TAAJEER FINANCE LEASE COMPANY
(A Saudi Closed Joint Stock Company)

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

TAAJEER FINANCE LEASE COMPANY
(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS
For the year ended December 31, 2025

KPMG Professional Services Company
Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
مركز زهران للأعمال
شارع الأمير سلطان
ص. ب. ٥٥٠٧٨
جده ٢١٥٣٤
المملكة العربية السعودية
سجل تجاري رقم ٤٠٣٠٢٩٠٧٩٢

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Taajeer Finance Lease Company

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Taajeer Finance Lease Company ("the Company"), which comprise the statement of financial position as at December 31, 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, 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. 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 International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Comparative Information

We draw attention to note 33 to the financial statements, which indicates that the comparative information presented as at and for the year ended 31 December 2024 has been restated. Our opinion is not modified in respect of this matter.

Other matter - Relating to Comparative Information

The financial statements of the Company as at and for the year ended 31 December 2024 (from which the statement of financial position as at 1 January 2024 has been derived), excluding the adjustments described in Note 33 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 9 August 2025, corresponding to 16 Safar 1447H.

As part of our audit of the financial statements for the year ended 31 December 2025, we audited the adjustments described in note 33 that were applied to restate the comparative information presented as at and for the year ended 31 December 2024 and the statement of financial position as at 1 January 2024. We were not engaged to audit or apply any procedures to the financial statements for the year ended 31 December 2024 and 31 December 2023 (not presented herein) or to the statement of financial position as at 01 January 2024, other than with respect to the adjustments described in note 33 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in note 33 are appropriate and have been properly applied.

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٢٠٢٦ © شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، شركة مساهمة مهنية مقفلة مسجلة في المملكة العربية السعودية، رأس مالها (١١٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية خاصة محدودة بالضمان. جميع الحقوق محفوظة.

Independent Auditor's Report

To the Shareholders of Taajeer Finance Lease Company (continued)

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, the applicable requirements of the Regulations for Companies, 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, Audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism 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, then 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 of **Taajeer Finance Lease Company** ("the Company").

Independent Auditor's Report

To the Shareholders of Taajeer Finance Lease Company (continued)

Report on Other Legal and Regulatory Requirements

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the Regulations for Companies and the Company's By-Laws in so far as they affect the preparation and presentation of the financial statements.

KPMG Professional Services Company

Abdullah Oudah Althagafi
License No. 455

Jeddah, 13 July 2026
Corresponding to 28 Muharram 1448H

TAAJEER FINANCE LEASE COMPANY
(A Saudi Closed Joint Stock Company)

STATEMENT OF FINANCIAL POSITION
As at December 31
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Note	2025	31 December 2024 Restated (note 33)	1 January 2024 Restated (note 33)
ASSETS				
Cash and cash equivalents	5	**82,706,289**	108,090,125	241,629,091
Financing - Net	7	**1,425,479,741**	1,190,536,046	1,376,669,316
Due from related parties	18	**96,210,621**	141,812,924	9,890,922
Motor vehicles inventories		**2,221,635**	3,577,652	5,626,466
Prepayment and other receivables	6	**32,925,192**	8,461,469	4,205,843
Equity instruments at fair value through other comprehensive income	8	**892,850**	892,850	892,850
Derivative financial instruments	9	**457,759**	2,422,876	6,655,089
Property and equipment	10	**2,950,427**	3,536,928	4,598,699
Right of use assets	11	**3,811,413**	5,066,764	1,321,487
Intangible assets	13	**6,080,745**	3,410,636	2,660,205
Total assets		**1,653,736,672**	1,467,808,270	1,654,149,968
EQUITY AND LIABILITIES				
Equity				
Share capital	14	**500,000,000**	500,000,000	500,000,000
Statutory reserve	15	**21,144,701**	21,144,701	21,144,701
Retained earnings		**109,849,501**	24,852,010	5,622,090
Derivative financial instrument	9	**457,759**	2,422,876	6,655,089
Total Equity		**631,451,961**	548,419,587	533,421,880
Liabilities				
Trade and other payables	17	**63,572,368**	80,688,868	151,614,983
Due to related parties	18	**1,245,471**	--	16,592,642
Lease liabilities	12	**3,426,956**	4,503,430	1,188,645
Zakat payable	19	**3,389,733**	11,047,034	11,455,783
Borrowings	20	**944,890,183**	816,889,770	934,877,438
Employee termination benefits	21	**5,760,000**	6,259,581	4,998,597
Total liabilities		**1,022,284,711**	919,388,683	1,120,728,088
Total shareholders' equity and liabilities		**1,653,736,672**	1,467,808,270	1,654,149,968

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors

The accompanying notes 1 to 34 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 December 31
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Note	2025	2024 Restated (note 33)
Income			
Finance income	22	**157,646,806**	156,508,927
Finance cost	23	**(60,758,981)**	(63,440,022)
Net finance income		**96,887,825**	93,068,905
Fee and commission income		**5,111,835**	2,689,641
Fee and commission expense		**(1,653,516)**	(1,199,631)
Net fee and commission income		**3,458,319**	1,490,010
Expenses and other operating income			
Other operating income, net	24	**59,090,468**	57,487,416
Selling and marketing expenses	25	**(15,120,915)**	(11,996,114)
General and administrative expenses	26	**(60,483,661)**	(47,871,922)
Reversal / (provision) of expected credit loss	7	**13,167,060**	(26,977,049)
Other operating expenses	27	**(3,551,582)**	(6,120,067)
Total expenses net of other income		**(6,898,630)**	(35,477,736)
Profit before zakat		**93,447,514**	59,081,179
Zakat charged for the year	19	**(9,780,010)**	(7,045,169)
Profit for the year		**83,667,504**	52,036,010
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Change in fair value of derivative financial instrument	9	**(1,965,117)**	(4,232,213)
Remeasurement of employee termination benefits		**1,329,987**	(306,090)
Total comprehensive income for the year		**83,032,374**	47,497,707
Basic and diluted earnings per share	29	**1.67**	1.04

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors

The accompanying notes 1 to 34 form an integral part of these financial statements.

TAAJEER FINANCE LEASE COMPANY
(A Saudi Closed Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended December 31, 2025
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Profit rate swap hedge reserve	Total
Balance as at 1st January 2024 as previously reported	500,000,000	21,144,701	59,394,034	6,655,089	587,193,824
Impact of restatement (Note 33)	--	--	(53,771,944)	--	(53,771,944)
Restated balance at January 1, 2024	500,000,000	21,144,701	5,622,090	6,655,089	533,421,880
Profit for the year (restated)	--	--	52,036,010	--	52,036,010
Other comprehensive loss	--	--	(306,090)	(4,232,213)	(4,538,303)
Total comprehensive income for the year (restated)	--	--	51,729,920	(4,232,213)	47,497,707
Dividends declared (Note 16)	--	--	(32,500,000)	--	(32,500,000)
Restated Balance as at 31st December 2024 (restated)	**500,000,000**	**21,144,701**	**24,852,010**	**2,422,876**	**548,419,587**
Profit for the year	--	--	**83,667,504**	**--**	**83,667,504**
Other comprehensive Gain/loss	--	--	**1,329,987**	**(1,965,117)**	**(635,130)**
Total comprehensive income for the year	--	--	**84,997,491**	**(1,965,117)**	**83,032,374**
Balance as at 31 December 2025	**500,000,000**	**21,144,701**	**109,849,501**	**457,759**	**631,451,961**

Chief Financial Officer

Chief Executive Officer

Chairman of Board of Directors

The accompanying notes 1 to 34 form an integral part of these financial statements.

TAAJEER FINANCE LEASE COMPANY
(A Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS
For the year ended December 31
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Note	2025	2024 Restated (Note 33)
Profit for the year		**83,667,504**	52,036,010
Cash flows from operating activities			
Adjustments for non-cash items:			
Depreciation on property and equipment	10	**1,584,861**	2,594,959
Depreciation on right of use assets	11	**1,255,351**	788,454
Amortisation on intangible assets	13	**896,696**	718,625
(Reversal) / provision of expected credit loss	7.5	**(13,167,060)**	26,977,049
Zakat charge	19	**9,635,125**	7,045,169
Prior years adjustments	19	**144,885**	--
Interest expense on lease liabilities	23	**291,312**	213,055
Finance cost	23	**60,050,669**	62,968,194
Provision for employees' defined benefit obligations	21	**1,393,000**	1,561,426
		145,752,343	154,902,941
Changes in operating assets and liabilities			
Financing – Net	7.2	**(221,776,635)**	159,156,221
Due from related parties	18	**45,602,303**	(131,922,002)
Prepayments and other receivables	6	**(24,463,723)**	(4,255,626)
Motor vehicle inventories		**1,356,017**	2,048,814
Trade and other payables	17	**(17,815,595)**	(102,271,695)
Due to related parties	18	**1,245,471**	(16,592,642)
Cash (used in) / generated from operating activities		**(70,099,819)**	61,066,011
Finance cost paid		**(59,351,574)**	(64,122,614)
Zakat paid during the year	19	**(17,437,311)**	(7,453,918)
Employee defined benefit obligations paid	21	**(562,594)**	(606,532)
Net cash used in operating activities		**(147,451,298)**	(11,117,053)
Cash flow from investing activities			
Additions to property and equipment	10	**(998,360)**	(1,533,188)
Purchase of intangibles	13	**(3,566,805)**	(1,469,056)
Net cash used in investing activities		**(4,565,165)**	(3,002,244)
Cash flow from financing activities			
Borrowings net movement	20	**128,000,413**	(117,987,668)
Payment of lease liabilities	12	**(1,367,786)**	(1,432,001)
Net cash generated from / (used in) financing activities		**126,632,627**	(119,419,669)
Net decrease in cash and cash equivalents		**(25,383,836)**	(133,538,966)
Cash and cash equivalents at beginning of the year	5	**108,090,125**	241,629,091
Cash and cash equivalents at end of the year		**82,706,289**	108,090,125
Non-cash transactions:			
Additions of right of use assets and lease liabilities	11 & 12	--	4,533,731
Change in fair value of profit rate swap		**(1,965,117)**	(4,232,213)
Re-measurement of employees' defined benefit obligations	21	**1,329,987**	(306,090)
Dividends declared	16	--	32,500,000

Chief Financial Officer | Chief Executive Officer | Chairman of Board of Directors

The accompanying notes 1 to 34 form an integral part of these financial statements.

1. GENERAL 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) Tawarruq

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 Tawarruq as a new product.

The Company is a subsidiary of Al Ahdaf Al Mumaizah Company Limited (the "Parent Company"). During the year, Al Sulieman Investment Holding Company (the "ultimate parent") acquired a majority shareholding of the Parent Company and became the ultimate parent company.

As at 31 December 2025, the Company operates through 6 branches (31 December 2024: 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	Makkah	14 February 2017
5850070587	Abha	14 February 2017

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements 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 that are endorsed in KSA").

Assets and liabilities in the statement of financial position are presented in order to liquidity.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost basis except for financial assets which are classified as fair value through other comprehensive income (FVOCI), and the employees' benefits which are recognised at the present value of future obligations using the projected credit method.

These financial statements have been prepared on going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

2.3 Functional and presentation currency

These financial statements have been presented in Saudi Riyals (SR) which is also the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with IFRSs that are as endorsed in KSA, requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including contingent liabilities disclosure. Uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of related assets or liabilities, in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, are described below. The Company based its assumptions and estimates on information available when financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company's management. Such changes are reflected in the assumptions when they occur.

a) Measurement of expected credit loss allowance

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

a) Measurement of expected credit loss allowance (continued)

The Company's Expected Credit Loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Explanation of inputs, assumptions, and estimation techniques used in measuring ECL is further detailed in note 28, which also sets out the key sensitivities of the ECL to change these elements. Elements of the ECL models that are considered accounting judgements and estimates include:

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

b) Actuarial valuation of employee benefits liabilities

The cost of the employees' defined benefit obligation and the carrying value of employees' defined benefit obligation are determined using external actuarial valuation. An external actuarial valuation involves making various assumptions that may differ from actual developments in the future.

These include the determination of appropriate discount rate and future salary increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c) Going concern

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

d) Sale of leases under fair value measurement of financial instruments arrangements

As explained in notes 7, 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 derecognised accordingly. Management determined that the Company substantially retained all the risks and rewards of ownership of securitised lease receivables and therefore continued to recognise these receivables in the statement of financial position.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

e) 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. Changes in assumptions relating to these factors could affect the reported fair value of financial Instruments.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented.

New IFRS pronouncements, effective from 1 January 2025 did not have any effect on the financial statements (refer note 31).

4.1 Financial instruments

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

i) Financial assets

Initial recognition and measurement
Financial assets at initial recognition, are measured at their fair values. Subsequent measurement of a financial asset is dependent on its classification and is either at amortised cost or fair value through other comprehensive income ("FVOCI") or fair value through profit or loss (FVTPL).

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

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.1 Financial instruments (*continued*)

a) Financial assets (*continued)*

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

Financial assets of equity nature are classified and measured at FVOCI if the Company makes a one-time irrevocable election as such upon initial recognition. All other financial assets of equity nature are classified and measured at FVTPL. All other financial assets of debt nature that do not meet the criteria for classification as FVOCI or amortised cost, as well as financial assets that are required to be classified as FVTPL, are classified as FVTPL.

Subsequent measurement

Financial asset at amortised cost (debt instruments)
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in statement of profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through OCI (debt instruments)
A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to statement of profit or loss.

Financial assets at FVOCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under /AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.1 Financial instruments (*continued*)

i) Financial assets (*continued)*

Gains and losses on these financial assets are never recycled to statement of profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Business model assessment
The Company makes an assessment of the objective of a business model under which an asset is held, at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.1 Financial instruments (*continued*)

i) Financial assets (*continued)*

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessments whether contractual cash flows are solely payments of principal and interest ("SPPI" criteria)
For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Interest' is the consideration for the time value of money, the credit and other basic lending risk associated with the principal amount outstanding during a particular period and other basic lending costs (e.g., liquidity risk and administrative costs), along with profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Company considers:
- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse asset arrangements); and
- features that modify consideration of the time value of money- e.g., periodical reset of interest rates.

Equity instruments have contractual cash flows that do not meet the SPPI criterion. Accordingly, all such financial assets are measured at FVTPL unless the FVOCI option is selected.

ii) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, as appropriate.

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

Subsequent measurement

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.1 Financial instruments (*continued*)

ii) Financial liabilities (*continued)*

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost
After initial recognition, financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses as a result of unwinding of interest cost through EIR amortization process and on derecognition of financial liabilities are recognized in the statement of profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance charges in the statement of profit or loss.
Financial liabilities are not reclassified subsequent to their initial recognition.

iii) Derecognition

Financial assets
The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in statement of profit or loss.

Any cumulative gain/ (loss) recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in statement of profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognized as a separate asset or liability.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, as the Company retains all or substantially all of the risks and rewards of ownership of such assets.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.1 Financial instruments (*continued*)

iii) Derecognition (*continued)*

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

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

iv) Modifications

Financial assets
If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities
The Company derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in statement of profit or loss.

v) Impairment

The Company recognizes loss allowances for Expected Credit Loss ("ECL") on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments; and
- loan commitments issued, if any.

No impairment loss is recognized on equity investments.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.1 Financial instruments (*continued*)

v) Impairment (*continued)*

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

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

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

The key inputs into the measurement of ECL are based on the following variables:

- Loss rate
- Exposure at default (EAD)

The Company categorizes its leasing portfolio into various groups on the basis of common credit risk characteristics for the purpose of collective basis of ECL determination using appropriate models. Lease customers which have materially different credit risk characteristics (such as customers subject to bankruptcy, significant litigation or other factors) are assessed on individual basis for ECL determination purposes.

The Company also considers the forward-looking information in its assessment of significant deterioration in credit risk since origination as well as the measurement of ECLs. The forward-looking information will include the elements such as expert judgement, macroeconomic factors (e.g., unemployment, GDP growth, inflation and profit rates) and economic forecasts obtained through internal and external sources. Management applies additional overlays to reflect current or future external factors that might not be captured by the expected credit loss model, if required.

Measurement of ECL
The Company measure loss allowance for stage 1 financial assets at an amount equal to 12 months expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime. 12 months expected credit losses are the portion of expected credit losses that result from default events on the financial assets that are possible within 12 months after the reporting period. The financial assets of the Company are categorized as follows:

- Stage 1: These represent the receivables where customers have low risk of default and a strong capacity to meet contractual cash flows.
- Stage 2: these represent financial assets where there is a significant increase in credit risk and that is presumed if the customer is more than 30 days past due in making contractual payment/installment.
- Stage 3: these represent defaulted receivables. A default on a receivables is considered when the customer fails to make a contractual payment/installment within 90 days after they fall due. The Company measures loss allowance for non-performing receivables at an amount equal to lifetime expected credit losses.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.1 Financial instruments (*continued*)

v) Impairment (*continued)*

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

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

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

A financial asset that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Murabaha receivables and finance lease receivables that are overdue for more than 90 days are considered credit impaired unless there is evidence to the contrary.

During the year ended 31 December 2021, based on a detailed assessment of its lease portfolio historical performance and the current characteristics, the Company has revised its quantitative trigger point for credit impairment to 90 days. This has been accounted for as a change in estimate. The Company has made appropriate updates to its ECL models to account for this change.

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

vi) Write-off

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

vii) Collateral repossession and disposal

As part of collection strategy, all litigation tools including repossession could be used once the past dues of the customer exceed 90 days. Repossessed assets could only be returned to the customer either after complete settlement of past dues or after signing a rescheduling agreement. The Company waits for a cure period before offering the asset for sale and the Company notifies the customer in writing of its intention.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.1 Financial instruments (*continued*)

viii) Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as personal guarantees other non-financial assets. The immovable collateral is valued only by the Licensed Valuers. However, for movable collateral, the Company uses market prices through dealers/sellers of identical or similar assets, benchmarking recent sale of repossessed assets and financing of similar used for movable branded collateral or through written-down values.

ix) Offsetting

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

Meet the criteria for classification as FVTOCI or amortised cost, as well as financial assets that are required to be classified as FVTPL, are classified as FVTPL.

4.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid deposit, if any, with original maturities of three months or less from the purchase date, which are available to the Company without any restrictions.

4.3 Net investment in finance leases

The determination of whether an arrangement contains a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Gross investment in financing represents the gross lease payments receivable by the Company, and the net investment represents the present value of financing, discounted at commission rate implicit in the financing.

4.4 Murabaha and Tawarruq financing receivables

Murabaha and Tawarruq are Islamic forms of financing where the Company, based on requests from its customers, purchases specific commodities and sells them to the customers at an agreed-upon price equal to the Company's cost plus a specified profit margin, which is payable on a deferred basis in agreed-upon installments. Murabaha and Tawarruq financing receivables represent financial assets held at amortised cost.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.5 Intangible Assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets are not capitalised and expenditure is recognised 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 amortised over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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

- Oracle and other software: 7 years .

4.6 Accounts payable and accruals

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured. Accounts payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

4.7 Zakat and tax

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia. Zakat expense is charged to the statement of profit or loss and other comprehensive income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to Zakat. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian income tax law.

4.8 Employee benefit obligations

Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.8 Employee benefit obligations (continued)

Post-employment benefits

The Company's obligation under employees' end-of-service benefits is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in employee costs in the statement of profit or loss and other comprehensive income.

4.9 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.11 Revenue recognition – Income from finance leases and other income

Lease income

Finance lease income is calculated by applying the effective interest rate to the minimum lease payments of financial assets, except for:

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.11 Revenue recognition – Income from finance leases and other income (continued)

Lease income (continued)

a. Purchased or originated financial assets that are credit-impaired on initial recognition ("POCI") of financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
b. Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

The difference between the aggregate lease contract receivable and the cost of the leased assets plus initial direct costs is recorded as unearned lease finance income. The initial direct costs, which include amounts such as commissions and legal fees that are incremental and directly attributable to negotiating and arranging a lease, are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the finance lease receivable. Lease payments relating to the year are applied against lease receivables to reduce both the principal and the unearned finance income.

Net income from finance lease receivable sold to financial institutions
Income from finance lease receivables sold to the financial institution is recognised when the Company sells lease receivables to the financial institution and de-recognizes them from the financial statements. Income is reduced by the discount charged by the financial institution, accrued insurance cost in respect of assets leased under sold receivables and incidental cost of arrangement including those to be incurred as servicing agent.

Income from Murabaha arrangements
Murabaha 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 receivable outstanding. Direct costs incurred to generate Murabaha income are netted off from Murabaha income.

Income from finance lease and Murabaha receivables

Other income
Any incentives received from the sellers of motor vehicles sold by the Company under finance lease is presented under Income as other income in the statement of profit or loss and other comprehensive income.

4.12 Fair value measurement

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.12 Fair value measurement (continued)

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy, if any, at the end of the reporting period during which the change has occurred.

4.13 Finance charges

Finance charges are expensed in the period to which they relate. Finance charges consist of interest cost that the Company incurs in connection with the borrowings of funds and lease liabilities and bank charges.

5. CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Cash in hand	**--**	14,289
Cash at banks (note 5.1)	**82,706,289**	108,075,836
	82,706,289	108,090,125

5.1 At 31 December, all bank balances are maintained with local banks, which are rated at investment grade levels.

6. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2025	31 December 2024
VAT receivables	**14,188,295**	219,531
Advances to suppliers	**451,560**	647,063
Advances to suppliers – related party	**6,830,470**	--
Accrued rebates	**4,610,755**	--
Prepaid expenses	**3,785,434**	3,361,071
Advances to employees	**636,425**	610,395
Accrued profit on time deposits	**3,970**	2,022,604
Other receivables	**2,418,283**	1,600,805
	32,925,192	8,461,469

7. FINANCING – NET

The business activities of the Company are in the Kingdom of Saudi Arabia and primarily represents Ijarah Auto finance, Murabaha and Tawarruq Consumer Islamic financing.

7.1 The product-wise breakup of financing is as follows:

31 December 2025	**Ijara**	**Murabaha**	**Tawarruq**	**Total**
Investment in financing	**1,233,745,144**	**2,622,150**	**231,728,920**	**1,468,096,214**
Less: expected credit loss	**(14,286,297)**	**(416,237)**	**(27,913,939)**	**(42,616,473)**
Net investment in financing	**1,219,458,847**	**2,205,913**	**203,814,981**	**1,425,479,741**

31 December 2024	Ijara	Murabaha	Tawarruq	Total
Investment in financing	1,213,848,992	5,875,076	39,171,289	1,258,895,357
Less: expected credit loss	(61,311,067)	(1,930,295)	(5,117,949)	(68,359,311)
Net investment in financing	1,152,537,925	3,944,781	34,053,340	1,190,536,046

7.2 Reconciliation between gross and net investment in finance leases are as follows:

	31 December 2025	31 December 2024
Gross investment in finance leases	**1,887,212,084**	1,666,362,763
Less: Unearned finance income	**(419,115,870)**	(407,467,406)
Present value of minimum lease payments	**1,468,096,214**	1,258,895,357
Less: allowance for expected credit losses	**(42,616,473)**	(68,359,311)
Net investment in finance leases	**1,425,479,741**	1,190,536,046

7.3 The contractual maturity analysis of financing in finance leases is as follows:

	Years	Gross investment	Unearned finance income	Net investment (before allowance for expected credit losses)
31 December 2025				
Current portion	**2026**	**384,958,216**	**16,632,991**	**368,325,225**
Non-current portion				
	2027	**334,398,878**	**50,946,263**	**283,452,615**
	2028	**435,717,921**	**106,666,319**	**329,051,602**
	2029	**193,102,670**	**53,626,656**	**139,476,014**
	2030	**503,009,286**	**176,962,596**	**326,046,690**
	2031	**36,025,113**	**14,281,045**	**21,744,068**
Total non-current portion		**1,502,253,868**	**402,482,879**	**1,099,770,989**
Total		**1,887,212,084**	**419,115,870**	**1,468,096,214**
Less: allowance for expected credit loss				**(42,616,473)**
Net financing				**1,425,479,741**

31 December 2024	Years	Gross investment	Unearned finance income	Net investment (before allowance for expected credit losses)
Current portion	2025	189,954,133	18,028,589	171,925,544
Non-current portion				
	2026	380,578,713	75,542,993	305,035,720
	2027	429,063,596	102,830,900	326,232,696
	2028	412,897,005	125,242,282	287,654,723
	2029	250,487,351	84,678,348	165,809,003
	2030	3,381,965	1,144,294	2,237,671
Total non-current portion		1,476,408,630	389,438,817	1,086,969,813
Total		1,666,362,763	407,467,406	1,258,895,357
Less: allowance for expected credit loss				(68,359,311)
Net financing				1,190,536,046

The Company's implicit rate of return on leases ranges between 10% and 18% per annum (2024: between 8% and 16% per annum). These are secured by promissory notes from the customer and against leased assets.

Amounts due after one year represents minimum lease payments under finance lease contracts, which are due for payment by customers after one year from the statement of financial position date.

7. FINANCING - NET (continued)

7.4 The analysis of changes in gross financing is as follows:

2025

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at January 1, 2025	**945,215,149**	**574,577,980**	**146,569,634**	**1,666,362,763**
Net repayment during the year	**350,263,172**	**(136,443,726)**	**19,605,653**	**233,425,099**
Transfer to stage 1	**254,644,817**	**(242,705,574)**	**(11,939,243)**	**--**
Transfer to stage 2	**(39,286,884)**	**40,990,899**	**(1,704,015)**	**--**
Transfer to stage 3	**(116,416,995)**	**(154,161,003)**	**270,577,998**	**--**
Write-offs	**--**	**--**	**(12,575,778)**	**(12,575,778)**
Balance at December 31, 2025	**1,394,419,259**	**82,258,576**	**410,534,249**	**1,887,212,084**

2024

	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2024	1,656,718,998	74,677,734	131,655,097	1,863,051,829
Net repayment during the year	(203,602,224)	38,907,273	(21,483,987)	(186,178,938)
Transfer to stage 1	35,927,517	(22,204,462)	(13,723,055)	--
Transfer to stage 2	(455,301,825)	487,761,563	(32,459,738)	--
Transfer to stage 3	(88,527,317)	(4,564,128)	93,091,445	--
Write-offs	--	--	(10,510,128)	(10,510,128)
Balance at December 31, 2024	945,215,149	574,577,980	146,569,634	1,666,362,763

7.5 The movement in allowance for expected credit losses on financing is as follows:

	2025	2024
At the beginning of the year	**68,359,311**	51,892,390
(Reversal) / charge for the year	**(13,167,060)**	26,977,049
Written-off during the year	**(12,575,778)**	(10,510,128)
At the end of the year	**42,616,473**	68,359,311

7.6 Category-wise allowance for expected credit losses on financing is as follows:

	31 December 2025	31 December 2024
Performing (Stage 1)	**7,105,424**	894,557
Under-performing (Stage 2)	**7,852,104**	6,578,365
Non-performing (Stage 3)	**27,658,945**	60,886,389
	42,616,473	68,359,311

7. FINANCING - NET (continued)

7.7 An analysis of changes in allowance for expected credit losses on financing is as follows:

2025

	12 month ECL (Stage 1)	**Lifetime ECL not credit impaired (Stage 2)**	**Lifetime ECL credit impaired (Stage 3)**	**Total**
Balance at January 1, 2025	**894,557**	**6,578,365**	**60,886,389**	**68,359,311**
(Reversal) / charge for the year	**6,210,867**	**1,273,739**	**(20,651,666)**	**(13,167,060)**
Write-offs	**--**	**--**	**(12,575,778)**	**(12,575,778)**
Balance at December 31, 2025	**7,105,424**	**7,852,104**	**27,658,945**	**42,616,473**

2024

	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Balance at January 1, 2024	679,069	4,993,717	46,219,603	51,892,389
Charge for the year	215,488	1,584,648	25,176,914	26,977,050
Write-offs	--	--	(10,510,128)	(10,510,128)
Balance at December 31, 2024	894,557	6,578,365	60,886,389	68,359,311

7.8 The Company entered into several securitization arrangements with financial institutions and as explained in note (20), the outstanding balance of the underlying portfolio connected with this arrangement amount to SAR 251.7 million as of 31 December 2025 (31 December 2024: SAR 274.4 million).

8. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

The Company subscribed to 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 approximates the fair value. The fair value of the investment is classified under level 3 of the fair value hierarchy.

9. DERIVATIVE FINANCIAL INSTRUMENTS

The Company has entered into a profit rate swap (the "Contract") with a local bank to manage exposure to profit rate fluctuations. The notional amount of the Contract as at 31 December 2025 is SR 33.9 million (31 December 2024: SR 40.1 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.

	2025	2024
At the beginning of the year	**2,422,876**	6,655,089
Charged to OCI	**(1,965,117)**	(4,232,213)
At the end of the year	**457,759**	2,422,876

10. PROPERTY AND EQUIPMENT

31 December 2025	**Leasehold improvements**	**Furniture and fixtures**	**Computer equipment**	**Office equipment**	**Total**
Cost:					
At January 1, 2025	4,591,333	1,796,818	7,581,860	1,042,940	15,012,951
Additions	581,661	42,230	226,694	147,775	998,360
At December 31, 2025	**5,172,994**	**1,839,048**	**7,808,554**	**1,190,715**	**16,011,311**
Depreciation:					
At January 1, 2025	2,568,631	794,394	7,504,668	608,330	11,476,023
Charge for the year	947,936	172,870	303,885	160,170	1,584,861
At December 31, 2025	**3,516,567**	**967,264**	**7,808,553**	**768,500**	**13,060,884**
Carrying amounts:					
At December 31, 2025	**1,656,427**	**871,784**	**1.00**	**422,215**	**2,950,427**

31 December 2024	Leasehold improvements	Furniture and fixtures	Computer equipment	Office equipment	Total
Cost:					
At January 1, 2024	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 December 31, 2024	4,591,333	1,796,818	7,581,860	1,042,940	15,012,951
Depreciation:					
At January 1, 2024	1,746,517	646,055	6,059,142	429,350	8,881,064
Charge for the year	822,114	148,339	1,445,526	178,980	2,594,959
At December 31, 2024	2,568,631	794,394	7,504,668	608,330	11,476,023
Carrying amounts:					
At December 31, 2024	2,022,702	972,508	77,192	464,526	3,536,928

11. RIGHT-OF-USE ASSETS

Right of use consists of Company's rental agreements of more than one year:

	Buildings
Cost:	
At 1 January 2024	1,437,929
Additions	4,533,731
At 31 December 2024	**5,971,660**
Additions	**--**
At 31 December 2025	**5,971,660**
Accumulated depreciation:	
At 1 January 2024	116,442
Charge for the year	788,454
At 31 December 2024	**904,896**
Charge for the year	**1,255,351**
At 31 December 2025	**2,160,247**
Netbook values:	
At 31 December 2025	**3,811,413**
At 31 December 2024	5,066,764

12. LEASE LIABILITIES

The Company has lease liabilities related to office premises. With the exception of short-term leases, each lease is presented as a lease liability on the statement of financial position. Lease term period of office premises ranges from 3 to 5 years

	2025	2024
Opening balance – January 1	**4,503,430**	1,188,645
Addition of new leases during the year	**--**	4,533,731
Interest accrued during the year	**291,312**	213,055
Lease liability settled during the year	**(1,367,786)**	(1,432,001)
Closing balance – December 31	**3,426,956**	4,503,430
Less: Current portion of lease liabilities	**(1,304,447)**	(1,341,991)
Non-current portion of lease liabilities	**2,122,509**	3,161,439

As at December 31, 2025, payments and finance charges related to lease liabilities are as follows:

	Current	**1–5 years**
Lease payments	**1,359,600**	**2,422,200**
Finance charges	**(153,424)**	**(201,420)**
Net present values	**1,206,176**	**2,220,780**

12. LEASE LIABILITIES (continued)

As at December 31, 2024, payments and finance charges related to lease liabilities are as follows:

	Current	1–5 years
Lease payments	1,362,000	3,781,800
Finance charges	(285,912)	(354,458)
Net present values	1,076,088	3,427,342

13. INTANGIBLE ASSETS

	Computer Software
Cost:	
At 1 January 2024	9,039,893
Additions	1,469,056
At 31 December 2024	10,508,949
Additions	**3,566,805**
At 31 December 2025	**14,075,754**
Accumulated Amortisation	
At 1 January 2024	6,379,688
Charge for the year	718,625
At 31 December 2024	**7,098,313**
Charge for the year	**896,696**
At 31 December 2025	**7,995,009**
Net book value	
At 31 December 2025	**6,080,745**
At 31 December 2024	3,410,636

14. SHARE CAPITAL

The capital of the Company as at 31 December 2025 comprised 50,000,000 shares stated at SR 10 per share (31 December 2024: 50,000,000 shares stated at SR 10 per share). The shareholders of the Company as at 31 December 2025 and 2024 and their respective shareholding is as follows:

	31 December 2025	31 December 2024
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 Services Limited	**5,000,000**	5,000,000
	500,000,000	500,000,000

15. STATUTORY RESERVE

The Company updated its by-laws to align it with the new company's law Saudi Companies Law issued under Royal Decree No. M/132 dated 1/12/1443H (corresponding to 30 June 2022). Consequently, the balance of the old statutory reserve is now subject to shareholders' discretion.

16. DIVIDEND DECLARED

During the year 2024, the Company's shareholder declared to distribute dividends in the amount of SAR 32.5 million. This amount has been utilized to settle the amount due from the shareholder. No declaration has been made in the year.

17. TRADE AND OTHER PAYABLES

	31 December 2025	31 December 2024 (Restated)	1 January 2024 (Restated)
Trade payables	**40,601,617**	2,907,781	80,967,738
Accrued expenses	**5,138,039**	18,739,781	22,625,137
Dividend payable	**--**	32,500,000	--
Other payables	**1,188,941**	262,662	2,276,065
Related party (note 18)	**16,643,771**	26,278,644	45,746,043
	63,572,368	80,688,868	151,614,983

18. RELATED PARTY TRANSACTIONS

Related parties comprise the shareholders, directors, affiliated companies (representing entities which are directly or indirectly controlled by or under the significant influence of the Company's direct and indirect shareholders), and key management personnel. Related parties also include business entities in which certain directors or senior management have control or joint control.

18. RELATED PARTY TRANSACTIONS (continued)

a) Related parties transactions

Significant related party transactions and balances arising therefrom are described as under:

Name	Relationship	Nature of transactions	For the year ended December 31, 2025	2024
Taajeer International Company	Shareholder	Purchase of Vehicles	**1,572,954**	19,744,090
		Rebate on Purchases	**--**	9,818,554
		Advance Payments	**--**	100,000,000
		Settlement of a balance (note (e) below)	**100,000,000**	--
Taajeer National Company	Shareholder	Motor Vehicle Maintenance	**93,590**	119,224
Taajeer Global Company	Shareholder	Purchase of Motor Vehicles	**18,164,782**	13,422,593
		Rebate on Purchases	**--**	3,849,046
Awaed Arabia Company	Sister Company	Debt Collection services	**1,375,815**	1,125,573
Alawal Capital Company	Sister Company	Finance cost	**2,100,510**	1,035,852
		Profit on time deposit	**576,000**	2,022,604
Tawafuq Al Wusata for Insurance (Concord)	Sister Company	Insurance of Vehicles	**61,323,089**	35,045,509
		Payments	**70,317,505**	55,153,365
Al Ahdaf Al Mumayyazah	Parent	Shareholding agreement (note e below)	**100,000,000**	--
		Dividend Set-off	**(32,500,000)**	--
Jabal Edsas Company	Sister Company	Interest expense	**237,549**	137,545
		Payments	**1,012,000**	1,012,000
Taajeer Group Company	Shareholder of parent company	Recharging IPO costs	**4,929,891**	4,929,891

18. RELATED PARTY TRANSACTIONS (continued)

b) Due from related parties

Name	Relationship	As at December 31, 2025	As at December 31, 2024
Taajeer Group Company	Shareholder of the parent Company	**14,684,678**	14,645,688
Taajeer National Company	Shareholder	**--**	1,144,374
Al Ahdaf Al Mumayyazah	Parent	**67,500,000**	--
Taajeer International Co.	Shareholder	**14,025,943**	126,022,862
		96,210,621	141,812,924

c) Due to related parties

Name	Relationship	As at December 31, 2025	As at December 31, 2024
Taajeer National Company	Shareholder	**246,462**	--
Awaed Arabia Company	Sister Company	**999,009**	--
		1,245,471	--

d) Advance to Suppliers

Name	Relationship	As at December 31, 2025	As at December 31, 2024
Taajeer Global Company	Shareholder	**6,830,470**	--
		6,830,470	--

e) Trade Payables

Name	Relationship	As at December 31, 2025	As at December 31, 2024
Taajeer Global Company	Shareholder	**--**	640,457
Tawafuq Al Wusata for Insurance (Concord)	Sister Company	**16,643,771**	25,638,187
		16,643,771	26,278,644

18. RELATED PARTY TRANSACTIONS (continued)

f) Lease liabilities

Name	Relationship	As at December 31, 2025	As at December 31, 2024
Jabal Edsas Company	Sister Company	**2,884,823**	3,659,275
		2,884,823	3,659,275

g) Compensation of key management personnel

Name	Nature of transactions	For the year ended December 31, 2025	2024
Key management personnel	Salaries and bonuses paid / accrued to key management personnel	**2,795,835**	5,666,763
Directors	Directors' fee	**1,625,000**	1,525,000
Key management personnel	End of service benefits accrued during the year	**287,963**	207,652

h) During the year 2025, a settlement agreement has been made between the Al Ahdaf Al Mumayyazah Company, the shareholders of Al Ahdaf Al Mumayyazah Company and Taajeer International Company, where they approved that Al Ahdaf Al Mumayyazah Company will assume the liability instead of Taajeer International Company.

19. ZAKAT PAYABLE

19.1 Zakat base

The principal elements of the approximate Zakat base are as follows:

	31 December 2025	31 December 2024
Equity	**640,651,330**	555,464,756
Non-current liabilities	**375,097,693**	531,902,311
Total financing resources	**1,015,749,023**	1,087,367,067
Total assets	**1,653,736,672**	1,467,808,270
Assets subject to Zakat ("Zakat assets")	**540,230,248**	367,931,279
Zakat assets / Total assets	**32.67%**	25.07%
Approximate Zakat base	**373,790,056**	272,567,176
Zakat due at 2.5% for the year	**9,635,125**	7,045,169

19. ZAKAT PAYABLE (continued)

19.2 Movement in Zakat

	2025	2024
At the beginning of the year	**11,047,034**	11,455,783
Charge for the year	**9,635,125**	7,045,169
Prior period adjustment	**144,885**	--
Payments	**(17,437,311)**	(7,453,918)
At the end of the year	**3,389,733**	11,047,034

19.3 Status of Zakat 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.

20. BORROWINGS

The Company has obtained Medium Term Loan ("MTL") facilities from various local banks and financial institutions with an aggregate approved limit of SAR 1.115 billion. Each facility utilization is repayable in 60 equal monthly instalments commencing 30 days from the date of drawdown.

Loans comprise the following:

	31 December 2025	31 December 2024 (Restated)	1 January 2024 (Restated)
Commercial Loans (see note (a) below)	**864,485,057**	575,012,420	588,918,879
Government Loans (see note (b) below)	**870,526**	17,499,962	40,433,350
Securitised Loans (see note (c) below)	**135,451,869**	294,315,294	368,435,638
Loan from other financial institution	**--**	--	33,403,644
	1,000,807,452	886,827,676	1,031,191,511
Restricted reserves	**(32,087,938)**	(47,599,414)	(73,449,142)
Cash compensating balances (see note (a) below)	**(19,905,342)**	(19,905,342)	(19,810,445)
Unamortised administration fee	**(3,923,989)**	(2,433,150)	(3,054,486)
At the end of the year	**944,890,183**	816,889,770	934,877,438

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 2025 are presented net of cash compensating balances of SR 19.9 million (31 December 2024: SR 19.9 million).

20. BORROWINGS (continued)

a) Commercial loans (continued)

The approved facilities and outstanding balances as at 31 December 2025 are as follows:

Facility 1

The Company has a Medium-Term Loan ("MTL") facility with an approved limit of SAR 300 million. As at 31 December 2025, the outstanding balance under the facility amounted to SAR 263.9 million. The facility is repayable in 55 equal monthly instalments commencing 30 days from the date of drawdown.

Facility 2

The Company has a Medium-Term Loan ("MTL") facility with an approved limit of SAR 425 million. As at 31 December 2025, the outstanding balance under the facility amounted to SAR 413.6 million. The facility is repayable in 60 equal monthly instalments commencing 30 days from the date of drawdown.

Facility 3

The Company has a Medium-Term Loan ("MTL") facility with an approved limit of SAR 100 million. As at 31 December 2025, the outstanding balance under the facility amounted to SAR 19.6 million. The facility is repayable in 60 equal monthly instalments commencing 30 days from the date of drawdown.

Facility 4

The Company has a Medium-Term Loan ("MTL") facility with an approved limit of SAR 100 million. As at 31 December 2025, the outstanding balance under the facility amounted to SAR 15.0 million. The facility is repayable in 60 equal monthly instalments commencing 30 days from the date of drawdown.

Facility 5

The Company has a Medium-Term Loan ("MTL") facility with an approved limit of SAR 100 million. As at 31 December 2025, the outstanding balance under the facility amounted to SAR 94.2 million. The facility is repayable in 60 equal monthly instalments commencing 30 days from the date of drawdown.

Facility 6

The Company has a Medium-Term Loan ("MTL") facility with an approved limit of SAR 60 million. As at 31 December 2025, the outstanding balance under the facility amounted to SAR 58.0 million. The facility is repayable in 60 equal monthly instalments commencing 30 days from the date of drawdown.

Facility 7

The Company has a Medium-Term Loan ("MTL") facility with an approved limit of SAR 30 million. As at 31 December 2025, the outstanding balance under the facility amounted to SAR 0.8 million. The facility is repayable in 36 equal monthly instalments commencing 30 days from the date of drawdown.

20. BORROWINGS (continued)

b) Government Loans

The Company has obtained loans at below-market interest rate from a governmental body under a scheme to support small and medium sized entities.

c) Securitised Loans

The Company has entered into purchase and service agreements (the 'Agreements') with local banks in respect of securitisation of certain finance leases (the 'receivables'). As at 31 December 2025, the approved securitisation limits and outstanding balances were as follows:

Securitisation Facility 1

As at 31 December 2025, the outstanding balance under the facility amounted to SAR 75.3 million.

Securitisation Facility 2

As at 31 December 2025, the outstanding balance under the facility amounted to SAR 45.0 million.

Securitisation Facility 3

As at 31 December 2025, the outstanding balance under the facility amounted to SAR 10 million.

d) No derecognition of the underlying financing portfolio as all the securitization agreements does not meet the derecognition criteria as per the requirements of IFRS 9. Moreover, the loans balances have been offset from the restricted cash reserve as the financial institutions has the enforceable rights to utilize in the settlement of the loans and accordingly met the offsetting requirements under IFRS 9.

21. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS

The Company operates an approved unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labour Law. The amount recognised in the statement of financial position is determined as follows:

	31 December 2025	31 December 2024
Present value of defined benefit obligation	**5,760,000**	6,259,581

An independent actuarial valuation exercise has been conducted by the Company as at December 31, 2025 and 2024 to ensure the adequacy of provision for employees' end of service benefits in accordance with the rules stated under the Saudi Arabian Labour Law by using the Projected Unit Credit Method as required under International Accounting Standards 19: Employee Benefits.

21. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS (continued)

The movement in EOSB for the year ended December 2025 is as follows:

	2025	2024
Balance as at January 1	**6,259,581**	4,998,597
Included in profit or loss		
Current service costs	**976,000**	1,302,653
Interest costs	**417,000**	258,773
	1,393,000	1,561,426
Included in other comprehensive income		
Actuarial loss	**(1,329,987)**	306,090
Benefits paid	**(562,594)**	(606,532)
Balance as at December 31	**5,760,000**	6,259,581

Defined benefit obligation

Actuarial assumptions

The following were the principal actuarial assumptions, applied at the reporting date (expressed as weighted averages).

	2025	2024
Discount rate	**5.3%**	6%
Future salary growth / expected rate of salary increases	**2%**	6%
Retirement age	**60**	60

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

The weighted average duration of the defined benefit obligation is 6 years as at December 31, 2025 (December 31, 2024: 8 years)

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2025		2024	
	Increase	**Decrease**	Increase	Decrease
Discount rate (1% movement)	**5,426,000**	**6,141,000**	5,827,781	6,750,415
Future salary growth (1% movement)	**6,150,000**	**5,413,000**	6,721,739	5,845,319

Although the analysis does not take into account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

22. FINANCE INCOME

	2025	2024
Income from Ijarah	**131,823,373**	148,890,902
Income from Tawarruq	**24,527,457**	5,385,126
Income from Murabaha	**1,295,976**	2,232,899
	157,646,806	156,508,927

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

23. FINANCE COST

	2025	2024 (Restated)
Commission on borrowings	**48,519,271**	47,956,124
Securitisation loans	**13,576,379**	17,036,696
Unwinding of restricted margin	**(2,044,981)**	(2,024,626)
Unwinding of discount on termination benefits	**417,000**	258,773
Unwinding of discount on lease liabilities	**291,312**	213,055
	60,758,981	63,440,022

24. OTHER OPERATING INCOME, NET

	2025	2024 (Restated)
Insurance reimbursed/paid, net	**38,239,454**	24,589,058
Rebate on purchases of vehicles	**7,263,745**	16,967,406
Profit on time deposit	**576,000**	7,507,838
Recoveries of amount previously written off	**6,539,477**	7,026,063
Other income	**6,471,792**	1,397,051
	59,090,468	57,487,416

25. SELLING AND MARKETING EXPENSES

	2025	2024
Salaries and allowances	**10,913,833**	10,439,229
Rent for short term leases	**--**	673,773
Advertisement	**4,207,082**	883,112
	15,120,915	11,996,114

26. GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
Salaries and allowances	**34,001,635**	24,337,359
Information technology and communication	**8,427,493**	7,645,287
Depreciation on property and equipment (note 10)	**1,584,861**	2,594,959
Amortization on intangibles (note 13)	**896,696**	718,625
Depreciation on right of use assets (note 11)	**1,255,351**	788,454
Rent for short term leases	**721,222**	1,099,315
Professional Charges	**2,545,511**	889,100
Utilities	**264,205**	594,735
Others	**10,786,687**	9,204,088
	60,483,661	47,871,922

27. OTHER OPERATING EXPENSES

	2025	2024 (Restated)
SIMA charges	**339,833**	86,849
SADAD expense	--	483,429
TAMM fee	**499,776**	97,529
YAQEEN	**132,009**	712,240
SJIL	**472,788**	412,360
Tawtheeq for lease registration	**96,598**	311,117
Other	**2,010,578**	4,016,543
	3,551,582	6,120,067

28. FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to a variety of financial risks which mainly include market risk (interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial statements. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors of the Company manages through its various committees.

28.1 Market risk

Market risk comprises three types of risk: currency risk, cashflow and fair value interest rate risk and price risk.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate as a result of changes in interest rates. As at 31 December 2025, the Company has interest bearing liabilities in the form of short term loan from Banks. The Company monitors fluctuations, where applicable, in interest rates.

28. FINANCIAL RISK MANAGEMENT (continued)

28.1 Market risk (continued)

Interest rate risk (continued)

Interest rate sensitivity analysis
For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

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.

Price risk
The Company is not exposed to other price risk such as equity risk and commodity risk as the Company is neither involved in investment in trading securities nor the commodities.

28.2 Credit risk

28.2.1 Risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The risk is generally limited to principal amounts and accrued profit thereon, if any. The Company has established procedures to manage credit exposure including credit approvals, credit limits, collateral and guarantee requirements.

The Company also manages risk through a credit department which evaluates customers' credit worthiness and obtains adequate securities where applicable.

The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

28.2.2 Credit quality analysis

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location.

28. FINANCIAL RISK MANAGEMENT (continued)

28.2 Credit risk (continued)

28.2.2 Credit quality analysis (continued)

The Company provides leased assets to retail and fleet customers. Retail customers consist of individuals whereas the Company classifies small businesses as fleet customers. Concentration of the Company's customer base on the basis of percentage of the outstanding balance of gross financing as at December 31 is as follows:

	2025	2024
Retail	**1,657,221,443**	1,438,849,824
Corporate (SMEs)	**229,990,641**	227,512,939
	1,887,212,084	1,666,362,763

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history. However, the rating for quality of Company's investments cannot be determined because the customer base of the Company consists of individual customers and small businesses for which such data is not readily available.

The maximum exposure to credit risk at the reporting date is:

	2025	2024 (Restated)
Financing (note 7)	**1,468,096,214**	1,258,895,357
Due from related parties (note 18)	**96,210,621**	141,812,924
Other receivables and employee receivables (note 6)	**29,139,758**	5,100,398
Cash at banks (note 5)	**82,706,289**	108,075,836
Restricted deposits (note 20)	**51,993,280**	67,504,756
	1,728,146,162	1,581,389,271

Following tables set out the information about the credit quality of Financing on the basis of Company's customers:

	December 31, 2025				
	(Stage 1)	(Stage 2)	(Stage 3)	Purchased credit impaired	Total
Corporate (SMEs)	**129,040,939**	**15,132,808**	**85,816,894**	**--**	**229,990,641**
Retail	**1,265,378,320**	**67,125,768**	**324,717,355**	**--**	**1,657,221,443**
	1,394,419,259	**82,258,576**	**410,534,249**	**--**	**1,887,212,084**

28. FINANCIAL RISK MANAGEMENT (continued)

28.2 Credit risk (continued)

28.2.2 Credit quality analysis (continued)

The distribution of the expected credit loss is as follows:

	December 31, 2025				
	12-month ECL (Stage 1)	**Lifetime ECL not credit impaired (Stage 2)**	**Lifetime ECL credit impaired (Stage 3)**	**Purchased credit impaired**	**Total**
Corporate (SMEs)	**608,568**	**132,650**	**964,271**	**--**	**1,705,489**
Retail	**6,496,856**	**7,719,454**	**26,694,674**	**--**	**40,910,984**
	7,105,424	**7,852,104**	**27,658,945**	**--**	**42,616,473**

	December 31, 2024				
	(Stage 1)	(Stage 2)	(Stage 3)	Purchased credit impaired	Total
Corporate (SMEs)	115,825,829	61,167,139	50,519,971	--	227,512,939
Retail	829,389,320	513,410,841	96,049,663	--	1,438,849,824
	945,215,149	574,577,980	146,569,634	--	1,666,362,763

The distribution of the expected credit loss is as follows:

	December 31, 2024				
	12-month ECL (stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Purchased credit impaired	Total
Corporate (SMEs)	824,650	6,197,529	41,682,852	--	48,705,031
Retail	69,907	380,836	19,203,537	--	19,654,280
	894,557	6,578,365	60,886,389	--	68,359,311

28.2.3 Impairment

Cash at banks and restricted deposits are placed with banks with sound credit ratings which is given above. Cash at bank, advances to employees, restricted deposits with bank and other receivables are considered to have low credit risk; therefore, 12 months ECL model was used for impairment assessment. Based on management impairment assessment, there is no provision required in respect of these balances. The Company applies general impairment ECL model to measure the credit

28. FINANCIAL RISK MANAGEMENT (continued)

28.2 Credit risk (continued)

28.2.3 Impairment (continued)

Measurement of ECL

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

(i) probability of default (PD);
(ii) loss given default (LGD); and
(iii) exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD. 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 legal standing against the defaulting counterparties. The LGD models also consider the structure, collateral, net value, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the lease receivable.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current lease receivables to the customer and potential changes to the current amount allowed under the lease contract including amortisation. The EAD of a lease receivable is its carrying amount.

As described above, and subject to using a maximum of a 12-month PD for lease receivables for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require instalment.

Categorization

The Company categorizes its investment in finance leases into Stage 1, Stage 2, and Stage 3, as described in note 7.3.

28. FINANCIAL RISK MANAGEMENT (continued)

28.2 Credit risk (continued)

28.2.3 Impairment (continued)

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 by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

Determining whether 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 if, based on the Company's quantitative modelling, the remaining lifetime PD is determined to have increased significantly.

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.

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 customer.

Collateral

The Company, in the ordinary course of lending activities, holds collaterals as security to mitigate credit risk in the lease receivable. These collaterals are the underlying assets subject to such finance lease. For lease receivables that are credit impaired at the reporting period, the Company closely monitors collateral held as it becomes more likely that Company will take possession of collateral to mitigate potential credit losses. Lease receivables that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

28. FINANCIAL RISK MANAGEMENT (continued)

28.2 Credit risk (continued)

28.2.3 Impairment (continued)

	Collateral value (Depreciated value)
December 31, 2025	**698,843,764**
December 31, 2024	730,885,085

Net (reversal) / charge for expected credit losses

	2025	2024
ECL reversal / charge against Financing	**(13,167,060)**	26,977,049
Recoveries against write-offs	**(6,539,477)**	(7,026,063)
	(19,706,537)	19,950,986

28.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. As at December 31, 2025 and 2024 the current liabilities of the Company did not exceed its current assets. The Company's financial liabilities primarily consist of accounts payable, accrued and other liabilities. Even though significant portion of these liabilities are expected to be settled within 12 months from the reporting date, the Company expects to have adequate liquid funds to settle its current liabilities through close monitoring of its current assets and current liabilities.

The Company's management has prepared its business plan and cash flow forecasts for the twelve months from the reporting date taking into consideration the nature and condition of business, the degree to which it is affected by external factors and other financial data available at the time of preparation of such forecasts.

Following is the contractual maturities of undiscounted cash flows of financial liabilities as at December 31, 2025 and 2024:

At December 31, 2025	**Carrying amount**	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Trade and other payables	**63,572,368**	**63,572,368**	**--**	**--**	**63,572,368**
Long term Borrowings	**1,000,807,452**	**633,592,268**	**367,215,184**	**--**	**1,000,807,452**
Lease liabilities	**3,426,956**	**1,304,447**	**2,122,509**	**--**	**3,426,956**
Due to related parties	**1,245,471**	**1,245,471**	**--**	**--**	**1,245,471**
	1,069,052,247	**699,714,554**	**369,337,693**	**--**	**1,069,052,247**

28. FINANCIAL RISK MANAGEMENT (continued)

28.3 Liquidity risk (continued)

At December 31, 2024 (Restated)	Carrying amount	Less than 1 year	1 to 5 years	Over 5 years	Total
Trade and other payables	80,688,868	80,688,868	--	--	80,688,868
Long term Borrowings	886,827,676	364,326,376	522,501,300		886,827,676
Lease liabilities	4,503,430	1,341,991	3,161,439	--	4,503,430
	972,019,974	446,377,244	525,642,730	--	972,019,974

28.4 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to its shareholders or increase its share capital. Further, the Company monitors aggregate amount of financing offered by the Company on the basis of the regulatory requirements of Regulations for Companies and SAMA which requires Finance Companies engaged in financing other than real estate, to maintain aggregate financing to capital ratio of three times.

	2025	2024
Aggregate financing to capital ratio (Financing net divided by total equity)	**2.26**	2.17

Equity includes all capital and reserves of the Company that are managed as capital.

28.5 Fair value of financial instruments

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

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

The principal or the most advantageous market must be accessible to by the Company.

The Company's financial assets consist of cash and cash equivalents, other receivables, investments in finance lease, available-for-sale investment and financial liabilities consisting of accounts payable, accrued expenses and other liabilities and net servicing liability.

28. FINANCIAL RISK MANAGEMENT (continued)

28.5 Fair value of financial instruments (continued)

The fair values of financial assets and liabilities are not materially different from their carrying values at the statement of financial position date.

Determination of fair value and fair value hierarchy.

The Company, if applicable, uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

At December 31, 2025	**Carrying amount**	**Fair value**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets					
FVTOCI	**892,850**	**892,850**	--	--	**892,850**

At December 31, 2024	Carrying amount	Fair value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets					
FVTOCI	892,850	892,850	--	--	892,850

The management assessed that cash and cash equivalents, other receivables, trade payables and other liabilities and accruals approximate their carrying amounts largely due to the short-term maturities of these instruments.

28. FINANCIAL RISK MANAGEMENT (continued)

28.5 Fair value of financial instruments (continued)

Level 3
The management believes that the carrying value of the investment approximates to the fair value at December 31, 2025, and December 31, 2024.

There were no transfers between levels during the years ended December 31, 2025, and 2024.

29. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit / (loss) for the year by the weighted average number of shares outstanding during the year. The calculation of diluted earnings per share is not applicable to the Company.

30. COMPARATIVE FIGURES

During the year, certain prior year amounts have been reclassified to align with the current year presentation. However, there was no impact of such reclassification on the statement of profit or loss and statement of changes in shareholders' equity.

31. PRONOUNCEMENTS ISSUED AND NOT YET EFFECTIVE

Amendments to Standards

The following table lists the Standards that are required to be applied for annual period beginning after 1 January 2025. The adoption of the following amendments to the existing standards had no significant impact on the financial statements of the Company on the current period or prior periods and is expected to have no significant effect in the future periods.

Standard / Interpretation	Description	Effective from periods beginning after the following date
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025

Standards and Amendments Issued but Not Yet Effective

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the financial statements of the Company are disclosed below. The Company intends to adopt these standards, where applicable, when they become effective, and the Company is currently analysing the impacts of these forthcoming pronouncements.

31. PRONOUNCEMENTS ISSUED AND NOT YET EFFECTIVE (continued)

Standards and Amendments Issued but Not Yet Effective (continued)

Standard / Interpretation	Description	Effective from periods beginning after the following date
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognised in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognised and derecognised and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026
Amendments to IFRS 9 and IFRS 7 Contracts referencing Nature-dependent Electricity	Contracts Referencing Nature-dependent Electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity's financial statements.	1 January 2026
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows.	1 January 2026

31. PRONOUNCEMENTS ISSUED AND NOT YET EFFECTIVE (continued)

Standards and Amendments Issued but Not Yet Effective (continued)

Standard / Interpretation	Description	Effective from periods beginning after the following date
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences. The management is currently assessing the impact of IFRS 18.	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability, and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

32. SUBSEQUENT EVENTS

Subsequent to the reporting date, geopolitical tensions in the region escalated significantly following the outbreak of hostilities between the United States, Israel and Iran in February 2026. Management has assessed the potential impact of these events on the Company's operations, financing portfolio, and going concern assumption and concluded that, as at the date of authorization of these financial statements, there is no material adverse impact requiring adjustment to the amounts recognized in these financial statements.

33. CORRECTION OF ERRORS

During the year ended 31 December 2025, the management has identified certain transactions and/or events which have not been appropriately accounted for in prior periods. Accordingly, management has restated the comparative information to align with the proper accounting treatments and in accordance with the requirements of International Accounting Standard (8) "Accounting Policies, Changes in Accounting Estimates and Errors", the details of the errors are as follows:

33. CORRECTION OF ERRORS (continued)

a. During the current year, management identified that the Restricted Reserves balance had been overstated in prior periods due to errors in the calculation of such reserve. Moreover, since Borrowings were presented net of the Restricted Reserves on the statement of financial position, therefore, such Borrowings balance was understated in those prior periods. Accordingly, the comparative financial information has been restated to reduce the Restricted Reserve balance by SAR 8.9 million as at 1 January 2024 and by SAR 14 million as at 31 December 2024, with a corresponding adjustment to retained earnings as of those dates. As such, Borrowings stand increased by the foregoing amounts as of those respective dates.

   Moreover, due to the corresponding impact of the aforementioned adjustment on the unwinding of discount on Restricted Reserves balance, finance cost for the year ended 31 December 2024, has been increased by SAR 1.2 million.

b. During the current year, management identified that the Securitized Loans balance had been understated in prior periods due to errors in the calculation of the carrying values in those periods. As a result, the balance of Borrowings was understated in comparative periods. Accordingly, the comparative financial information has been restated to increase the Securitized Loans balance by SAR 41.2 million as at 1 January 2024 and by SAR 42.8 million as at 31 December 2024, with a corresponding adjustment to retained earnings as of those dates.

c. During the current year, management identified that certain penalty amounts payable were not recognised previously. As a result, the trade and other payables balance as well as the corresponding expenses under other operating expenses were understated. Accordingly, the comparative financial information has been restated to increase the trade and other payables balance by SAR 12.2 million as at 1 January 2024 and by SAR 16.2 million as at 31 December 2024, with a corresponding adjustment to retained earnings as of those dates, Moreover, other operating expenses for the year ended 31 December 2024 has been increased by SR 4 million.

d. During the current year, management identified that certain amounts of Fee and commission income and Fee and commission expense were incorrectly presented net under Other operating income, net in prior years. Accordingly, the foregoing error has been adjusted in the statement of profit or loss for the year ended 31 December 2024 by increasing the Fee and commission income and Fee and commission expense by SR 2.7 million and SR 1.2 million respectively and as such, Other operating income, net has been reduced by SR 1.5 million.

e. As a result of the adjustments, management has reduced ZAKAT payable and ZAKAT expense (corresponding impact in retained earnings) to reflect the corresponding impact on the ZAKAT calculation by SR 5.8 million.

33. CORRECTION OF ERRORS (continued)

The adjustments on the statement of financial position as at 1 January 2024:

As at 1 January 2024:	Reference	**As previously Reported**	**Correction of error**	**As restated**
ASSETS				
Cash and cash equivalents		241,629,091	--	241,629,091
Financing - Net		1,376,669,316	--	1,376,669,316
Due from related parties		9,890,922	--	9,890,922
Motor vehicles inventories		5,626,466	--	5,626,466
Prepayment and other receivables		4,205,843	--	4,205,843
Equity instruments at fair value through other comprehensive income		892,850	--	892,850
Derivative financial instruments		6,655,089	--	6,655,089
Property 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		1,654,149,968	--	1,654,149,968
EQUITY AND LIABILITIES				
Equity				
Share capital		500,000,000	--	500,000,000
Statutory reserve		21,144,701	--	21,144,701
Retained earnings	a, b & c	59,394,034	(53,771,944)	5,622,090
Derivative financial instrument		6,655,089	--	6,655,089
Total Equity		587,193,824	(53,771,944)	533,421,880
Liabilities				
Trade and other payables	c	139,076,912	12,538,071	151,614,983
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
Borrowings	a & b	893,643,565	41,233,873	934,877,438
Employee termination benefits		4,998,597	--	4,998,597
Total liabilities		1,066,956,144	53,771,944	1,120,728,088
Total shareholders' equity and liabilities		1,654,149,968	--	1,654,149,968

33. CORRECTION OF ERRORS (continued)

The adjustments on the statement of financial position as at 31 December 2024 are as follows:

As at 31 December 2024	Reference	**As previously Reported**	**Correction of error**	**As restated**
ASSETS				
Cash and cash equivalents		108,090,125	--	108,090,125
Financing - Net		1,190,536,046	--	1,190,536,046
Due from related parties		141,812,924	--	141,812,924
Motor vehicles inventories		3,577,652	--	3,577,652
Prepayment and other receivables		8,461,469	--	8,461,469
Equity instruments at fair value through other comprehensive income		892,850	--	892,850
Derivative financial instruments		2,422,876	--	2,422,876
Property and equipment		3,536,928	--	3,536,928
Right of use assets		5,066,764	--	5,066,764
Intangible assets		3,410,636	--	3,410,636
Total assets		1,467,808,270	--	1,467,808,270
EQUITY AND LIABILITIES				
Equity				
Share capital		500,000,000	--	500,000,000
Statutory reserve		21,144,701	--	21,144,701
Retained earnings	a & b	78,007,164	(53,155,154)	24,852,010
Derivative financial instrument		2,422,876	--	2,422,876
Total Equity		601,574,741	(53,155,154)	548,419,587
Liabilities				
Trade and other payables	c	64,476,031	16,212,837	80,688,868
Due to related parties		--	--	--
Lease liabilities		4,503,430	--	4,503,430
Zakat payable	e	16,856,670	(5,809,636)	11,047,034
Borrowings	a & b	774,137,817	42,751,953	816,889,770
Employee termination benefits		6,259,581	--	6,259,581
Total liabilities		866,233,529	53,155,154	919,388,683
Total shareholders' equity and liabilities		1,467,808,270	--	1,467,808,270

33. CORRECTION OF ERRORS (continued)

The adjustments on the statement of profit or loss and other comprehensive income for the year ended 31 December 2024 are as follows:

	Reference	As previously Reported	Correction of error	As restated
Income				
Finance income		156,508,927	--	156,508,927
Finance cost	a	(62,233,179)	(1,206,843)	(63,440,022)
Net finance income		94,275,748	(1,206,843)	93,068,905
Fee and commission income	d	--	2,689,641	2,689,641
Fee and commission expense	d	--	(1,199,631)	(1,199,631)
Net fee and commission income		--	1,490,010	1,490,010
Expenses & other operating income				
Other operating income, net	d	58,977,426	(1,490,010)	57,487,416
Selling and marketing expenses		(11,996,114)	--	(11,996,114)
General and administrative expenses		(47,871,922)	--	(47,871,922)
(Reversal) / provision of expected credit loss		(26,977,049)	--	(26,977,049)
Other operating expenses	c	(2,134,064)	(3,986,003)	(6,120,067)
Total expenses net of other income		(30,001,723)	(5,476,013)	(35,477,736)
Profit before zakat		64,274,025	(5,192,846)	59,081,179
Zakat charged for the year	e	(12,854,805)	5,809,636	(7,045,169)
Profit for the year		51,419,220	616,790	52,036,010

- No adjustments take place on other comprehensive income for the year ended 31 December 2024.

The adjustments on the statement of changes in shareholders equity for the year ended 31 December 2024 are as follows:

	Retained earnings
Retained earnings – opening balance as at 1 January 2024	59,394,034
Correction of errors	(53,771,944)
Adjusted retained earning – 1 January 2024	**5,622,090**
Profit for the year and other comprehensive income - restated	51,729,920
Declared dividends	(32,500,000)
Retaining earning as at 31 December 2024	**24,852,010**

33. CORRECTION OF ERRORS (continued)

The adjustments of the statement of cash flows for the year ended 31 December 2024 are as follows:

	As previously Reported	**Correction of error**	**As restated**
Profit for the year	51,419,220	616,790	52,036,010
Net cash (used in)/ generated from operating activities	(12,830,442)	1,713,389	(11,117,053)
Net cash flows (used in) investing activities	(3,002,244)	--	(3,002,244)
Net Cash flows generated from / (used in) financing activities	(117,706,280)	(1,713,389)	(119,419,669)
Net decrease in cash and cash equivalents	(133,538,966)	--	(133,538,966)
Cash and cash equivalents at beginning of the year	241,629,091	--	241,629,091
Cash and cash equivalents at end of the year	108,090,125	--	108,090,125

34. DATE OF AUTHORISATION OF ISSUE

These financial statements have been authorised for issue by the Shareholders on 13 July 2026 (corresponding to 28 Muharram 1448).