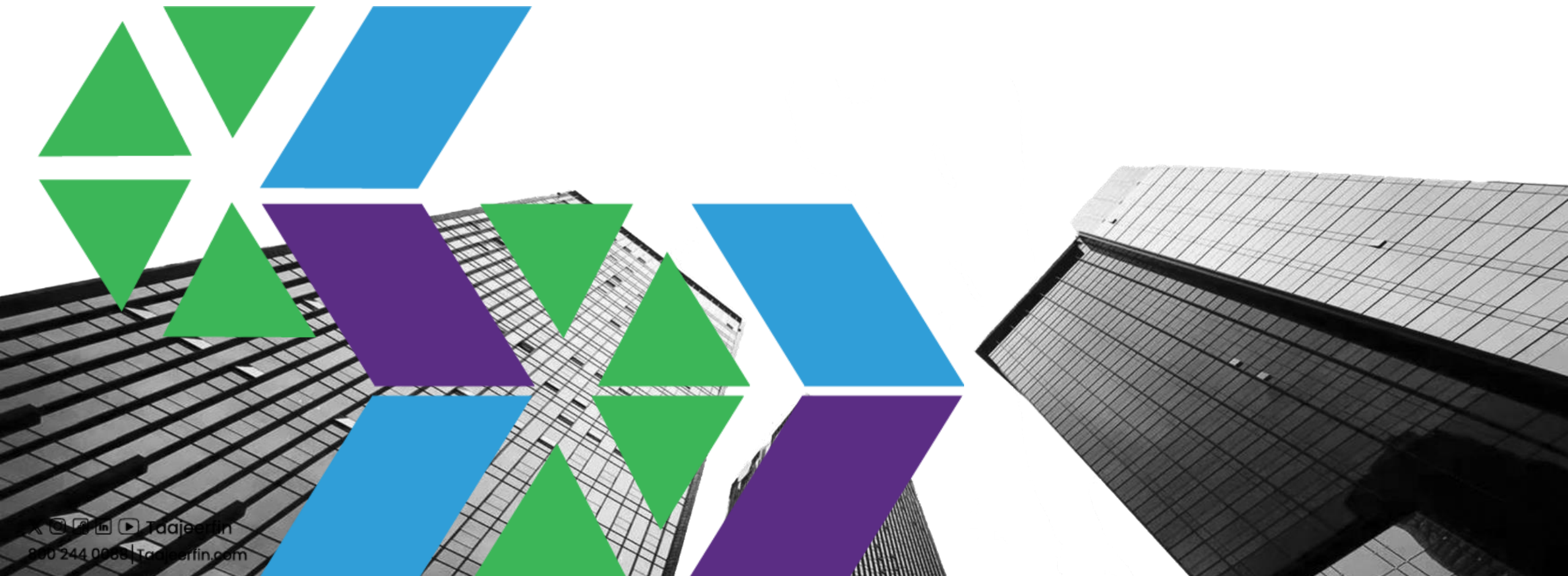


Executive Booklet





Our vision for our nation is a strong, prosperous country that embraces everyone. Its constitution is Islam, and its path is moderation. It welcomes diversity, succeeds with all its components from every place, and nurtures every individual. We want it to be a partner in our successes and a leader in initiatives — an ambitious nation with its Arab and Islamic depth, built upon its people, and powered by its youth. This is our country: the land of the Two Holy Mosques, the source of the message, the Qibla of Muslims, and the destination of pilgrims and visitors. We open our doors to the world and strive for successful partnerships, a strong economy, and an ambitious society. Our country is among the largest economies in the world, a vital source of energy, an investment powerhouse, and a logistical hub connecting three continents. This promise began the day we resolved, and with it comes shared responsibility.



King Salman bin Abdulaziz Al Saud
May Allah protect him
Custodian of the Two Holy Mosques

Prince Mohammed bin Salman bin Abdulaziz
May Allah protect him
Crown Prince, Prime Minister



Chairman's Message

Dear Shareholders,

It is my pleasure to present to you the Board of Directors' Report for the [year 2024](#). I extend my sincere gratitude to my fellow board members, the executive management, and all employees of the company for their continued dedication and contributions throughout [2024](#)—a year marked by both growth and resilience. I would also like to thank our valued clients, partners, and institutions for their trust and collaboration, which remain the cornerstone of our success.

Since its establishment in [2016](#), Taajeer Finance has built a distinguished position in the financial sector. With a clear strategic direction, the company has navigated successive stages of development, including the approval to list its shares on the Saudi Exchange "Tadawul." This milestone reflects our commitment to capitalizing on opportunities aligned with [Saudi Arabia's Vision 2030](#), while contributing to the broader transformation of the Kingdom's financial markets into an advanced and competitive investment environment.

I am confident that Taajeer Finance, equipped with the right capabilities and strategic foresight, is well positioned to meet the financing needs of Saudi society—especially the youth—and to continue driving innovation and ambition across the sector.

[In conclusion](#), I would like to express my profound appreciation to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and His Royal Highness Crown Prince Mohammed bin Salman bin Abdulaziz, for their continued support of the financial sector. I also extend my thanks to the Saudi Central Bank and all government entities for their guidance, as well as to our shareholders, clients, and employees for their trust, dedication, and contributions that empower us to advance as a leading financing company in the Kingdom.

Faisal Saleh Malaika

Chairman of the Board



CEO's Message

Dear Shareholders,

On my own behalf and on behalf of my colleagues at Taajeer Finance, I extend my deepest appreciation to the Board of Directors for their trust, and to all employees whose efforts and dedication have been central to the company's progress. Taajeer Finance has secured a distinguished position in the Saudi financial sector, thanks to its sound strategies, ability to adapt to market demands, and its commitment to aligning policies and practices with clients' needs and aspirations. In recent years, the company has successfully enhanced its capital base, expanded its activities, and prepared to list its shares on the Saudi Exchange (Tadawul)—a step that reflects our long-term vision and commitment to sustainable growth.

Our core business remains financing, where we have consistently delivered value to our clients through innovative solutions and a diversified product portfolio.

We have also invested in strengthening risk management, compliance, taxation, and governance standards, which contributed to maintaining a strong financial position and building resilience in a dynamic market. Over the past year, we have taken significant steps to advance digital transformation, improve customer service, and support innovation in our operations. These efforts have resulted in greater efficiency, increased profitability, and enhanced customer satisfaction. Our ongoing investments in people, training, and technology remain central to achieving our strategic goals.

Looking ahead, we are determined to continue building on our strategic vision, in full alignment with the Kingdom's Vision 2030. This includes expanding into new sectors, improving operational excellence, and enhancing shareholder value. With a clear roadmap, strong governance, and an empowered workforce, Taajeer Finance is well-positioned to remain a trusted leader in the financial services sector and a key contributor to the Kingdom's economic development.

Abbas Mohammed Alnahdi

Chief Executive Officer & Board Member



About the Company

Taajeer Finance Company (a closed joint-stock company) is registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030289565 and Unified Number 7009425773, issued on 24 Sha’ban 1437H (May 31, 2016). The company’s head office is located in Jeddah. Our main activity is providing financing solutions in compliance with Sharia regulations, under the supervision of the Saudi Central Bank, and in line with relevant rules and regulations.

Our History

Our legacy dates back to 1997, as part of the Taajeer Group — a diversified business group headquartered in Jeddah, Saudi Arabia, operating across multiple commercial sectors.

Our Beginning

Taajeer Finance was established in 2016 as an independent company licensed by the Saudi Central Bank with an initial paid-up capital of SAR 100 million. Within just two years, the company strengthened its position as one of the leading financing firms in the Kingdom.

To support our growth ambitions, we increased our capital from SAR 100 million in 2016 to SAR 200 million in 2018, reaching SAR 500 million by 2023.

Our Vision

Delivering innovative financing solutions for a better future.

Our Mission

To be a sustainable finance company that provides best-in-class services by upholding our values of integrity, innovation, and excellence. We rely on our talented people and accumulated expertise while embracing digital transformation to maximize value for our clients, employees, and shareholders.

Our Values



Innovation



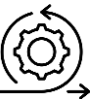
Customer Centric



Sustainability



Integrity



Agility

Our Goals



Digital Transformation



Increasing Shareholders’ Equity



Expanding into SME Financing



Diversifying Consumer Finance Products



Entering Financial Markets



Cash Financing

Taajeer Finance offers cash financing to meet various personal financial needs. With simple procedures and quick approvals, customers can access the liquidity they require through convenient repayment plans and competitive terms.



Consumer Financing

Our consumer finance product allows customers to convert their purchases of electronics, home appliances, furniture, travel packages, medical services, and other needs into easy installment plans with flexible repayment options.



Auto Leasing

As one of our flagship solutions, auto finance enables customers to purchase their desired vehicles through competitive leasing and installment programs. Our offerings cover a wide range of brands and models, making vehicle ownership easier and more accessible.



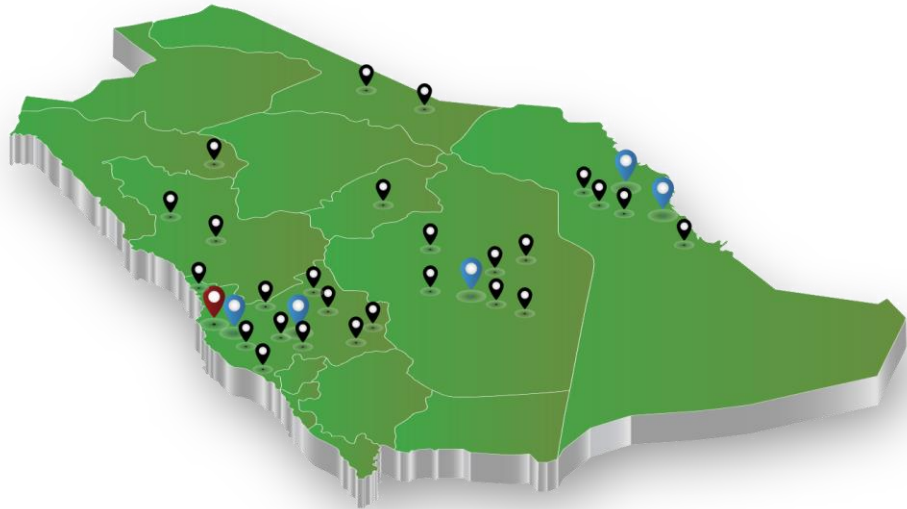
SME Financing

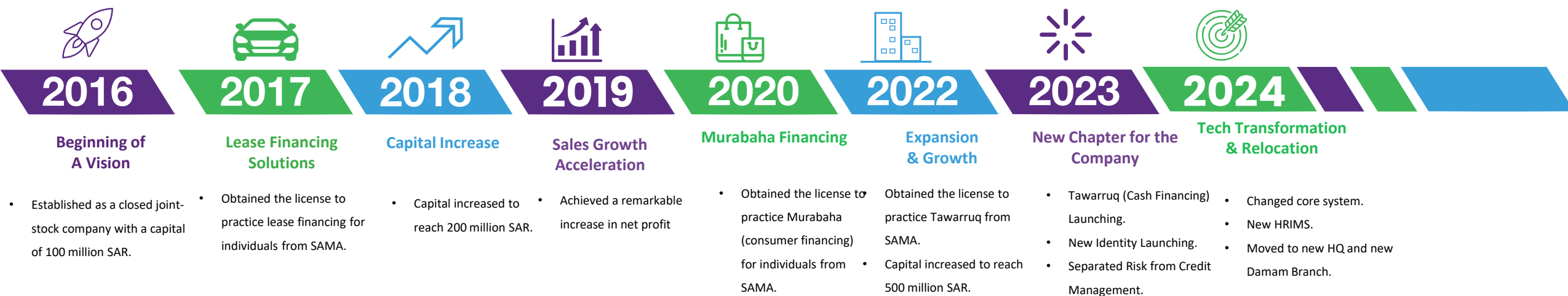
We play an active role in supporting the growth of small and medium enterprises (SMEs) by providing financing solutions tailored to their business requirements. These include funding for working capital, equipment, and business-related vehicles to help them achieve sustainable growth.

Branches

Taajeer Finance operates across the Kingdom of Saudi Arabia through its head office in Jeddah and six branches located in Riyadh, Jeddah, Makkah, Dammam, Abha, and Al-Ahsa. The company is licensed by the Saudi Central Bank (SAMA) to provide financing services and is committed to ensuring service quality and operational excellence across all its locations.

The company also has 29 service points distributed nationwide through sales centers and dedicated showrooms in collaboration with major automotive dealerships. These outlets are strategically located in key cities including Makkah, Taif, Yanbu, Al-Baha, Abha, Najran, Jazan, Al-Jubail, Al-Khobar, Al-Qatif, Al-Ahsa, Jeddah, and Riyadh, ensuring convenient access for customers across the Kingdom.





Functions and Main Departments

The company's core activity is corporate and individual financing, offering a range of Sharia-compliant financial products. Oversight and governance responsibilities are vested in the Board of Directors, which supervises the company's overall operations. A member of the Board, alongside the CEO, assumes responsibility for managing the company's day-to-day business through an experienced executive team that oversees the various departments. Each department is guided by clear policies and procedures that define its roles and responsibilities.

Below is a summary of these functions and their mandates:





Credit Department

The Credit Department is responsible for minimizing credit risk by setting clear assessment criteria to ensure that qualified customers are eligible to obtain financing. The department also studies credit applications and conducts due diligence in line with the company's policies and the regulations of the Saudi Central Bank. Its mandate includes monitoring clients' repayment commitments, managing default cases, and ensuring a sound and secure credit portfolio.



Human Resources & Administrative Affairs Department

The HR & Administrative Affairs Department plays a strategic role in setting the company's HR vision and implementing programs that enhance employee skills, performance, and motivation. It is responsible for attracting and retaining qualified talent, conducting training and development programs, and creating a positive and supportive work environment. The department also ensures compliance with labor regulations, promotes employee engagement, and fosters a culture of excellence across the organization.



Customer Care Department

The Customer Care Department is dedicated to delivering high-quality services that meet and exceed customer expectations. It provides effective solutions to inquiries and complaints, ensures customer satisfaction, and strengthens loyalty by adopting best practices in service delivery. The department also develops communication channels, monitors feedback and takes proactive steps to resolve issues efficiently while maintaining long-term relationships with customers.



Finance Department

The Finance Department manages a wide range of responsibilities, including credit facilities, financing decisions, liquidity management, and execution of the company's financial policies. It ensures compliance with financial obligations, oversees treasury operations, prepares financial statements, and develops annual budgets and forecasts. The department also works to enhance efficiency, accuracy, and overall financial performance.



Cybersecurity Department

The Cybersecurity Department ensures the protection of the company's digital assets by implementing reliable systems and data security measures. It monitors threats, establishes preventive policies, and coordinates responses to incidents. The department also develops awareness programs for employees, manages cybersecurity infrastructure, and applies international best practices to achieve compliance and safeguard information integrity.



Risk Management Department

The Risk Management Department is tasked with identifying, assessing, and mitigating all types of risks, including market, credit, operational, and compliance risks. It designs and applies risk frameworks, develops policies, and ensures alignment with international standards. The department also reports to the Risk Committee and the Board of Directors, providing continuous analysis and forward-looking assessments to anticipate and manage future risks.



Compliance, Anti-Money Laundering, Anti-Terrorist Financing, Fraud and Reporting Department

The department ensures full adherence to all regulatory requirements and financing-system rules issued by the Saudi Central Bank (SAMA) and other supervisory authorities.

It also implements AML/CTF regulations, staffed by highly qualified national professionals.

It operates independently and is responsible for assessment, monitoring, and advisory activities.

The department reports quarterly to the Audit Committee and the Board, playing an active role in protecting the company, its employees, and customers from non-compliance risks.

In 2024, a comprehensive compliance program was launched to align with applicable regulations and raise overall compliance levels.

The program provides the necessary advisory expertise, clear guidance, and structured reviews to improve effectiveness, mitigate AML/CTF risk factors, strengthen investigation and follow-up on observations and violations, and conduct targeted training.

A Governance Unit was also established within Compliance to ensure the company applies governance in line with the Companies Law and SAMA circulars, regulations, and approved controls.



Internal Audit Department

An independent function reporting to the Audit Committee, Internal Audit provides objective assurance that adds value and improves operations. Through a disciplined, systematic approach, it evaluates and enhances the effectiveness of governance, risk management, and internal controls. Internal Audit submits quarterly reports that include observations and control weaknesses related to the implementation of internal control procedures and the potential impacts on the company's business activities and customers—prioritizing high and medium risks.

It also advises management on remediation so processes align with best practices and standards.



Operations & Shared Services Department

This department oversees day-to-day operations and supports organizational efficiency.

It is structured into six primary divisions:

- Customer Service
- Information Technology
- Sales
- SME Finance
- Marketing
- Collection & Legal Affairs



Customer Service Department

The main responsibilities of the Customer Service Department include providing support related to the registration, management, and monitoring of both existing and prospective customer information. It also delivers after-sales services, which involve analyzing, reviewing, and updating customer and financing data. The department relies on systems and procedures that ensure effective monitoring of operations, maintaining the quality of customer data inputs and outputs.



Information Technology Department

The IT Department ensures continuous system development and strict compliance with data protection and cybersecurity standards. It enhances performance efficiency, strengthens information security, and provides accurate, timely reports that support agile decision-making. By aligning technology with business needs, it enables the company to deliver secure, reliable, and customer-focused digital services.



Sales Department

The Sales Department ensures a superior customer experience while meeting regulatory standards. By analyzing market trends, expanding into remote areas, and strengthening key accounts, the team delivered strong results in 2024 despite rising , and competition. With a multi-channel network — branches, direct sales, telesales online — supported by a dedicated retail team, sales efforts focused on training, compliance, and faster, more transparent service to achieve sustainable growth.



SME Finance Department

The company has developed Sharia-compliant financial solutions to support small and medium-sized enterprises (SMEs). By building strong, long-term relationships with key sectors across the Kingdom — including industrial, commercial, transport, education, construction, and healthcare — the department provides financing that enables SMEs to expand their operations and strengthen their role in the national Financing is offered for various purposes, such as purchasing fixed assets, economy. business expansion, or working capital needs, ensuring comprehensive coverage across all major economic sectors in Saudi Arabia.



Marketing Department

The Marketing Department drives brand awareness and loyalty through integrated campaigns across digital and traditional channels. In 2024, it focused on reaching wider audiences, showcasing the unique value of the company's financing solutions, generating demand, and strengthening the company's reputation as a trusted partner for individuals and SMEs — building long-term customer trust and loyalty.



Collections & Legal Affairs Department

The Collections Department applies a detailed and effective strategy to secure high recovery rates from overdue accounts. By closely following up with clients and ensuring timely payments, the team minimizes potential losses and helps the In parallel, the Legal Affairs team pursues company maintain a low default ratio. necessary legal actions against delinquent clients, representing the company before competent courts to safeguard its rights and ensure full compliance with regulatory requirements.

Governance

The Board of Directors is the highest governing body of the company, accountable to the General Assembly of shareholders for managing the company in accordance with its Articles of Association, the Companies Law, and all relevant regulations. The Board consists of seven (7) members, appointed by the General Assembly through cumulative voting for a term not exceeding three years, subject to the Saudi Central Bank's fit-and-proper requirements and its formal no-objection letter. The roles and responsibilities of the Board are defined by the Companies Law, the Corporate Governance Regulations, the company's Articles of Association, and its internal governance framework. The current Board — elected by the General Assembly for the third term — comprises three (3) non-executive members, three (3) independent members, and one (1) executive member. This term began on 28 June 2022 (29 Dhul-Qi'dah 1443H) and will conclude on 27 June 2025 (28 Dhul-Qi'dah 1446H).



Faisal Saleh Malaika

Chairman of the Board

Saudi National

Non-Executive



Abdulhameed Mohiuddin Nazer

Vice Chairman of the Board

Saudi National

Non-Executive



Hussain Abdullah Baqais

Board Member

Saudi National

Independent



Abbas Mohammed Alnahdi

Board Member & CEO

Saudi National

Executive



Mohammed Iqbal Alqudaihi

Board Member

Saudi National

Independent



Hazm Sami Jamjoom

Board Member

Saudi National

Non-Executive



Turki Saeed Yadeeb

Board Member

Saudi National

Non-Executive



Duties and Responsibilities of the Board of Directors

In line with the powers granted to the General Assembly under the Companies Law, its Executive Regulations, and the company's Articles of Association, the Board of Directors is the highest authority responsible for managing and directing the company. Its duties and responsibilities include, but are not limited to, the following:

- Establishing the company's plans, policies, strategies, and main objectives, supervising their implementation and periodically reviewing them, while ensuring the availability of the human and financial resources necessary to achieve them, including:
 - Establishing the company's overall strategy, main business plans, and risk management policies and procedures, reviewing and directing them, and ensuring the availability of the technical systems necessary to identify and manage key risks — such as market risk, counterparty risk, underwriting risk, operational risk, and anti-money laundering risk — as well as setting performance objectives and monitoring implementation and overall performance within the company.
 - Determining the company's optimal capital structure, its strategies, and financial objectives, and approving all types of budget forecasts.
 - Overseeing the company's major capital expenditures, as well as the acquisition and disposal of assets
 - Setting performance objectives and monitoring implementation and overall performance within the company.
 - Periodically reviewing the company's organizational and functional structures and approving them
 - Ensuring the availability of the human and financial resources necessary to achieve the company's objectives and main plans.
- Establishing internal control systems and regulations and exercising overall supervision thereof, including:
 - Establishing a written policy to address actual and potential conflicts of interest involving members of the Board of Directors, executive management, and shareholders. This includes the misuse of the company's assets and facilities, as well as misconduct arising from dealings with related parties.
 - Ensuring the integrity of financial and accounting systems, including those related to the preparation of financial reports.
 - Ensuring the implementation of appropriate control systems for measuring and managing risks, by establishing a general framework of the risks the company may face, creating an environment that promotes a risk management culture across the company, and presenting such risks transparently to stakeholders and related parties.
 - Conducting an annual review of the effectiveness of the company's internal control procedures
- Preparing clear and specific policies, standards, and procedures for Board membership — without conflicting with the mandatory provisions of the core governance principles in financial institutions — and implementing them after approval by the General Assembly.
- Establishing a written policy that regulates the relationship with stakeholders in accordance with the Core Principles of Governance in Financial Institutions issued by the Saudi Central Bank.
- Establishing policies and procedures to ensure the company's compliance with laws and regulations, its commitment to disclosing material information to shareholders and stakeholders, and verifying the executive management's adherence thereto.
- Supervising the company's financial management, cash flows, and its financial and credit relationships with third parties.
- Submitting recommendations to the Extraordinary General Assembly regarding the following:
 - Increasing or reducing the company's share capital.
 - Dissolving the company before the expiry of its term as stated in the Articles of Association, or deciding on its continuation.
- Submitting recommendations to the Ordinary General Assembly regarding the following:
 - Using the company's statutory reserve, if created by the Extraordinary General Assembly and not allocated for a specific purpose.
 - Establishing additional reserves or financial provisions for the company.
 - The method of distributing the company's net profits.
- Preparing the company's interim and annual financial statements and approving them prior to publication.
- Preparing the Board of Directors' report and approving it before publication.
- Ensuring the accuracy and integrity of the data and information required to be disclosed, in accordance with the disclosure and transparency policies and systems in force.
- Establishing effective communication channels that enable shareholders to continuously and regularly review the company's various activities and any material developments.
- Forming specialized committees by Board resolutions that define the committee's term, powers, responsibilities, and the Board's oversight mechanism.
- The resolution must also specify the members, their tasks, rights, and duties, as well as include performance evaluations of the committees and their members.
- Granting employee remuneration, such as fixed compensation, performance-related bonuses, and share-based rewards, provided this does not conflict with regulatory controls and procedures.
- Defining the values and standards that govern the company's operations.

Names of Board Members, Their Current and Previous Positions, Qualifications, and Experience

| Member Name | Position | Membership Type | Current Role | Previous Roles | Qualifications | Professional Experience |
|-----------------------------|---|-----------------|---|---|---|---|
| Faisal Saleh Malaika | <ul style="list-style-type: none"> chairman of the Board Chairman of the Executive Committee Member of the Nominations and Remunerations Committee | Non-Executive | <ul style="list-style-type: none"> Managing Director of Taajeer Group and its subsidiaries CEO of Al-Awal Capital | <ul style="list-style-type: none"> Vice Chairman –Treasury, Al-Awal Capital Head of Product Development, Rusd Group Financial Consultant, Rusd Group | <ul style="list-style-type: none"> Bachelor's degree in Financial Management Holder of a General Securities Qualification Certificate from the Capital Market Authority (CMA) | <p>2015 – 2016: Vice President – Wealth Management, Al-Awal Capital</p> <p>2015: Additionally assigned as Vice President of Finance and Administration</p> <p>Sep 2009 – Sep 2012: Product Development Manager, Rusd Group</p> <p>Sep 2007 – Aug 2009: Corporate Services – Financial Analyst, Rusd Group</p> |
| Abdulhameed Mohiuddin Nazer | <ul style="list-style-type: none"> Vice Chairman of the Board Member of the Audit Committee | Non-Executive | <ul style="list-style-type: none"> Member of the Audit Committee, Taajeer Finance Chairman of the Board, Misr Arab Poultry Company Chairman of the Board, Al-Rabea Poultry Company Chairman of the Board, Badari Fattening Company Board Member, Taajeer Group | <ul style="list-style-type: none"> Project Manager, King Abdulaziz Airport – Dallah Avco General Manager, Al-Baraka Investment and Development Company Deputy Chief Executive Officer, Al-Tawfeeq & Al-Ameen Company – Bahrain Deputy Chief Executive Officer, Al-Tawfeeq Financial Company – Saudi Arabia Partner, Abdulqader Banga & Partners (Auditors and Legal Accountants) | <ul style="list-style-type: none"> Bachelor's degree in Accounting Master of Business Administration (MBA) Fellowship of the American Institute of Bank Auditor Postgraduate Diploma in International Business Management | <ul style="list-style-type: none"> Project Manager, Dallah Avco General Manager, Al-Baraka Investment and Development Company Deputy Chief Executive Officer, Al-Tawfeeq & Al-Ameen Company – Bahrain Deputy Chief Executive Officer, Al-Tawfeeq Financial Company – Saudi Arabia Partner, Abdulqader Banga & Partners (Auditors and Certified Public Accountants) |
| Mohammed Iqbal Al-Qudaihi | <ul style="list-style-type: none"> Board Member Member of the Audit Committee | Independent | <ul style="list-style-type: none"> Owner of Al-Hayat Financial Consulting Office, Saudi Arabia | <ul style="list-style-type: none"> Chief Executive Officer, Saad Leasing Company Deputy General Manager, Gulf Power Marine Company, Saudi Arabia Chief Operating Officer, DARI Housing Finance Company General Manager, Taajeer Company Head of Finance and Accounting, Abdul Latif Jameel Company Head of Corporate Banking Services, Saudi Investment Bank and Cairo Bank (United Bank) | <ul style="list-style-type: none"> Bachelor's degree in Industrial Management Master's degree in Financial Management Certified Public Accountant (CPA), American Institute of Certified Public Accountants (AICPA) Certified Value-Added Tax (VAT) Specialist, Saudi Organization for Certified Public Accountants (SOCPA) | <ul style="list-style-type: none"> Partner, Oasis Real Estate Company, Saudi Arabia (2011–2016) Deputy General Manager, Gulf Power Marine Company, Saudi Arabia – operating in oil & gas trading and services (2017–2020) Chief Operating Officer, DARI Housing Finance Company, Saudi Arabia (2006–2008) Chief Executive Officer, Saad Leasing Company, Saudi Arabia (2006–2008) General Manager, Taajeer Company (1998–2006) Head of Finance and Accounting, Abdul Latif Jameel Company (1996–1998) Head of Corporate Banking Services, Saudi Investment Bank & Cairo Bank (United Bank) (1981–1996) |

Names of Board Members, Their Current and Previous Positions, Qualifications, and Experience

| Member Name | Position | Membership Type | Current Role | Previous Roles | Qualifications | Professional Experience |
|-------------------------|--|-----------------|--|---|--|--|
| Turki Saeed badeeb | • Board Member | Non-Executive | <ul style="list-style-type: none"> • CEO, Al-Waseela Trading Company • CEO, Banader Al-Khaleej Media Production Company • General Manager, Al-Dhi'b United Company • General Manager, Saudi National Company • General Manager, Banader Al-Khaleej Sports Company • General Manager, Banader Al-Khaleej Company • General Manager, Shelf Subsea Company • Board Member, Al-Battar Al-Mudhae Company • Chairman of the Board, Banader Misr Company | <ul style="list-style-type: none"> • Chairman of the Board of Managers, Aqmar Al-Bilad Contracting Company • Vice Chairman of the Board, Tahdeeth Systems Company • Head of Maintenance, St. Jude Children's Research Hospital, USA • Research Assistant, Johns Hopkins Bayview Medical Center, USA | <ul style="list-style-type: none"> • Bachelor's degree in Biomedical Engineering • Master's degree in Engineering Management | <ul style="list-style-type: none"> • CEO, Al-Waseela Trading Company • CEO, Banader Al-Khaleej Media Production Company • General Manager, Al-Dhi'b United Company • General Manager, Saudi National Company Ltd. • General Manager, Banader Al-Khaleej Sports Company • General Manager, Banader Al-Khaleej Company • General Manager, Shelf Subsea Company • Board Member, Al-Battar Al-Mudhae Company • Chairman of the Board, Banader Misr Company • Former Chairman of the Board of Managers, Aqmar Al-Bilad Contracting Company • Former Vice Chairman of the Board, Tahdeeth Systems Company |
| Abbas Mohammed Al-Nahdi | <ul style="list-style-type: none"> • Board Member • CEO • Member of the Executive Committee | Executive | <ul style="list-style-type: none"> • Chief Executive Officer, Taajeer Finance Company | <ul style="list-style-type: none"> • Chief Executive Officer, Mohammed Yousuf Naghi & Brothers Company • Head of Distribution Channels, National Commercial Bank (NCB) •)Senior Auditor, Ernst & Young | <ul style="list-style-type: none"> • Bachelor's degree in Accounting • Certified Financial Planner (CFP), Banking Institute • Certified in Operational Risk Management, American Academy of Financial Management • Certified in Financial Analysis • Diploma in Personal Financial Planning, Banking Institute • Diploma in Personal Finance | <ul style="list-style-type: none"> • Board Member, Taajeer Finance Company • Member of the Executive Committee, Taajeer Finance Company • Member of the Nominations and Remunerations Committee • Chief Executive Officer, Mohammed Yousuf Naghi & Brothers Company • Head of Distribution Channels, National Commercial Bank (NCB)Senior Auditor, Ernst & Young • Chairman of the Audit Committee, AMY Company |
| Hazm Sami Jamjoom | <ul style="list-style-type: none"> • Board Member • Member of the Executive Committee | Non-Executive | <ul style="list-style-type: none"> • Chief Executive Officer of the Automotive Sector, Taajeer Group | <ul style="list-style-type: none"> • Vice President, Mohammed Yousuf Naghi Motors (Hyundai) • Chief Operating Officer Al-Eissi Motors • General Manager of Operations, Al-Hamrani United Company • General Manager of Marketing, Toyota – ALJ • General Manager of Warranty and Quality, Toyota • Regional After-Sales Operations Manager, ALJ • Quality Assurance Engineer, Alj | <ul style="list-style-type: none"> • Bachelor's degree in Mechanical Engineering • Master's degree in Automotive Engineering | <ul style="list-style-type: none"> • CEO of the Automotive Sector, Taajeer Group • Vice President, Mohammed Yousuf Naghi Motors (Hyundai) • CEO, Al-Eissi Motors • General Manager of Operations, Al-Hamrani United Company • General Manager of Marketing, Toyota – ALJ • General Manager of Warranty and Quality, Toyota • Regional After-Sales Operations Manager, ALJ • Quality Assurance Engineer, ALJ |

Names of Board Members, Their Current and Previous Positions, Qualifications, and Experience

| Member Name | Position | Membership Type | Current Role | Previous Roles | Qualifications | Professional Experience |
|--------------------------|---|-----------------|---|--|--|---|
| Hussein Abdullah Baghais | <ul style="list-style-type: none"> Board Member Member of the Audit and Risk Committee Chairman of the Nominations and Remunerations Committee | Independent | <ul style="list-style-type: none"> General Manager, Ithraa Saudi Consultancy | <ul style="list-style-type: none"> Senior Relationship Manager, National Commercial Bank Relationship Manager, Arab National Bank, Saudi Arabia | <ul style="list-style-type: none"> Bachelor's degree in Accounting Master's degree in Applied Finance | <ul style="list-style-type: none"> Senior Relationship Manager, National Commercial Bank (NCB), a joint-stock company operating in the banking and exchange sector (2012 – 2016) Relationship Manager, Arab National Bank, a listed joint-stock company operating in the banking and exchange sector (2010 – 2012) |
| Waleed Abdullah Tamrik | <ul style="list-style-type: none"> Chairman of the Audit Committee | Independent | <ul style="list-style-type: none"> CEO, Waleed Tamrik Certified Accountants & Auditors Member of the Audit Committee, Al Rajhi Bank Member of the Audit Committee, Rissan Arabia Real Estate Development Company | <ul style="list-style-type: none"> Member of the Audit Committee, Taajeer Finance Member of the Audit Committee, Real Estate Development Fund Member of the Audit Committee, Al-Takamul International Company Board Member, Al-Takamul International Company Board Member, Saudi Organization for Certified Public Accountants (SOCPA) | <ul style="list-style-type: none"> Bachelor's degree in Accounting Fellowship of the Saudi Organization for Certified Public Accountants (SOCPA) | <ul style="list-style-type: none"> Chief Executive Officer, Waleed Tamrik Certified Accountants & Auditors Member of the Audit Committee, Al Rajhi Bank Member of the Audit Committee, Rissan Arabia Real Estate Development Company Member of the Audit Committee, Taajeer Finance Member of the Audit Committee, Real Estate Development Fund Member of the Audit Committee, Al-Takamul International Company Board Member, Al-Takamul International Company Board Member, Saudi Organization for Certified Public Accountants (SOCPA) |
| Hashem Abdullah Al-Zain | <ul style="list-style-type: none"> Member of the Audit Committee | Independent | <ul style="list-style-type: none"> Advisor in Liquidation, Financial, and Administrative Affairs | <ul style="list-style-type: none"> Financial Controller, Economic Cities and Special Zones Authority CEO, Noreen United Information Systems Company Assistant General Manager of the Finance Department, Economic Cities Authority | <ul style="list-style-type: none"> Bachelor's degree in Accounting | <ul style="list-style-type: none"> Financial Controller, Economic Cities and Special Zones Authority Chief Operating Officer, Noreen United Information Systems Company Assistant General Manager, Finance Department, Economic Cities Authority |
| Farouq Fouad Ghulam | <ul style="list-style-type: none"> Chairman of the Credit and Risk Committee | Non-Executive | <ul style="list-style-type: none"> CEO, Alfa Investment Group | <ul style="list-style-type: none"> Vice President, Rasid International Group CEO and Vice President, Al-Bateel Real Estate Group Head of Asset Management, Alkhabeer Capital General Manager of Dedicated Funds and Public Relations, Al-Tawfeeq Investment Company Head of Product Development and Operational Risk, Investment Division, National Commercial Bank (NCB) | <ul style="list-style-type: none"> Bachelor's degree in Law Master's degree in Law with a focus on Trade Operations and International Transactions | <ul style="list-style-type: none"> Board Member, Taajeer Group Board Member, Al-Awal Capital Board Member, Alfa Auctions Company Board Member, Arkal Contracting Company Vice President, Rasid International Group CEO and Vice President, Al-Bateel Real Estate Group Head of Asset Management, Alkhabeer Capital |
| Turki Abdullah Batwail | <ul style="list-style-type: none"> Member of the Credit and Risk Committee | Independent | <ul style="list-style-type: none"> Director of Information Security, King Abdulaziz International Airport, Jeddah | <ul style="list-style-type: none"> IT Manager, Western Region | <ul style="list-style-type: none"> Bachelor's degree in Computer Communications Science (ICT) Master's degree in Business Administration (MBA) | <ul style="list-style-type: none"> Director of Information Security, King Abdulaziz International Airport, Jeddah IT Manager, Western Region, National Water Company |

Names of Board Members, Their Current and Previous Positions, Qualifications, and Experience

| Member Name | Position | Membership Type | Current Role | Previous Roles | Qualifications | Professional Experience |
|----------------------------|--|-----------------|---|---|--|---|
| Zuhair Ibrahim Al-Maghribi | <ul style="list-style-type: none"> Member of the Nominations and Remuneration Committee | Independent | <ul style="list-style-type: none"> Head of Human Capital, National Housing Company | <ul style="list-style-type: none"> Head of Human Resources and Administrative Affairs, Al Majal G4S Group General Manager, Al-Aghar Group Head of Human Resources and Administrative Affairs, Arab Catering Company | <ul style="list-style-type: none"> Bachelor's degree in English Language Master's degree in Education and Human Development Master of Business Administration (MBA) Postgraduate Diploma in Human Resources Management | <ul style="list-style-type: none"> Vice Chairman of the Nominations Committee, Saudi Contractors Authority Head of Human Capital, National Housing Company Head of Human Resources and Administrative Affairs, Al Majal G4S Group General Manager, Al-Aghar Group Head of Human Resources and Administrative Affairs, Arab Catering Company |
| Dr. Osama Mohammed Bahr | <ul style="list-style-type: none"> Chairman of the Shariah Committee | Independent | <ul style="list-style-type: none"> He is currently working with Bank of Energy as Head of Shariah Compliance and Advisory, Responsible for product development and drafting commercial contracts such as Murabaha, Mudaraba, Ijara, and Istisna'a. Providing Shariah-structured solutions for new transactions. Overseeing Shariah audit and verifying the validity of all bank transactions. Preparing special assignments/studies that require Shariah opinion. Preparing the monthly Shariah report. Educating bank employees on Shariah principles related to banking and finance. Representing the bank in seminars and external meetings. | <ul style="list-style-type: none"> Member of the Shariah Supervisory Board, Bank of Energy Member of the Shariah Supervisory Board, Ithmaar Bank Member of the Shariah Supervisory Board, International Investment Bank (IIB) Advisor, Sakana Holistic Housing Solutions BSC (c) Advisor, Reef Real Estate Finance Company Advisor, Bahrain Bourse Member of the Shariah Supervisory Board, Family Bank Member of the Shariah Supervisory Board, Global GPGORP Bank Member of the Shariah Supervisory Board, Solidarity Islamic Takaful Group Advisor, Gulf Islamic Investments (IIG), Dubai Participant in Islamic seminars related to jurisprudence and fiqh Former Adjunct Lecturer, Bahrain Institute of Banking and Finance (BIBF) | <ul style="list-style-type: none"> PhD, University of The Hague, Kingdom of the Netherlands Master's degree, Al-Imam Al-Ouzai University, Beirut Bachelor's degree in Islamic Sharia, Emir Abdelkader University of Islamic Sciences, Algeria High School Certificate, Institute of Religion | <ul style="list-style-type: none"> Head of Shariah Compliance, Al Salam Bank (2006–2008) Shariah Compliance Officer, Arab Banking Corporation Islamic Bank (2005–2006) Director of the Shariah Department and Secretary of the Shariah Board, Shamil Bank of Bahrain (1994–2005) Librarian, Ahmed Al-Fateh Islamic Center (1991–1994) Employee, Ministry of Justice and Islamic Affairs (1986–1991) |
| Dr. Sultan Al-Qurni | <ul style="list-style-type: none"> Member of the Shariah Committee | Executive | <ul style="list-style-type: none"> Director of the Finance Department, Taajeer Finance Company (Closed Joint-Stock Company operating in the finance sector), since January 1, 2022 | <ul style="list-style-type: none"> Chief Financial Officer (CFO), Hafil Transport Company (a private company operating in student transport, Hajj, and Umrah sector), from October 1, 2009 to October 16, 2021 | <ul style="list-style-type: none"> Diploma in Accounting, Institute of Public Administration (1999) Bachelor's degree in Sharia, King Abdulaziz University (2009) Master's degree in Usul al-Fiqh (Fundamentals of Islamic Jurisprudence), Umm Al-Qura University (2016) Certified CFO, International Organization for Quality Management – UK (2015) Diploma in International Financial Reporting Standards (IFRS), Association of Chartered Certified Accountants (ACCA), UK (2017) | <ul style="list-style-type: none"> Chairman of the Assets and Liabilities Committee, Taajeer Finance Company, since 2022 Member of the Shariah Committee, Taajeer Finance Company (Closed Joint-Stock Company operating in the finance sector), since 2022 Member of the Fraud Committee, Taajeer Finance Company (Closed Joint-Stock Company operating in the finance sector), since 2022 Member of the Business Continuity Committee, Taajeer Finance Company, since 2022 |

Board Meetings Held During the Financial Year 2024

The Board of Directors held (4) meetings during 2024. Below is a list of board members, their positions, and attendance record:

| Member Name | Position | Membership Type | Appointment Date | Meeting 1 (05-03-2024) | Meeting 2 (26-08-2024) | Meeting 3 (18-11-2024) | Meeting 4 (18-12-2024) |
|-----------------------------|----------------------------|-----------------|--------------------------|------------------------|------------------------|------------------------|------------------------|
| Faisal Saleh Malikhah | Chairman of the Board | Non-Executive | 29/11/1443 28/06/2022 | ✓ | ✓ | ✓ | ✓ |
| Abdulhameed Mohyuddin Nazer | Vice Chairman of the Board | Non-Executive | 29/11/1443 28/06/2022 | ✓ | ✓ | ✓ | ✓ |
| Mohammed Iqbal Al-Qudaihy | Board Member | Independent | 29/11/1443 28/06/2022 | ✓ | ✓ | ✓ | ✓ |
| Turki Saeed Badeeb | Board Member | Non-Executive | 29/11/1443 28/06/2022 | ✗ | ✓ | ✓ | ✓ |
| Abbas Mohammed Al-Nahdi | Board Member & CEO | Executive | 29/11/1443 28/06/2022 | ✓ | ✓ | ✓ | ✓ |
| Hazm Sami Jamjoom | Board Member | Non-Executive | 29/11/1443 28/06/2022 | ✓ | ✓ | ✓ | ✓ |
| Hussein Abdullah Baqais | Board Member | Independent | 29/11/1443 28/06/2022 | ✓ | ✓ | ✓ | ✓ |

- The appointment date is based on the no-objection approval from the Saudi Central Bank, followed by the election of the member for the third board term on 18/12/2024 (06/17/1446H).
- Board member Hazm Sami Jamjoom resigned on 17/06/1446H, corresponding to 18/12/2024.

Committees Formed by the Board of Directors and Their Responsibilities

In line with the company's Articles of Association and the main principles of governance in financial institutions, an appropriate number of sub-committees may be formed by the Board as needed, based on the company's circumstances and operations. These committees help the Board fulfill its duties effectively in accordance with general procedures set by the Board, which define the committee's tasks, duration, authority, and oversight mechanisms.

The committees submit their reports to the Board of Directors, which monitors their work to ensure the fulfillment of their assigned responsibilities. The Board also approves the internal charters for these committees, while the General Assembly approves their regulations.

The following committees have been formed:



Audit Committee



Executive Committee



Nomination and
Remuneration Committee



Shariah Committee



Risk and Credit Committee

The committee consists of four members from among the non-executive Board members and from outside the Board. The company’s General Assembly approves the committee’s charter. The committee meets periodically and holds at least four meetings per year, or whenever necessary. Its main role is to oversee the company’s activities and affairs, assist the Board of Directors in supervising the accuracy, fairness, and effectiveness of the company’s financial statements and reports; compliance with legal and regulatory requirements; qualifications, independence, and performance of the external auditor; and the performance of internal control, audit, and financial reporting systems.

The Audit Committee supervises three independent groups to ensure the company conducts its business appropriately with:

- Internal Audit Department
- External Auditor
- Compliance, Anti-Money Laundering & Regulatory Department

Brief description of the duties of the Audit

- Recommend to the Board the appointment or reappointment of external auditors and determine their fees, ensuring they have the required expertise and independence.
- Ensure the independence of external auditors from the company, its Board members, and senior management.
- Supervise the Internal Audit and Compliance Departments, ensuring independence and no restrictions on their work.
- Review annual and quarterly financial statements with the external auditor and senior management before recommending them to the Board.
- Review and approve the internal audit plan and charter.
- Review the Internal Audit Manual of Policies and Procedures and recommend it to the Board for approval.
- Evaluate the effectiveness of internal audit activities against IIA standards.
- Review reports and observations of internal and external auditors, as well as compliance reports, and provide recommendations to the Board.
- Review compliance with laws and regulations and any violations.

- Review and recommend the Audit Committee charter to the Board for approval by the General Assembly.
- Access all records and documents needed to perform its duties and use external advisors when required.
- Assess the effectiveness of internal controls, including information security.
- Recommend the appointment or dismissal of the Head of Internal Audit and Head of Compliance.

Audit Committee Members and Meetings

| Member Name | Position | Membership Type | Appointment Date | Meeting No. 1 – 2024-02- | Meeting No. 2 – 2024-05- | Meeting No. 3 – 2024-07- | Meeting No. 4 – 2024-08- | Meeting No. 5 – 2024-11- | Meeting No. 6 – 2024-12-17 |
|----------------------------|---------------------------------|-----------------|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------------|
| | | | | 28 | 15 | 28 | 01 | 06 | |
| Waleed Tamrek | Chairman of the Audit Committee | Independent | 29/11/1443 – 28/06/2022 | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ |
| Abdulhamid Mohiuddin Nazer | Member of the Audit Committee | Non-Executive | 29/11/1443 – 28/06/2022 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Hesham Al-Zain | Member of the Audit Committee | Independent | 29/11/1443 – 28/06/2022 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mohammed Iqbal Qadhi | Member of the Audit Committee | Independent | 16/11/2023 – 02/05/1445 | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ |

The appointment date refers to the approval of the Saudi Central Bank (SAMA) for the member’s nomination to the committee in the current Board cycle.

Mr. Mohammed Iqbal Al-Qudaibi joined the Audit Committee on 16-11-2023 after receiving SAMA’s no-objection.

Executive Committee Members and Meetings

The Executive Committee is composed of three members of the Board of Directors and holds at least six meetings annually, regularly every two months or whenever necessary.

The main role of the Executive Committee is to provide support and assistance to the company's management side by side in order to achieve its objectives and work with it side by side in executing its main plans, policies, and strategies.

The Executive Committee aims to assist the CEO and Managing Director in carrying out the activities and tasks assigned to him by the Chairman of the Board, to ensure the efficiency of the company's operations, and it has the right to exercise all the powers granted to it by the Chairman of the Board, including:

- Reviewing the company's strategies and objectives and submitting its recommendations to the Board in this regard, and reviewing the operations budget and capital expenditure budget.
- Reviewing the proposed business, operational, and financial plans and submitting its recommendations to the Board in this regard.
- Supervising and receiving reports on strategic projects and reviewing the company's work policies and procedures, excluding accounting policies and procedures.
- Approving the annual operational plans and financial estimated budgets of the company before submitting them to the Board of Directors for approval.
- Approving operational and capital expenditures within its authority limits and in accordance with the company's authority matrix.
- Monitoring the performance of the company and its individual business units, and requesting clarifications and explanations regarding any deviation from the approved plans and budget.
- Any other tasks that may be delegated to it by the Chairman of the Board from time to time.

| Member Name | Position | Membership Type | Appointment Date | Meeting No. 1 04-03-2024 | Meeting No. 2 12-05-2024 | Meeting No. 3 11-08-2024 | Meeting No. 4 14-11-2024 | Meeting No. 5 09-12-2024 | Meeting No. 6 17-12-2024 |
|------------------------|-------------------------------------|-----------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Faisal Saleh Malikah | Chairman of the Executive Committee | Non-Executive | 29/11/1441 H / 20/07/2020 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Abbas Mohammed Alnahdi | Member of the Executive Committee | Executive | 29/11/1441 H / 20/07/2020 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Hazm Sami Jamjoum | Member of the Executive Committee | Non-Executive | 29/11/1441 H / 20/07/2020 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

The appointment date is the date of obtaining the no-objection from the Central Bank for nominating the member to the Executive Committee in the current board term.

Resignation of the member Hazm Sami Jamjoum on 17/06/1446H corresponding to 18/12/2024G.

The Risk and Credit Management Committee is formed of three members of the Board of Directors from the independent and non-executive members, and some committee members from outside the board. The committee members are appointed by a decision issued by the Board of Directors. It meets regularly and holds four meetings annually or whenever needed. The company has taken into account aligning the committee's work regulations in accordance with the supervisory guidelines.

The committee supervises the handling of the following topics:

- Reviewing the risk management and credit management policies and procedures periodically to ensure their suitability for any changes that may occur in the internal or external environment in which the company operates, and ensuring informing the board of any violations or exceptions to the policies so that it recommends taking related corrective actions.
- Recommending to the Board of Directors regarding setting an acceptable level of risk, and the committee verifies that the company does not exceed it.
- Establishing the collateral policy and the rules related to modification in line with the guidelines issued by the Saudi Central Bank.
- Verifying the feasibility of the company's continuation and successful activity, with identifying the risks that threaten its continuation on an annual basis.
- Reviewing the credit process, including the company's strategies, policies, controls, and credit risk management systems.
- Ensuring that the systems established by the Board of Directors to identify, assess, manage, and monitor the Islamic finance product are designed and used effectively.
- Ensuring the proper archiving of credit applications and customer files and guaranteeing confidentiality of the information.
- Supervising the company's risk management systems and assessing the effectiveness of the systems and mechanisms for identifying, measuring, and monitoring risks the company may be exposed to, in order to identify deficiencies in them.
- Reassessing the company's ability to bear risks and its exposure to them periodically by conducting stress tests.
- Preparing detailed quarterly reports on risk exposure and proposed steps to manage these risks and submitting them to the Board of Directors.
- Providing recommendations to the board regarding matters related to risk management.
- Verifying the availability of sufficient resources and systems for risk management and recommending to the Board of Directors accordingly.

- Reviewing the organizational structure of the Risk Management and Credit Management departments and making recommendations regarding it before its approval by the Board of Directors.
- Verifying the independence of Risk Management employees from activities that may expose the company to risks.
- Verifying that Risk Management employees understand the risks surrounding the company, and working to raise awareness of the risk culture.
- Reviewing issues raised by the Audit Committee that may affect risk management in the company.

Risk and Credit Committee Members and Meetings

| Member Name | Position | Membership Type | Appointment Date | Meeting No. 1 11-02-2024 | Meeting No. 2 16-05-2024 | Meeting No. 3 07-08-2024 | Meeting No. 4 10-11-2024 |
|-------------------------|--|-----------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Farouq Fouad Ghulam | Chairman of the Risk and Credit Management Committee | Independent | 29/11/1443 28/06/2022 | ✓ | ✓ | ✓ | ✓ |
| Turki Batweel | Member | Independent | 29/11/1443 28/06/2022 | ✓ | ✓ | ✓ | ✓ |
| Hussain Abdullah Baqais | Member | Independent | 29/11/1443 28/06/2022 | ✓ | ✓ | ✓ | ✓ |

* The appointment date is the date of obtaining the non-objection from the Central Bank for the nomination of the member for the third board term.

The committee is formed of three non-executive members of the Board of Directors and from outside the board. The company's General Assembly approves the committee's charter. The committee meets regularly and holds at least two meetings per year or whenever necessary. The company has ensured that the committee's charter is aligned with the supervisory guidelines. The rules of the committee's operations were amended and approved in the General Assembly meeting held on 2024/06/09, in accordance with the regulatory directives.

According to the regulatory directives, the committee is responsible for the following tasks and responsibilities:

- Proposing clear policies and standards for membership in the Board of Directors and executive management.
- Recommending to the Board of Directors the nomination and re-nomination of its members in accordance with the approved policies and standards, while ensuring that no individual previously convicted of a crime involving dishonesty is nominated.
- Preparing a description of the abilities and qualifications required for membership in the Board of Directors and executive management positions, and determining the time that a board member should allocate for board duties.
- Conducting an annual review of the required skills or expertise needed for board and executive management positions.
- Reviewing the structure of the Board of Directors and executive management and providing recommendations on potential changes.
- Annually verifying the independence of independent members and ensuring there are no conflicts of interest, especially if the member holds a board position in another company.
- Developing job descriptions for executive, non-executive, and independent board members as well as senior executives.
- Establishing procedures for filling vacancies in the Board of Directors or among senior executives.
- Identifying strengths and weaknesses within the Board of Directors and suggesting appropriate solutions in line with the company's best interests.
- Developing a clear policy for the remuneration of board members, board committees, and executive management, and submitting it to the Board of Directors for approval by the General Assembly. This policy must consider performance-based standards, disclosure requirements, and ensure readiness for implementation.
- Clarifying the relationship between granted rewards and the applicable reward policy, indicating any significant deviations, and regularly reviewing the reward and compensation policy to assess its effectiveness in achieving its intended goals.

- Recommending to the Board of Directors the remuneration of board members, board committees, and senior executives in accordance with the approved policy.
- Taking a comprehensive view of the succession plan for senior executives as part of the committee's ongoing work, considering the opportunities and challenges facing the company, as well as the future skills and expertise required of board members.

Nomination and Remuneration Committee Members and Meetings

| Member Name | Position | Membership Type | Appointment Date | Meeting No. 1 04-03-2024 | Meeting No. 2 2024-12-18 |
|----------------------------|---|-----------------|--------------------------|-----------------------------|-----------------------------|
| Hussain Abdullah Baqais | Chairman of Nomination and Remuneration Committee | Independent | 29/11/1443 28/06/2022 | ✓ | ✓ |
| Faisal Salem Makkah | Member | Non-Executive | 29/11/1443 28/06/2022 | ✓ | ✓ |
| Zuhair Ibrahim Al-Maghribi | Member | Independent | 16-11-2023 02-05-1445 | ✓ | ✓ |

The appointment date is the date of obtaining the no-objection certificate from the Central Bank for the nomination of the member for the third board term.

The resignation of member Abbas Mohammed Al-Nahdi from the Nominations and Remunerations Committee on 2023/02/26.

Shariah Committee

The Sharia Committee consists of an independent member from the Board of Directors and a member from outside the executive management. Members of the Committee are appointed by a Board resolution. The Committee holds its meetings periodically, or as needed, to review the Company's activities. The Committee has adopted appropriate policies to ensure its independence and to enable it to carry out its duties effectively.

Pursuant to the Board of Directors' resolution dated 05/07/2022, the Committee is responsible for the following:

- Reviewing the objectives and investment policies of the Company to ensure their compliance with Sharia principles.
- Reviewing new products, contracts, and agreements to ensure their Sharia compliance.
- Issuing fatwas and decisions to the Company's management on matters requiring Sharia guidance.
- Periodic oversight of all Company activities through the Internal Sharia Audit Department.
- Submitting an annual Sharia report on the Company's activities and its level of compliance with Sharia standards.

The Committee submitted its annual Sharia report for the fiscal year 2024, confirming the Company's adherence to Sharia provisions and Islamic principles, in accordance with the fatwas and guidance issued.

Shariah Committee Members and Meetings

| Member Name | Position | Membership Type | Appointment Date | Meeting No. 1 31-03-2024 | Meeting No. 2 2024-06-30 |
|-------------------------|-------------------------------|-----------------|--------------------------|-----------------------------|-----------------------------|
| Dr. Osama Mohamed Bahr | Chairman of Shariah Committee | Independent | 06/12/1443 05/07/2022 | ✓ | ✓ |
| Sultan Mohamed Al-Qarni | Member of Shariah Committee | Executive | 06/12/1443 05/07/2022 | ✓ | ✓ |

Evaluation of the Board of Directors, Its Members, and Committees

In line with the corporate governance practices adopted by the Company, the Nominations and Remunerations Committee proposed the mechanisms necessary to evaluate the performance of the Board of Directors, its members, and the executive management committees using key performance indicators (KPIs). These were aligned with the Company's remuneration policy for the Board and its committees, as well as the executive management, which sets out the mechanism for determining and approving remuneration specific to members of the Board, its committees, and the executive management. This aims to ensure that the Company achieves its strategic objectives, effectively manages risks, and maintains the efficiency of internal control systems. The evaluation process was carried out in accordance with clear, written procedures. It assessed the skills and expertise of the Board members, their roles and responsibilities, and their ability to contribute to the success of the Board. The evaluation also measured the extent of each member's effective participation, commitment to fulfilling duties and responsibilities, and attendance at Board and committee meetings, as well as the allocation of sufficient time required to perform these responsibilities.



The Board of Directors' Remuneration Policy defines the annual remuneration for members of the Board of Directors for the fiscal year 2024. This is subject to approval by the General Assembly. It clarifies the remuneration for attending meetings, both for Board members and non-members attending by invitation, ensuring alignment with relevant regulations and supervisory guidelines.

The Nominations and Remuneration Committee presented the following statement of Board members' remunerations and allowances at its meeting held on 2024-08-04, in accordance with the approved Remuneration Policy for the Company's executives, Board members, and committee members, and in line with the company's adopted compensation framework.

| Board Members' Remuneration as of December 31, 2024 | | | | | |
|---|----------------------------|---------------------|------------------------------------|--|-----------|
| Board Member Name | Position | Annual Remuneration | Board Meeting Attendance Allowance | Committee Meeting Attendance Allowance | Total |
| Faisal Saleh Malaikah | Chairman of the Board | 300,000 | 12,000 | 24,000 | 336,000 |
| Abdulhamid Mohiuddin Nazer | Vice Chairman of the Board | 200,000 | 12,000 | 18,000 | 230,000 |
| Abbas Mohammed Alnahdi | CEO & Board Member | 200,000 | 12,000 | 18,000 | 230,000 |
| Mohammed Iqbal Alqudaihy | Board Member | 200,000 | 12,000 | 15,000 | 227,000 |
| Hazm Sami Jamjoom | Board Member | 200,000 | 12,000 | 18,000 | 230,000 |
| Turki Saeed Badeeb | Board Member | 100,000 | 9,000 | 0 | 109,000 |
| Hussain Abdullah Baqais | Board Member | 150,000 | 12,000 | 18,000 | 180,000 |
| Total | | 1,350,000 | 81,000 | 111,000 | 1,542,000 |

| Audit Committee as of December 31, 2024 | | | |
|---|----------|----------------------------------|---------------------|
| Members | Position | Attendance Allowance per Session | Annual Remuneration |
| Waleed Tamrik | Chairman | 15,000 | 50,000 |
| Abdulhamid Mohiuddin Nazer | Member | 18,000 | 50,000 |
| Hashem Abdullah Alzin | Member | 18,000 | 50,000 |
| Mohammed Iqbal Alqudaihy | Member | 15,000 | 50,000 |

| Nominations and Remunerations Committee as of December 31, 2024 | | |
|---|----------|----------------------------------|
| Members | Position | Attendance Allowance per Session |
| Hussain Abdullah Baqais | Chairman | 6,000 |
| Faisal Saleh Malaikah | Member | 6,000 |
| Zuhair Ibrahim Al-Maghribi | Member | 6,000 |

| Executive Committee as of December 31, 2024 | | |
|---|----------|----------------------------------|
| Members | Position | Attendance Allowance per Session |
| Faisal Saleh Malaikah | Chairman | 18,000 |
| Hazm Sami Jamjoom | Member | 18,000 |
| Abbas Mohammed Alnahdi | Member | 18,000 |

| Sharia Committee as of December 31, 2024 | | |
|--|----------|----------------------------------|
| Members | Position | Attendance Allowance per Session |
| Dr. Osama Mohammed Bahr | Chairman | 0 |
| OSultan Mohammed Al-Qurbi | Member | 0 |

| Risk and Credit Committee as of December 31, 2024 | | |
|---|----------|----------------------------------|
| Members | Position | Attendance Allowance per Session |
| Farouq Fouad Ghulam | Chairman | 12,000 |
| Hussain Abdullah Baqais | Member | 12,000 |
| Turki Batoul | Member | 12,000 |

| Total Compensation of Top Five Executives | |
|---|------------------------------------|
| Total Salaries | Total Annual Benefits & Allowances |
| 0 | 2,650,200 |

The company held an Extraordinary General Assembly on Sunday, 03/12/1445H, corresponding to 09/06/2024G, and resolved the following:

- Review of the Board of Directors' report for the fiscal year ended 31/12/2023.
- Review of the financial statements for the fiscal year ended 31/12/2023.
- Voting on the auditors' report for the fiscal year ended 31/12/2023, after discussion.
- Voting on the appointment of the company's external auditor from among the nominees, based on the recommendation of the Audit Committee, to review, examine, and audit the company's financial statements for Q2, Q3, and Q4 of the fiscal year 2024, and Q1 of the fiscal year 2025, and determine their fees.
- Voting on the disbursement of SAR 1,500,000 as remuneration for the members of the Board of Directors for the fiscal year ended 31/12/2023.
- Voting on the recommendation of the Board of Directors to distribute cash dividends of SAR 32,500,000 to shareholders for the fiscal year ended 31/12/2023, at SAR 0.65 per share, representing 6.5% of the nominal value per share.
- Voting on authorizing the Board of Directors to distribute interim dividends on a semi-annual or quarterly basis for the fiscal year 2023.
- Voting on related-party transactions with Al Awal Capital Company for the coming year without preferential conditions.
- Voting on related-party transactions with Taajeer Group Holding for the coming year without preferential conditions.
- Voting on related-party transactions with Tajeer International Trading Company Limited for the coming year without preferential conditions.

The General Assembly further approved the following policies:

- Approval of the dividend distribution policy.
- Approval of the Nominations and Remunerations Committee Charter.
- Approval of the Audit Committee Charter.
- Approval of the Remuneration Policy for the Board of Directors, Committees, and Executive Management.
- Approval of the Competition Standards Policy.



The company recognizes the importance of its commitment to society as an integral part of its identity. It acknowledges the significance of its social role in achieving integration among members of society, in accordance with Islamic principles that call for charity, benevolence, and cooperation among all individuals. Accordingly, the company has enhanced its role in social responsibility by participating in various initiatives and events, including:

- “Support Our Children” – World Childhood Cancer Day (February 15, 2024).
- “Greetings to the Place Where Humanity Grows” – International Volunteer Day (December 5, 2024).



The Internal Control System aims to ensure that the company achieves its objectives effectively and efficiently, in compliance with regulations, laws, and policies, while also managing potential risks. In 2024, Taajeer Finance exerted all possible efforts to ensure the effectiveness of the internal control system. The system is subject to continuous review and enhancements to align with regulatory requirements, thereby allowing for improvements whenever deficiencies or weaknesses are identified.

The Internal Audit and Compliance functions oversee the adequacy and effectiveness of the internal control system and continuously assess it to ensure the highest level of performance. The Audit Committee periodically reviews the internal and external audit reports and submits its recommendations to the Board of Directors as appropriate.

Violations and Actions Related to the Regulations and Circulars of the Saudi Central Bank

| Violation Subject | Previous Fiscal Year 2023 | | Current Fiscal Year 2024 | |
|---|---------------------------|--|--------------------------|--|
| | Executive decision | Total Financial Penalties (SAR) | Executive decision | Total Financial Penalties (SAR) |
| Violation of supervisory and regulatory instructions | 1 | Warning issued to the company regarding deficiencies in linking with the electronic service for assessing creditworthiness of clients with SIMAH / SAMA. | 1 | 390,000 |
| Violation of supervisory and regulatory instructions | - | - | 1 | The company was fined for failing to comply with the standard contract form for consumer finance to individuals. |
| Violation of supervisory and regulatory instructions related to Anti-Money Laundering/Combating Terrorist Financing (AML/CFT) | 1 | Warning issued to the company regarding non-compliance with compliance certificate. | - | - |

Shareholding Structure of Major Shareholders

The company's share capital is SAR 500,000,000, divided into 50,000,000 shares, with a nominal value of SAR 10 per share, fully owned as of December 31, 2024, as follows:

| Shareholder | No. of Shares | Amount (SAR) | Percentage |
|--|-------------------|--------------------|-------------|
| Taajeer Global Leasing Co. Ltd. | 500,000 | 5,000,000 | 1% |
| Taajeer Al Khaleej Co. Ltd. | 500,000 | 5,000,000 | 1% |
| Taajeer International Co. Ltd. | 500,000 | 5,000,000 | 1% |
| Taajeer Al Wataniya for Integrated Vehicle Services Co. Ltd. | 500,000 | 5,000,000 | 1% |
| Al Asseel Distinguished Co. Ltd. | 48,000,000 | 480,000,000 | 96% |
| Total | 50,000,000 | 500,000,000 | 100% |

Related Party Transactions

| Company Name | Related Party | Nature of Transaction | Contract/Arrangement Terms | Transaction Value (including VAT) for 2024 |
|---|----------------------|------------------------------|---|--|
| Taajeer Group | Faisal Saleh Malaika | Car purchases | The company confirms the agreement is within ordinary business and does not provide preferential terms. | 4,929,891 |
| Taajeer International | Faisal Saleh Malaika | Car purchases | The company confirms the agreement is within ordinary business and does not provide preferential terms. | 109,925,536 |
| Al Awal Capital | Faisal Saleh Malaika | Interest on short-term loans | The company confirms the agreement is within ordinary business and does not provide preferential terms. | 986,752 |
| Taajeer National Vehicle Maintenance | Faisal Saleh Malaika | Vehicle maintenance | The company confirms the agreement is within ordinary business and does not provide preferential terms. | 119,224 |
| Awaed Company | Faisal Saleh Malaika | Collection services | The company confirms the agreement is within ordinary business and does not provide preferential terms. | 1,125,573 |
| Concord Insurance Brokerage (Tawafuq Insurance) | Faisal Saleh Malaika | Insurance brokerage | The company confirms the agreement is within ordinary business and does not provide preferential terms. | 130,760,318 |

The company achieved a net profit of SAR 51,419,220 for the year ended December 31, 2024

| | |
|--|--------------------|
| Total Assets | 1,467,808,270 |
| Total Liabilities | 866,233,529 |
| Share Capital | 500,000,000 |
| Retained Earnings | 78,007,164 |
| Statutory Reserve | 21,144,701 |
| Total Funded Amount | 1,190,536,046 |
| Net Funded Amount | 1,666,362,763 |
| Outstanding Guarantees | 8,461,469 |
| Business Segmentation Index as a Percentage of Outstanding Receivables | %95 Ijarah |
| | %4 Tawarruq |
| | %1 Murabha |
| | %80 Retail |
| | %20 SMEs |
| | %98 Saudis |
| | %2 Non-Saudis |
| | %80 Private Sector |
| Financial Leverage | 1.98 : 3 |

Zakat and Statutory Payments for 2024

| Payments to Government Agencies in 2024 | Due Amount (SAR) | Paid Amount (SAR) |
|---|------------------|-------------------|
| Zakat & Income Tax | 12,854,805* | 7,256,809** |
| Social Insurance | 3,807,974.04 | 3,484,764 |
| Licenses & Residency Fees: | 57,880.00 | 57,880.00 |

- Zakat for 2024 – due in April 2025
- Zakat for 2023 – due and paid in 2024

The Board of Directors of Taajeer Finance

- All documents and accounting records have been properly maintained.
- Financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the Saudi Organization for Certified Public Accountants (SOCPA) and under the guidance of regulatory authorities.
- An internal control system has been established, effectively prepared, and successfully implemented.
- There is no doubt about the company's ability to continue as a going concern.

Conclusion

Finally, the Board of Directors of Taajeer Finance would like to thank the shareholders for their continued support and trust, which drive us to give more.

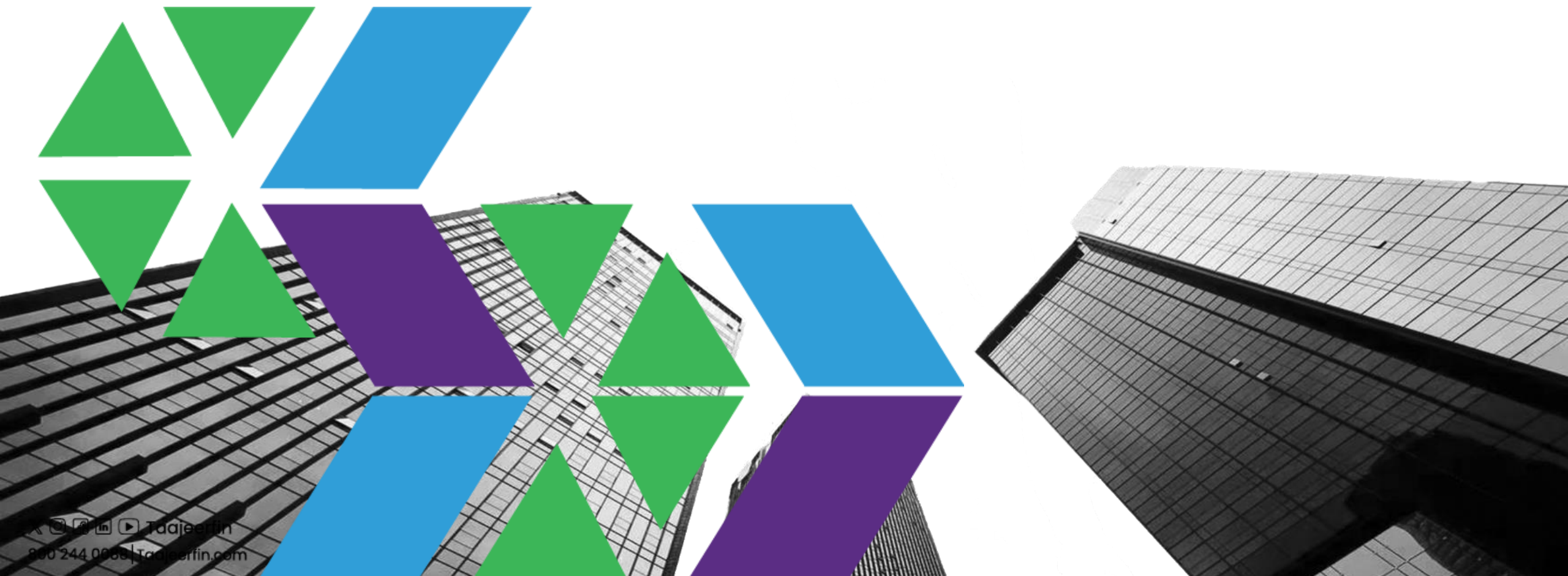
The Board extends its appreciation to all company employees and the executive management for their efforts and dedication during the year, wishing them further progress and success.

The Board also takes this opportunity to express its gratitude and appreciation to the regulatory and supervisory authorities of the finance sector, particularly the Saudi Central Bank (SAMA), the Capital Market Authority, and the Ministry of Commerce, for their continued support.

The Board further extends its thanks to all business partners, including valued customers and suppliers, for their trust and support during 2024, wishing Taajeer Finance continued success and prosperity.

Faisal Saleh Malaika
Chairman of the Board

Financial Statements And Independent Auditor's Report



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



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 | | 1,467,808,270 | 1,654,149,968 | 1,569,836,882 |
| 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 | | 866,233,529 | 1,066,956,144 | 1,060,320,518 |
| 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 | | 601,574,741 | 587,193,824 | 509,516,364 |
| TOTAL LIABILITIES AND EQUITY | | 1,467,808,270 | 1,654,149,968 | 1,569,836,882 |

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)

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

The accompanying notes form an integral part of these financial statements

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 reproted | | 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

| | <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 |
| | | <u>158,888,944</u> | <u>172,308,607</u> |
| 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 |
| | | <u>61,707,926</u> | <u>100,665,203</u> |
| 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 | | <u>(12,830,442)</u> | <u>30,234,731</u> |
| 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 | | <u>(3,002,244)</u> | <u>(4,143,372)</u> |
| 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 | | <u>(117,706,280)</u> | <u>(56,159,005)</u> |
| Net change in cash and cash equivalents | | <u>(133,538,966)</u> | <u>(30,067,646)</u> |
| Cash and cash equivalents at the beginning of the year | | <u>241,629,091</u> | <u>271,696,737</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 5 | <u>108,090,125</u> | <u>241,629,091</u> |
| NON-CASH TRANSACTIONS | | | |
| Change in fair value of profit rate swap | | <u>4,232,213</u> | <u>6,677,534</u> |
| Transfer to share capital from proposed capital | | <u>-</u> | <u>300,000,000</u> |
| Additions to right-of-use assets | 10 | <u>4,533,731</u> | <u>1,437,929</u> |
| Dividends declared but not paid | 16 | <u>32,500,000</u> | <u>-</u> |
| Unwinding of discount on deferred consideration | 14 | <u>3,231,469</u> | <u>4,257,904</u> |

The accompanying notes form an integral part of these financial statements

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.

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.

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 |
| | <u>108,090,125</u> | <u>241,629,091</u> |

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 |
| | <u>8,461,469</u> | <u>4,205,843</u> |

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 | <u>(407,467,406)</u> | <u>(434,490,123)</u> |
| | 1,258,895,357 | 1,428,561,706 |
| Less: allowance for expected credit losses | <u>(68,359,311)</u> | <u>(51,892,390)</u> |
| Financing, net | <u>1,190,536,046</u> | <u>1,376,669,316</u> |

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 | <u>26,977,049</u> | <u>14,417,190</u> |
| | <u>68,359,311</u> | <u>51,892,390</u> |

7 FIANANCING, NET (CONTINUED)

7.2 Ageing of gross financing receivables

| | 2024 | 2023 |
|-------------------------|----------------------|----------------------|
| 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 | | | |
|----------|------------------------|--------------------------------|---|-----------------------|
| | <i>Gross financing</i> | <i>Unearned finance income</i> | <i>Allowance for expected credit loss</i> | <i>Financing, net</i> |
| 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 | | | |
| | <i>Gross financing</i> | <i>Unearned finance income</i> | <i>Allowance for expected credit loss</i> | <i>Financing, net</i> |
| 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 | | | |
|-------------------------------|--------------------|--------------------|--------------------|----------------------|
| | Within 1 year | Non-current | | Total |
| | | 1 to 3 years | Over 3 year | |
| 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 | | | |
| | Within 1 year | Non-current | | Total |
| | | 1 to 3 years | Over 3 year | |
| 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> |

8 EQUITY INSTRUMENTS AT FVOCI

It represents the capital contribution in the Saudi Finance Leasing Contract Registry Company "SJJIL" 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 improvements</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 |

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 |

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 | <u>(7,453,918)</u> | <u>(9,847,511)</u> |
| 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.

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 |
| | <u>858,080,255</u> | <u>998,813,048</u> |
| 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) |
| | <u>774,137,817</u> | <u>893,643,565</u> |

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 | <u>(416,067,557)</u> | <u>(527,308,417)</u> |
| At 31 December | <u>774,137,817</u> | <u>893,643,565</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 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').

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.

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 | <u>6,259,581</u> | <u>4,998,597</u> |

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 | <u>1,561,426</u> | <u>1,234,893</u> |

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 Tawarooq | 2,232,899 | 728,751 |
| | <u>156,508,927</u> | <u>137,410,713</u> |

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

20 FINANCE COSTS

| | 2024 | 2023 |
|---|-------------------|-----------------------|
| | | 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

| | 2024 | 2023 |
|---|-------------------|-----------------------|
| | | 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

| | 2024 | 2023 |
|----------------------------|-------------------|-------------------|
| 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

| | 2024 | 2023 |
|--|-------------------|-------------------|
| 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> |

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

| | 2024 | 2023 |
|---|------------|------------|
| 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:

| Related party | Nature of transaction | 2024 | 2023 |
|--|---------------------------------|-------------|------------|
| Shareholder of the Parent Company | | | |
| Tajeer Group Company | Recharging IPO costs | 4,929,891 | 9,890,922 |
| Shareholders | | | |
| Tajeer 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 | - |
| Tajeer National Company | Motor vehicle maintenance | 119,224 | 1,487,573 |
| Tajeer 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:

| | 31 December 2024 | 31 December 2023 |
|------------------------------|---------------------|---------------------|
| Tajeer Group Company | 14,645,688 | 9,890,922 |
| Tajeer National Company | 1,144,374 | - |
| Tajeer International Company | 126,022,862 | - |
| | 141,812,924 | 9,890,922 |

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 | <u>640,457</u> | <u>-</u> |

-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 | <u>-</u> | <u>33,403,644</u> |

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 | <u>5,666,763</u> | <u>5,097,534</u> |

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)

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

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

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.

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.

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.

t) 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.

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.

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.

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.

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.

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 | Reclassification | Restatement | 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 |

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 | Reclassification | 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 |

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 | | | | |
| <i>Items that may be reclassified to profit or loss :</i> | | | | |
| Change in fair value of profit rate swap | (6,677,534) | - | - | (6,677,534) |
| <i>Items that will not be reclassified to profit or loss:</i> | | | | |
| 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) |

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.



**THANK
YOU!**