Due from related parties	141,812,924	9,890,922
Bank balances	108,075,836	241,539,514
	<u>1,440,424,806</u>	<u>1,628,099,752</u>

The carrying amount of financial assets represents the maximum credit exposure.

Bank balances are held with banks with sound credit ratings.

a) Credit quality analysis

The following table sets out information about the credit quality of financing measured at amortized cost as at 31 December 2024 and 2023:

Description	31 December 2024			Total
	Stage 1	Stage 2	Stage 3	
Net carrying amount before				
Expected credit loss	<u>695,227,095</u>	<u>434,975,319</u>	<u>128,692,943</u>	<u>1,258,895,357</u>
Expected credit loss	<u>894,557</u>	<u>6,578,365</u>	<u>60,886,389</u>	<u>68,359,311</u>
	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Net carrying amount before				
Expected credit loss	<u>1,235,758,073</u>	<u>68,156,667</u>	<u>124,646,966</u>	<u>1,428,561,706</u>
Expected credit loss	<u>2,356,863</u>	<u>934,442</u>	<u>48,601,085</u>	<u>51,892,390</u>

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28 FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

28.2 Risk management of financial instruments (continued)

Credit Risk:

b) Amounts arising from ECL - significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information. The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure based on approved stages of criteria.

Credit risk stages

The Company allocates each exposure to a credit risk stages based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk stages are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk stages are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk stages 1 and 2 is smaller than the difference between credit risk stages 2 and 3.

a) Generating the term structure of PD

Credit risk stages are a primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analyzed by type of product and borrower as well as by credit risk grading.

The Company employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and macro- economic factors including GDP growth, benchmark profit rates, unemployment etc. For exposures to specific industries and/or regions, the analysis may extend to relevant commodity and/or real estate prices.

Based on external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Company then uses these forecasts to adjust its estimates of PDs.

b) Determining whether the credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition, which is determined under basis of Company's staging criteria.

Using its expert credit judgment and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

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28 FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

28.2 Risk management of financial instruments (continued)

Credit Risk (continued):

b) Determining whether the credit risk has increased significantly (continued)

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 90 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 90 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2 and 3).

c) Modified financial assets

The contractual terms of a financing may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing financing whose terms have been modified may be derecognized and the renegotiated financing recognized as a new financing at fair value in accordance with the accounting policy.

When the terms of a financial asset are modified and the modification does not result in de-recognition, the determination of whether the asset's credit risk has increased significantly is completed on the basis of the approved staging criteria.

The Company renegotiates finance lease receivables to customers in financial difficulties (referred to as 'forbearance activities') to maximize collection opportunities and minimize the risk of default. Under the Company's policy, Finance lease receivables forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of profit payments and amending the terms of leasing and instalments covenants. The lease portfolio is subject to the forbearance policy.

d) Definition of 'Default'

A default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place:

- The obligor is past due for more than 90 days on any material credit obligations to the Company including principal instalments and accrued profit payments.
- The Company considers that the obligor is unlikely to pay its credit obligations to the Company in full or partial, without recourse by the Company to actions such as realizing security (if any).

e) Incorporation of forward looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Kingdom of Saudi Arabia and selected private sector and academic forecasters.

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28 FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)**28.2 Risk Management of Financial Instruments (continued)****e) Incorporation of forward looking information (Continued)**

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

f) Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following parameters. 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 models and assessed using tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally and externally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate 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 recoveries and costs incurred in the process to arrive at the estimates.

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. The EAD of a financial asset is its net carrying amount before ECL.

Liquidity Risk:

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The table below summarises the maturity profile of financial liabilities based on contractual undiscounted payments:

	31 December 2024			
	Total	Less than 1 year	1 to 5 years	Over 5 years
Trade and other payables	64,476,031	64,476,031	-	-
Long-term borrowings	936,193,467	538,733,133	397,460,334	-
Lease Liabilities	5,143,800	1,362,000	3,781,800	-
	1,005,813,298	604,571,164	401,242,134	-
	31 December 2023			
	Total	Less than 1 year	1 to 5 years	Over 5 years
Trade and other payables	139,076,912	139,076,912	-	-
Due to related parties	16,592,642	16,592,642	-	-
Long-term borrowings	1,090,602,716	593,298,834	497,303,882	-
Lease Liabilities	1,294,000	350,000	944,000	-
	1,247,566,270	749,318,388	498,247,882	-

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and credit facilities are available to meet the Company's future commitments.

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28 FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

28.2 Risk Management of Financial Instruments (continued)

Market Risk:

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, and will affect the Company's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency Risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that's not the Company's currency. The Company exposure to foreign currency risk is primarily limited to transactions in United State Dollars ("USD"). The Company's management believes that their exposure to currency risk associated with USD is limited as the Company's currency is pegged to USD. The fluctuation in exchange rates against other currencies is monitored on a continuous basis.

Interest Rate Risk

Interest rate risk is the exposure associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. Variable rate financial liabilities as at 31 December 2024 amounted to SR 774.1 million (31 December 2023: SR 893.6 million).

An increase of 100 basis points in the interest rate would have increased finance costs for the year ended 31 December 2024 by SR 8.3 million (2023: SR 9.2 million).

The Company uses profit rate swaps to maintain interest rate risk within acceptable limits.

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29 MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies applied by the Company in preparing its financial statements:

FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company has adopted the general approach to calculate ECL for its portfolio through the computation and subsequent application of risk estimates such as probability of default (PD), loss given default (LGD) and exposure at default (EAD).

MOTOR VEHICLES INVENTORY

Vehicles available for lease represents vehicles repossessed on termination of lease contracts and are stated at the net realizable value. Net realizable value represents the estimated selling price of the vehicles less the costs necessary to make the sale. Any impairment loss arising as a result of carrying these assets at their net realizable values is charged to profit or loss.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. When significant parts of property and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Repair and maintenance costs are recognized in profit or loss as incurred.

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

- Leasehold improvements 4 years
- Furniture and fixtures 10 years
- Office equipment 7 years
- Computer equipment 3 years

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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29 MATERIAL ACCOUNTING POLICIES (CONTINUED)

LEASES

The determination of whether an arrangement is, or contains, a lease is decided at the inception date. An arrangement is, or contains, a lease if it grants the right to control a particular asset or assets for a period of time in exchange for compensation.

Company as a lessee

A- Right-of-use assets

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 recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over its estimated useful life.

B- Lease liabilities

Lease liabilities are recognized at the commencement date of the lease and are measured at the present value of lease payments to be made over the lease term.

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.

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

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 of SR 5,000 and are considered to be immaterial for the statement of financial position. Payments for short-term leases and leases of low value assets are recognized on a straight-line basis in profit or loss.

INTANGIBLE ASSETS

Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are not capitalized and expenditure is recognized in profit or loss when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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

- Oracle and other software: 7 years

FINANCIAL LIABILITIES

Initial recognition and measurement

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

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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29 MATERIAL ACCOUNTING POLICIES (CONTINUED)**PROVISIONS*****General***

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

EMPLOYEE TERMINATION BENEFITS

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

REVENUE RECOGNITION***Leasing***

Finance lease income is recognized over the period of the lease on a systematic basis, which results in a constant periodic rate of return on the net investment outstanding.

Administrative fee income

Fee income comprise of administrative fee and vehicle registration fee. Fee income is recognized immediately upon execution of the agreements with the customers.

Insurance reimbursed/(paid), net

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

Rebate on purchase of financed asset

The Company obtains rebates on purchases from suppliers of leased assets. Rebate income is recognized when rebate is received from supplier on purchases made during the year.

Other operating income

Other operating income comprises additional fee charged on early settlement of lease contract and repossession of cars and customer credit assessment. The income is recognized on accrual basis.

EXPENSES

Expenses related to operations are allocated on a consistent basis to selling and marketing expenses and general and administration expenses in accordance with consistent allocation factors determined as appropriate by the Company.

ZAKAT

The Company provide for zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA). The provision is charged to profit or loss.

Uncertain zakat position

Differences that may arise at the finalization of an assessment are accounted for when the assessment is finalized with ZATCA.

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30 RESTATEMENT OF CORRESPONDING FIGURES

In the course of preparing the financial statements for the year ended 31 December 2024, a reassessment was conducted in light of evolving interpretations and practices related to securitisation arrangements. This reassessment considered the Company's historical securitisation transactions that had recently matured, with particular attention to the criteria for derecognition of receivables under prevailing accounting standards.

Based on this reassessment, it was determined that the Company continues to retain substantially all risks and rewards associated with the securitised receivables. Accordingly, the comparative figures as at 31 December 2023 and for the year then ended, and as at 1 January 2023 have been restated to reflect the continued recognition of these receivables.

The impact of this restatement on the statement of financial position as at 1 January 2023 was as follows:

	As previously reported	Reclass-ification	Restate-ment	After restatement
ASSETS				
Cash and cash equivalents	271,696,737	-	-	271,696,737
Prepayments and other receivables	15,998,206	-	-	15,998,206
Financing, net	960,000,474	-	279,146,569	1,239,147,043
Net deferred consideration receivable	58,614,490	-	(58,614,490)	-
Due from related parties	20,959,730	-	-	20,959,730
Motor vehicles inventory	1,323,348	-	-	1,323,348
Equity instruments at FVOCI	892,850	-	-	892,850
Profit rate swap contract assets	13,332,623	-	-	13,332,623
Property, plant and equipment	4,516,279	-	-	4,516,279
Right-of-use assets	-	-	-	-
Intangible assets	1,970,066	-	-	1,970,066
TOTAL ASSETS	1,349,304,803	-	220,532,079	1,569,836,882
LIABILITIES AND EQUITY				
Liabilities				
Trade payables and other accruals	195,592,510	-	(103,039,148)	92,553,362
Due to related parties	1,316,957	-	-	1,316,957
Zakat payable	8,982,073	-	-	8,982,073
Net servicing liability	6,371,220	-	(6,371,220)	-
Long-term borrowings	597,246,595	-	356,538,879	953,785,474
Employee termination benefits	3,682,652	-	-	3,682,652
Total liabilities	813,192,007	-	247,128,511	1,060,320,518
Equity				
Capital	200,000,000	-	-	200,000,000
Proposed capital	300,000,000	-	-	300,000,000
Discretionary / statutory reserve	14,715,637	-	-	14,715,637
Retained earnings	8,064,536	-	(26,596,432)	(18,531,896)
Profit rate swap hedge reserve	13,332,623	-	-	13,332,623
Total equity	536,112,796	-	(26,596,432)	509,516,364
TOTAL LIABILITIES AND EQUITY	1,349,304,803	-	220,532,079	1,569,836,882

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30 RESTATEMENT OF CORRESPONDING FIGURES (CONTINUED)

The impact of this restatement on the statement of financial position as at 31 December 2023 was as follows:

	As previously reported	Reclass-ification	Restatement	After restatement
ASSETS				
Cash and cash equivalents	241,629,091	-	-	241,629,091
Prepayments and other receivables	4,205,843	-	-	4,205,843
Financing, net	1,079,344,608	-	297,324,708	1,376,669,316
Net deferred consideration receivable	66,256,472	-	(66,256,472)	-
Net servicing asset	441,761	-	(441,761)	-
Due from related parties	9,890,922	-	-	9,890,922
Motor vehicles inventory	5,626,466	-	-	5,626,466
Equity instruments at FVOCI	892,850	-	-	892,850
Profit rate swap contract assets	6,655,089	-	-	6,655,089
Property, plant and equipment	4,598,699	-	-	4,598,699
Right-of-use assets	1,321,487	-	-	1,321,487
Intangible assets	2,660,205	-	-	2,660,205
TOTAL ASSETS	1,423,523,493	-	230,626,475	1,654,149,968
LIABILITIES AND EQUITY				
Liabilities				
Trade payables and other accruals	156,011,978	-	(16,935,066)	139,076,912
Due to related parties	16,592,642	-	-	16,592,642
Lease liabilities	1,188,645	-	-	1,188,645
Zakat payable	11,455,783	-	-	11,455,783
Long-term borrowings	639,890,942	-	253,752,623	893,643,565
Employee termination benefits	4,998,597	-	-	4,998,597
Total liabilities	830,138,587	-	236,817,557	1,066,956,144
Equity				
Capital	500,000,000	-	-	500,000,000
Discretionary / statutory reserve	21,144,701	-	-	21,144,701
Retained earnings	65,585,116	-	(6,191,082)	59,394,034
Profit rate swap hedge reserve	6,655,089	-	-	6,655,089
Total equity	593,384,906	-	(6,191,082)	587,193,824
TOTAL LIABILITIES AND EQUITY	1,423,523,493	-	230,626,475	1,654,149,968

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30 RESTATEMENT OF CORRESPONDING FIGURES (CONTINUED)

The impact of the adjustments above on the statement of profit or loss and other comprehensive income for the year ended 31 December 2023 is as follows:

	As previously reported	Reclassification	Restatement	After restatement
Finance income	99,495,007	-	37,915,706	137,410,713
Finance costs	(38,657,210)	-	(17,707,860)	(56,365,070)
Net finance income	60,837,797	-	20,207,846	81,045,643
Net gain on securitization of receivables	15,443,143	-	(15,443,143)	-
Net change in deferred consideration receivables	8,285,133	-	(8,285,133)	-
Net change in net servicing asset and liability	13,262,090	-	(13,262,090)	-
Other operating income, net	58,340,598	-	23,634,915	81,975,513
Selling and marketing expenses	(12,800,037)	1,498,692	-	(11,301,345)
General and administrative expenses	(36,441,194)	(1,498,692)	-	(37,939,886)
Impairment loss on financing	(18,444,456)	-	4,027,266	(14,417,190)
Other operating expenses	(11,871,210)	-	9,525,689	(2,345,521)
Net operating profit	76,611,864	-	20,405,350	97,017,214
Zakat	(12,321,221)	-	-	(12,321,221)
Profit for the year	64,290,643	-	20,405,350	84,695,993
Other Comprehensive Income				
Items that may be reclassified to profit or loss :				
Change in fair value of profit rate swap	(6,677,534)	-	-	(6,677,534)
Items that will not be reclassified to profit or loss:				
Remeasurement of employee termination benefits	(340,999)	-	-	(340,999)
Other comprehensive loss for the year	(7,018,533)	-	-	(7,018,533)
Total comprehensive income for the year	57,272,110	-	20,405,350	77,677,460

The impact of the adjustments above on the statement of cash flows for the year ended 31 December 2023 is as follows:

	As previously reported	Reclassification	Restatement	After restatement
Cash flows from operating activities	(28,052,277)	-	58,287,008	30,234,731
Cash flows from investing activities	(4,143,372)	-	-	(4,143,372)
Cash flows from financing activities	2,128,003	-	(58,287,008)	(56,159,005)

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31 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 these financial statements are disclosed below:

- Amendments to IAS 21: Lack of exchangeability
- IFRS 18: Presentation and Disclosure in Financial Statements
- IFRS 19: Subsidiaries without Public Accountability: Disclosures
- Amendments to IFRS 9 and IFRS 7: Classification and Measurements of financial instruments
- Amendments to IFRS 10 and IAS 28: Sales or contribution of assets between investor and its associate or Joint Venture

IFRS 18 is expected to have a significant impact on the way the statement of profit or loss is presented. The other new and amended standards are not expected to have a material impact on the financial statements. Management intends to adopt these new and amended standards, if applicable, when they become effective.

32 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors on 10 Safar 1447H corresponding to 4 August 2025.