SAHB FINANCE COMPANY
(A Saudi Closed Joint Stock Company)

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

BDO الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

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

Independent auditor's report

To the shareholders of
Sahb Finance Company
(A Saudi Closed Joint Stock Company)
Kingdom of Saudi Arabia

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended, in accordance with IFRS Accounting Standards 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 ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with the management and with charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

Riyadh, on: 4 Ramadan 1446H
Corresponding to: 4 March 2025 G

SAHB FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
Statement of financial position
As at December 31, 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	2024	2023
Assets			
Cash and cash equivalents	5	**27,779,787**	87,925,566
Murabaha receivables	6	**198,519,877**	138,390,237
Ijara receivables	7	**63,937,258**	63,335,156
Prepayments and other receivables	8	**479,578**	16,300,813
Equity investment at fair value through other comprehensive income	9	**892,850**	892,850
Investment properties	10	**101,572,490**	87,727,803
Property and equipment	11	**3,929,116**	4,342,490
Intangible Assets	12	**281,250**	-
Total assets		**397,392,206**	398,914,915
Liabilities and shareholders' equity			
Liabilities			
Accounts payable, accruals and others	13	**7,906,383**	20,219,616
Provision for zakat	14	**3,617,322**	5,493,314
Provision for employees' end of service benefits	16	**1,227,443**	1,006,834
Total liabilities		**12,751,148**	26,719,764
Shareholders' equity			
Share capital	17	**311,392,870**	311,392,870
Statutory reserve	18	**32,655,477**	31,416,509
Consensual reserve	18	**3,000,000**	3,000,000
Retained earnings		**37,038,313**	25,887,600
Actuarial gain on employees' defined benefit obligations		**554,398**	498,172
Total shareholders' equity		**384,641,058**	372,195,151
Total liabilities and shareholders' equity		**397,392,206**	398,914,915

The accompanying notes (1) through (30) form an integral part of these financial statements.

Statement of profit or loss
For the year ended December 31, 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	2024	2023
Income			
Income from Murabaha contracts	20	**5,566,318**	35,418
Income from Murabaha		**5,566,318**	35,418
Other operating income	21	**1,919,846**	2,413,745
		7,486,164	2,449,163
Operating expenses			
General and administration expenses	23	**(13,767,410)**	(23,190,316)
Reversal of provision for credit losses	22	**19,733,025**	52,098,693
Fair value gain / (loss) for investment property	10.1.2	**696,320**	(1,484,048)
Fair value amortization	15	**3,345,507**	3,974,320
		10,007,442	31,398,649
Net profit for the year before zakat		**17,493,606**	33,847,812
Zakat			
-Charge for the year	14	**(5,103,925)**	(6,979,916)
-Prior year reversal	14 & 8	**-**	32,924,404
Net profit for the year after zakat		**12,389,681**	59,792,300

The accompanying notes (1) through (30) form an integral part of these financial statements.

SAHB FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
Statement of other comprehensive income
For the year ended December 31, 2024
(All amounts in Saudi Riyals unless otherwise stated)

	2024	2023
Net profit for the year after zakat	**12,389,681**	59,792,300
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent periods		
Re-measurement gain / (loss) on employees' defined benefit liabilities	**56,226**	(5,178)
Total comprehensive income for the year	**12,445,907**	59,787,122

The accompanying notes (1) through (30) form an integral part of these financial statements.

SAHB FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
Statement of changes in shareholders' equity
For the year ended December 31, 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Consensual reserve	Retained earnings / (Accumulated losses)	Actuarial gain/losses) on employees' defined benefit obligations	Total
Balance at January 1, 2024	**311,392,870**	**31,416,509**	**3,000,000**	**25,887,600**	**498,172**	**372,195,151**
Net profit for the year	**-**	**-**	**-**	**12,389,681**	**-**	**12,389,681**
Other comprehensive income	**-**	**-**	**-**	**-**	**56,226**	**56,226**
Total comprehensive income	**-**	**-**	**-**	**12,389,681**	**56,226**	**12,445,907**
Transferred to Statutory reserve	**-**	**1,238,968**	**-**	**(1,238,968)**	**-**	**-**
Balance at December 31, 2024	**311,392,870**	**32,655,477**	**3,000,000**	**37,038,313**	**554,398**	**384,641,058**
Balance at January 1, 2023	311,392,870	25,437,279	3,000,000	(27,925,470)	503,350	312,408,029
Net profit for the year	-	-	-	59,792,300	-	59,792,300
Other comprehensive income	-	-	-	-	(5,178)	(5,178)
Total comprehensive income/ (loss)	-	-	-	59,792,300	(5,178)	59,787,122
Transferred to Statutory reserve	-	5,979,230	-	(5,979,230)	-	-
Balance at December 31, 2023	311,392,870	31,416,509	3,000,000	25,887,600	498,172	372,195,151

SAHB FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
Statement of cash flows
For the year ended December 31, 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	2024	2023
Cash flows from operating activities			
Net profit for the year before zakat		**17,493,606**	33,847,812
Adjustments for non-cash items			
Depreciation	23	**1,225,994**	1,197,198
Provision for employees' end of service benefits	16	**488,885**	355,934
Reversal of provision for credit losses	22	**(19,733,025)**	(52,098,693)
Fair value amortization	15	**(3,345,507)**	(3,974,320)
Fair value (gain) / loss for investment property	10.1.2	**(696,320)**	1,484,048
Loss on write-off for property and equipment	23	**475,497**	-
		(4,090,870)	(19,188,021)
Changes in operating assets and liabilities			
Murabaha receivables		**(50,810,443)**	80,666,093
Ijara receivables		**-**	-
Prepayments and other receivables		**15,821,234**	5,330,682
Accounts payable, accruals and others		**(12,314,248)**	3,821,477
Zakat paid	14	**(6,979,916)**	(1,866,743)
Employees' end of service benefits paid	16	**(212,050)**	(276,654)
Net cash (used in) generated from operating activities		**(58,586,293)**	68,486,834
Cash flows from investing activities			
Property and equipment	11	**(220,613)**	(137,106)
Intangible Assets		**(281,250)**	-
Investment property	10.1.1	**(1,057,623)**	(504,240)
Net cash used in investing activities		**(1,559,486)**	(641,346)
Net (decrease) / increase in cash and cash equivalents		**(60,145,779)**	67,845,488
Cash and cash equivalents at beginning of the year		**87,925,566**	20,080,078
Cash and cash equivalents at end of the year	5	**27,779,787**	87,925,566

Non-cash transactions	**2024**	2023
Addition to investment property (Note 10.1.1)	**13,158,247**	10,084,808

1 General

sahb Finance Company (the "Company") is a Saudi closed joint stock company, registered in Riyadh, Kingdom of Saudi Arabia. The Company obtained a license number 201411/S A/23 dated 9 Muharram 1436H (corresponding to November 2, 2014) from the Saudi Central Bank (SAMA). The Company is registered under commercial registration number 1010265551 dated 9 Rabie Al Thani 1430H (corresponding to April 5, 2009). The unified number of the Company as per commercial registration certificate is 7001586903.

The objectives of the Company are to provide financing to small and medium companies, financing production assets and providing finance leases.

The Company's renewed the Saudi Central Bank (SAMA) license in September 3, 2023 for a period of five years, to perform financing activities in the Kingdom of Saudi Arabia.

The Company's Head Office is located at the following address:

sahb Finance Company
Abi Tahir Al Dhahabi street
Al Mutamarat, P.O. Box 64124, Riyadh 11536
Kingdom of Saudi Arabia

2 Basis of preparation

2.1 Statement of compliance

The financial statements of the Company as at and for the year ended 31 December 2024 have been prepared:

- in accordance with IFRS Accounting standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS that are endorsed in KSA").

- in compliance with the Companies' Law in the Kingdom of Saudi Arabia and Company's Bylaws.

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

2.2 Basis of measurement

The financial statements are prepared on a going concern basis under the historical cost convention, except for investment at fair value through other comprehensive income ("FVOCI"), which is measured at fair value, and the provision for employees' end of service benefits which are recognised at the present value of future obligations using the projected unit credit method.

2.3 Functional and presentation currency

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

(All amounts in Saudi Riyals unless otherwise stated)

3 Summary of significant accounting polices

New standards, interpretations, and amendments effective in the current year

The following are the new standards, interpretations and amendments to standards that are effective in the current year, but they have no impact on these financial statements.

IFRS	Summary	Effective date
IFRS 16	Amendment – Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
IAS 1	Amendment – Non-current Liabilities with Covenants	1 January 2024
IAS 7 and IFRS 7	Amendment – Supplier Finance Arrangements	1 January 2024

The summary of significant accounting policies adopted in the preparation of these financial statements are set out below:

Financial assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost ("AC"), fair value through other comprehensive income ("FVOCI") and fair value through income statement ("FVTPL"). This classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. For an explanation of how the Company classifies its financial assets under IFRS 9, see respective section of significant accounting policies.

Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all the fair value changes of liabilities designated under the fair value option were recognized in statement of comprehensive income, under IFRS 9 fair value changes are generally presented as follows:

The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income OCI; and

The remaining amount of change in the fair value is presented in statement of comprehensive income.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model ("ECL"). IFRS 9 requires the Company to record an allowance for ECLs for Ijarah and Murabaha receivables and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. Under IFRS 9, credit losses are recognized earlier than under IAS 39. For an explanation of how the Company applies the impairment requirements of IFRS 9, see respective section of significant accounting policies.

Initial recognition and subsequent measurement of financial assets

All financial assets of the Company are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective profit method, less any impairment losses.

Following are the major financial assets as of the reporting date:

Murabaha receivables
Murabaha is an agreement whereby the Company sells an asset to a customer, which the Company has purchased and acquired based on an undertaking received from the customer to buy. The selling price comprises the cost plus an agreed profit margin. Gross amounts due under the Murabaha sale contracts include the total of future sale payments on the Murabaha agreement (Murabaha sale receivables). The difference between the Murabaha sale receivables and the cost of the sold asset, is recorded as unearned Murabaha income (see note 6), and for presentation purposes, is deducted from the gross amounts due under the Murabaha receivable.

3 Summary of significant accounting polices (continued)

Ijara receivables
Ijara is an agreement whereby the Company, acting as a lessor, purchases or constructs an asset for lease according to the customer request (lessee), based on an undertaking to lease the asset for an agreed rent and specific period that could end by transferring the ownership of the leased asset to the lessee. The gross amounts due under originated Ijara (finance) leases includes the total of future lease payments on Ijara receivables (lease receivables), plus estimated residual amounts receivable. The difference between the Ijara receivables and the cost of the sold asset, is recorded as unearned Ijara income and for presentation purposes, is deducted from the gross amounts due under the Ijara receivable.

Classification of financial assets

On initial recognition, a financial asset is classified as amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through income statement ("FVTPL").

Financial asset at amortised cost

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 profit on the principal amount outstanding.

Financial asset at FVOCI

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 (HTCS); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Equity instruments:
On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an instrument-by-instrument basis.

Dividends from such investments are recognized in profit or loss as other income when the Company's right to receive payments is established unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognized in other comprehensive income.

Financial asset at FVTPL
All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

3 Summary of significant accounting polices (continued)

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 profit revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising 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; and
- 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.

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 realised 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.

Assessments whether contractual cash flows are solely payments of principal and profit ("SPPI" criteria)

For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Profit' 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 profit, 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 profit rates.

Classification of financial liabilities

Upon initial recognition, the Company classifies its financial liabilities, as measured at amortised cost.

Subsequently, financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through income statement or if the Company adopts to measure a liability at fair value through income statement as per the requirements of IFRS 9.

Amortized cost

Ijara and Murabaha receivables and other financial assets measured at amortized cost are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using the effective profit method.

3 Summary of significant accounting polices (continued)

Derecognition

Financial assets

The Company derecognises 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 derecognised) 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 recognised in OCI is recognised in statement of income.

From 1 January 2017, any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in statement of income on derecognition of such securities. Any profit in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

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 recognise 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.

Modifications of financial assets and financial liabilities

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 derecognised and a new financial asset is recognised 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 recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of comprehensive income. 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 profit/loss.

Financial liabilities
The Company derecognises 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 recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability recognised with modified terms is recognised in statement of comprehensive income.

Impairment

Impairment of financial assets

The Company recognizes loss allowances for ECL on the following assets that are not measured at FVTPL:

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

No impairment loss is recognized on equity investments.

3 Summary of significant accounting polices (continued)

The Company measures loss allowances at an amount equal to lifetime ECL for:

- trade and other receivables without a significant financing component
- debt investment securities that are determined to have high credit risk at the reporting date; and
- other financial instruments on which credit risk has increased significantly since their initial recognition.

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

- Exposure at default (EAD)
- Probability of default
- Loss given default

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on consideration of a variety of external actual and forecast information from published sources, the Company formulates a forward-looking adjustment to PD term structures to arrive at forward-looking PD estimates across the lifetime using macroeconomic models.

The Company considers scenarios in the range of 3-5 years horizon (consistent with forecasts available from public sources). Externally available macroeconomic forecast from international Monetary Fund (IMF) and SAMA are used for making base case forecast. The base case represents a most-likely outcome as published by external sources. The other scenarios represent more optimistic and more pessimistic outcomes.

The Company has used GDP growth rate as its key macroeconomic factor. The Company has given 40:30:30 weightage to its base case forecast, pessimistic case forecast and optimistic case forecast respectively.

Measurement of ECL

For murabaha and ijarah financing receivables (“receivables”), the Company applies the general approach in order to measure expected credit losses (ECL). For stage 1 receivables the Company measures ECL at an amount equal to 12 months expected credit losses. Where the expected lifetime of a receivable 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 receivables that are possible within 12 months after the reporting period. The receivables of the Company are categorized as follows:

1- Performing (Stage 1): these represent the financial assets where customers have a low risk of default and a strong capacity to meet contractual cash flows.

   The Company measures the loss allowance for performing financial assets at an amount equal to 12 month expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected credit losses are measured at its expected lifetime. 12-month expected credit losses are the portion of expected credit losses that results from default events on the financial assets that are possible within 12 months after the reporting date.

2- Underperforming (Stage 2): these represent the 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 and up to 90 days past due in making a contractual payment / instalment, the facilities are restructured or under management watchlist, the facilities against which collateral is repossessed or cross default in other facilities by same customer.

   The Company measures the loss allowance for underperforming financial assets at an amount equal to lifetime expected credit losses.

3- Non-performing (Stage 3): these represent defaulted financial assets. A default on a financial asset is considered when the customer fails to make a contractual payment / instalment more than 90 days after they fall due, a legal case against the customer is filed or cross default in other facilities of the customer.

   The Company measures the loss allowance for non-performing financial assets at an amount equal to lifetime expected credit losses.

3 Summary of significant accounting polices (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 derecognised 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.

Definition of default

The Company considers a financial asset to be in default when:
- The borrower is unlikely to pay its credit obligations to the Company in full; or
- The borrower is past due more for than 90 days on any material credit obligation to the Company.

In assessing whether a borrower is in default, the Company considers indicators that are:
- Qualitative – e.g., breaches of covenant; legal case filed by the Company against borrower or cross default in other facilities of the borrower.
- Quantitative – e.g., overdue status or cross default in other facilities by same customer; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

Financial assets measured at amortised cost
- as a deduction from the gross carrying amount of the assets;

Financial instrument includes both on statement of financial position (SOFP) and off SOFP component
- where the Company cannot identify the ECL on the off SOFP commitment component (in respect of sold finance lease receivables) separately from those on the on SOFP component, the Company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the on SOFP component.

Write-off

Ijara, murabaha receivables 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.

3 Summary of significant accounting policies (continued)

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 financial guarantees, and other physical assets. The Company's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same as it was under IAS 39. Collateral, unless repossessed, is not recorded on the Company's statement of financial position. The fair value of collateral is considered for the calculation of ECLs. The value of the collateral is determined at inception and subsequently as and when considered necessary.

Collateral repossessed

The Company's accounting policy under IFRS 9 remains the same as it was under IAS 39. The Company's policy is to determine whether a repossessed asset can be sold or relent. Assets for which selling is determined to be a better option are sold in line with the Company's policy and any difference in the amount lent and assets sold is recorded in the statement of profit or loss.

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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. 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 the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Transactions in foreign currencies

Transactions in foreign currencies are recorded in Saudi Riyals at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of profit or loss.

3 Summary of significant accounting polices (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Accounts payable and accruals

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-zakat rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the statement of comprehensive income over the period of the borrowing using the effective profit method.

Investment properties

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses, if any. The cost less estimated residual value of investment properties is depreciated on a straight line basis over the estimated useful lives of the assets. The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Gains and losses on disposal of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment properties and are recognised within other income in the statement of comprehensive income.

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost less estimated residual value of property and equipment is depreciated on a straight line basis over the estimated useful lives of the assets. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Leasehold improvements are amortised on a straight-line basis over the shorter of the useful life of the improvement/assets or the term of the lease. Expenditure for repair and maintenance are charged to statement of comprehensive income. Improvements that increase the value or materially extend the life of the related assets are capitalised

3 Summary of significant accounting polices (continued)

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised within other income in statement of comprehensive income.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that an intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets
The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, if any, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities
At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3 Summary of significant accounting polices (continued)

Leases (continued)

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Variable lease payments
Some leases contain variable payments that are linked to the usage/performance of the leased asset. Such payments are recognized in the statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at banks and short-term deposits with original maturities of three months or less, which are available to the Company without any restrictions.

Impairment of non-financial assets

The Company periodically reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of the asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment is recognised in the statement of comprehensive income.

Where impairment subsequently reverses, the carrying amount of the asset or the cash generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset or cash generating unit in prior years. A reversal of impairment is recognised immediately in the statement of comprehensive income.

Employee benefits

Short-term employee benefits
Short-term employee benefits are expensed as the related services are provided. A liability is recognized 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.

3 Summary of significant accounting polices (continued)

Post-employment benefits

The Company's obligation under employee end-of-service benefit 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 OCI. 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.

Offsetting of financial assets and financial liabilities

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 recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are presented on a net basis only when permitted under International Financial Reporting Standards, or for gains and losses arising from a group of similar transactions.

Zakat

Zakat is provided on an accrual basis, and in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA). Zakat, as clarified by SOCPA dated 3 Rajab 1440H (corresponding to 1 May 2019), is considered to be a liability of the Company and are accordingly recognised in the statement of profit or loss and other comprehensive income and accrued in the statement of financial position.

Revenue recognition

Income on Murabaha and Ijara financing are recognised in the statement of comprehensive income using the effective profit method (EPR) on the outstanding balance over the term of the contract. For credit impaired financial assets, the Company applies the effective profit rate to the amortised cost of the financial asset in subsequent reporting periods i.e. once a financial asset or a group of assets have been written down as a result of an impairment loss, profit is thereafter recognised using the rate of profit (original EPR) used to discount the future cash flows for the purpose of measuring the impairment loss.

The calculation of effective profit rate takes into account all contractual terms of Murabaha and Ijara receivables including all the fees, transaction costs, discounts that are integral part of the effective profit but does not include the future financing loss. Transaction costs are incremental costs that are directly attributable to acquisition of financial assets and liabilities.

Deferred finance expenses

Deferred finance expenses which are related to bank facilities are amortised over the estimated period of benefit of these facilities.

Withholding tax

The Company withholds taxes on certain foreign payments as required under the Saudi Arabian Tax Laws. Such withholding tax is recorded as a liability.

Value added tax (VAT)

Expenses and assets are recognised net of the amount of VAT, except when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

(All amounts in Saudi Riyals unless otherwise stated)

3 Summary of significant accounting polices (continued)

Dividends

The Company recognises a liability to make cash dividends distribution to shareholders when the dividends are authorised and no longer at the discretion of the Company. The corresponding amount is directly recognised in statement of changes in shareholders' equity with a corresponding liability on the statement of financial position.

Expenses

Selling and marketing expenses are those that specifically relate to relationship manager and marketing expenses. All other expenses are classified as general and administration expenses.

3.1 Standards issued but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board ("IASB") that are effective in future accounting periods that the Company has decided not to adopt early.

IFRS	Summary	Effective date
IAS 21	Amendment – Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7	Amendments regarding the classification and measurement of financial instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards	Amendments/Annual improvements in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Disclosures – Subsidiaries without Public Accountability	1 January 2027

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not expect any standard issued by IASB that are yet to be effective, to have a material impact on the Company.

4 Use of 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.

4 Use of judgements, estimates and assumptions (continued)

4.1 Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. As of December 31, 2024, the Company has positive net assets position amounting to Saudi Riyals 385 million. Moreover, the Company has sufficient liquidity to continue for the foreseeable future which is more than twelve months from the approval date of these financial statements.

Further, the management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Although, as mentioned in note 1, the Company renewed its license from SAMA for five years. The management plans to recover the uncollected receivables at the earliest and therefore filed legal cases against the defaulted customers. Therefore, the financial statements have been prepared on a going concern basis.

4.2 Useful lives of equipment, furniture, and vehicles

The management determines the estimated useful lives of its equipment, furniture, and vehicles for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

4.3 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.

4.4 Classification of financial assets

Assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payment of principal and profit of the principal amount outstanding.

4 Use of judgements, estimates and assumptions (continued)

4.5 Impairment of financial assets

The measurement of impairment losses requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.
The Company's Expected Credit Loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's model for determination of defaults, which assigns 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 Ijara and Murabaha financing receivables to be measured on a Lifetime Expected Credit Loss (LTECL) basis and the qualitative assessment
- The segmentation of Ijara and Murabaha financing receivables when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the appropriate inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as government spending, and the effect on PDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

4.6 Fair Value of unquoted assets

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 fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Financial instruments for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of their nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

4 Use of judgements, estimates and assumptions (continued)

4.7 Impairment of non-financial assets

The carrying amounts of the non-financial assets are reviewed at the end of each reporting date or more frequently to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or a cash generating unit ("CGU") exceeds the recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using the pre-zakat discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. The fair value less cost to sell is based on observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are available, then based on discounted future cash flow calculations.

4.8 Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has one lease contract for a period of twelve months that includes extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. The Company included the renewal period as part of the lease term for leases due to the significance of leased assets to its operations.

(All amounts in Saudi Riyals unless otherwise stated)

5 Cash and cash equivalents

	2024	2023
Cash on hand	**30,000**	15,008
Bank current accounts	**27,749,787**	19,892,924
Time deposits (less than 90 days)	**-**	68,017,634
	27,779,787	87,925,566

6 Murabaha receivables

6.1 Reconciliation between gross to net receivables:

	2024	2023
Gross Murabaha receivables	**234,874,650**	189,619,356
Less: Unearned income	**(10,473,353)**	-
	224,401,297	189,619,356
Less: Provision for credit losses (note 6.4)	**(19,125,848)**	(42,383,968)
	205,275,449	147,235,388
Less: Fair value losses (note 15)	**(6,755,572)**	(8,845,151)
Murabaha receivables	**198,519,877**	138,390,237

6.2 Classification into current and non-current

	2024	2023
Current portion of Murabaha receivables	**164,354,810**	132,499,788
Non-current portion of Murabaha receivables	**34,165,067**	5,890,449
Murabaha receivables	**198,519,877**	138,390,237

6.3 Stage-wise analysis of Murabaha receivables is as follows:

	Stage 1	**Stage 3**	**Total**
December 31, 2024			
Receivables	**76,892,280**	**157,982,370**	**234,874,650**
Unearned Income	**(10,473,353)**	**-**	**(10,473,353)**
Provision for credit losses	**(422,110)**	**(18,703,738)**	**(19,125,848)**
Fair value losses (note 15)	**-**	**(6,755,572)**	**(6,755,572)**
Net receivables	**65,996,817**	**132,523,060**	**198,519,877**

	Stage 1	Stage 3	Total
December 31, 2023			
Receivables	-	189,619,356	189,619,356
Provision for credit losses	-	(42,383,968)	(42,383,968)
Fair value losses	-	(8,845,151)	(8,845,151)
Net receivables	-	138,390,237	138,390,237

(All amounts in Saudi Riyals unless otherwise stated)

6 Murabaha receivables (continued)

6.4 The movement in provision for credit losses for Murabaha receivables is as follows:

	2024	2023
January 1,	**42,383,968**	340,878,544
Reversal for the year, net (note 22)	**(20,386,852)**	(47,354,387)
Written off during the year	**(2,871,268)**	(251,140,189)
December 31,	**19,125,848**	42,383,968

6.4.1 The reversal of the provision is primarily attributable to the collection of legacy Murabaha receivables totalling SAR 15.87 million during the year ended December 31, 2024. Additionally, during the same period, the company acquired an investment property through the settlement of a Murabaha receivable balance amounting to SAR 13.16 million (refer to Note 10.1.1).

The company has written-off Murabaha receivables amounted to Saudi Riyals 2.87 million is according to the board of director resolution dated October 10,2024. (2023: written-off Saudi Riyals 251.1 million according to board of director resolution dated August 29,2023).

6.5 Reconciliation of gross receivables net of unearned income:

	2024	2023
Carrying amount as at January 1,	**189,619,356**	531,510,448
Net disbursements / (collections) during the year	**32,205,387**	(90,786,321)
Income accrued for the year (note 20)	**5,447,822**	35,418
Write-off during the year	**(2,871,268)**	(251,140,189)
	34,781,941	(341,891,092)
Carrying amount as at December 31,	**224,401,297**	189,619,356

7 Ijara receivables

7.1 Reconciliation between gross to net receivables:

	2024	2023
Gross Ijara receivables	**75,552,946**	77,368,192
Less: Unearned income	**-**	-
	75,552,946	77,368,192
Less: Provision for credit losses (note 7.4)	**(7,555,295)**	(8,716,714)
	67,997,651	68,651,478
Less: Fair value losses (note 15)	**(4,060,393)**	(5,316,322)
Ijara receivables	**63,937,258**	63,335,156

7.2 Classification into current and non-current

	2024	2023
Current portion of Ijara receivables	**63,937,258**	63,335,156
Non-current portion of Ijara receivables	**-**	-
Ijara receivables	**63,937,258**	63,335,156

7.3 Stage-wise analysis of Ijara receivables is as follows:

December 31, 2024	**Stage 3**	**Total**
Receivables	**75,552,946**	**75,552,946**
Provision for credit losses	**(7,555,295)**	**(7,555,295)**
Fair value loss (note 15)	**(4,060,393)**	**(4,060,393)**
Net receivables	**63,937,258**	**63,937,258**
December 31, 2023		
Receivables	77,368,192	77,368,192
Provision for credit losses	(8,716,714)	(8,716,714)
Fair value loss	(5,316,322)	(5,316,322)
Net receivables	63,335,156	63,335,156

(All amounts in Saudi Riyals unless otherwise stated)

7 Ijara receivables (continued)

7.4 Movement in provision for credit losses is as follows:

	2024	2023
January 1,	**8,716,714**	68,719,926
Charge for the year, net (note 22)	**653,827**	1,103,783
Written-off during the year (note 7.4.1)	**(1,815,246)**	(61,106,995)
December 31,	**7,555,295**	8,716,714

7.4.1 The company has written-off Ijara receivables amounted to Saudi Riyals 1.8 million is according to the Board of Directors resolution dated July 7, 2024. (2023: written-off Saudi Riyals 61 million according to board of director resolution dated August 29,2023).

7.5 Reconciliation of gross receivables net of unearned income:

	2024	2023
Carrying amount as at January 1,	**77,368,192**	138,475,187
Write-off during the year	**(1,815,246)**	(61,106,995)
Carrying amount as at December 31,	**75,552,946**	77,368,192

8 Prepayments and other receivables

	Notes	**2024**	2023
Receivable from sale of an investment property	8.1	**38,385,684**	38,385,684
Provision for credit losses		**(38,385,684)**	(38,385,684)
Net receivable from sale of investment property		**-**	-
Receivable from former employee for transfer of title deeds	8.2	**51,500,012**	51,500,012
Provision for credit losses		**(51,500,012)**	(51,500,012)
Net receivable from former employee		**-**	-
Net Zakat refundable (non-financial asset)		**-**	15,022,552
Prepaid expenses (non-financial asset)		**462,723**	584,555
		462,723	15,607,107
Other receivables		**1,034,579**	1,711,431
Provision for credit losses		**(1,017,724)**	(1,017,725)
		16,855	693,706
		479,578	16,300,813

8.1 The receivable from sale of investment property has been fully provided for in prior years, based on management assessment of its recoverability.

8.2 This represents the amount transferred to the former employee to comply with the requirements in relation to transfer of properties in the name of the Company which were previously registered in his name. The amount is still outstanding till the approval of these financial statements; therefore, a full provision was recognised for this non-performing receivable (Also refer to note 25.5).

9 Equity investment at fair value through other comprehensive income

On 14 December 2017, the Company made an investment amounting to Saudi Riyals 892,850 for 89,285 shares at Saudi Riyals 10 each which represents 2.326% (It was 2.38% at the time of investment) shareholding in Saudi Company for Registration of Financial Leasing Contracts ("Registration Company"), registered in the Kingdom of Saudi Arabia. The Registration Company has been formed for registration of contracts relating to financial leases, amendments, registration and transfer of title deeds of the assets under the finance leases. The investment is not held for trading and the Company has decided to irrevocably classify it as equity investment at FVOCI. Moreover, as at December 31, 2024 and December 31, 2023, the investment was classified under level 3 of fair value hierarchy.

(All amounts in Saudi Riyals unless otherwise stated)

10 Investment properties

10.1 Cost and accumulated depreciation movement during the year is as follows:

2024		**Land**	**Building**	**Total**
Cost:				
As at January 1		**124,471,675**	**26,687,756**	**151,159,431**
Additions	10.1.1	**15,562,551**	**-**	**15,562,551**
At December 31, 2024		**140,034,226**	**26,687,756**	**166,721,982**
Accumulated Depreciation/impairment:				
As at January 1		**58,894,716**	**4,536,912**	**63,431,628**
Depreciation charge for the year		**-**	**1,067,503**	**1,067,503**
Impairment loss	10.1.2	**650,361**	**-**	**650,361**
At December 31, 2024		**59,545,077**	**5,604,415**	**65,149,492**
Net book value:				
At December 31, 2024		**80,489,149**	**21,083,341**	**101,572,490**

2023	Land	Building	Total
Cost:			
As at January 1	113,882,627	26,687,756	140,570,383
Additions	10,589,048	-	10,589,048
At December 31, 2023	124,471,675	26,687,756	151,159,431
Accumulated Depreciation/impairment:			
As at January 1	57,410,668	3,469,406	60,880,074
Depreciation charge for the year	-	1,067,506	1,067,506
Impairment loss	1,484,048	-	1,484,048
At December 31, 2023	58,894,716	4,536,912	63,431,628
Net book value:			
At December 31, 2023	65,576,959	22,150,844	87,727,803

The buildings have a useful life of 25 years. The sensitivity analysis shows that the possible change in useful life will not have significant effect on the financial statements. Land is not depreciated.

10.1.1 The addition during the period represents the fair value of an investment property acquired by the company as a result of a debt settlement agreement with a customer. The customer's receivable balance settled in respect of such agreement amounted to 13.16 million Saudi riyals; in addition, the company incurred 1.057 million Saudi riyals of real estate transaction tax to transfer the title deed to the company's name. The legal formalities to transfer the title dead has been completed during the year. The said investment property was held as a collateral for such customer's receivable balance and underwent a fair value evaluation by an independent and qualified evaluator at December 31, 2023 of 15.2 million Saudi riyals. Accordingly, the company recognized a fair value gain for investment property of 1.3 million Saudi riyals.

The addition during 2023 represents the value of an investment property obtained by the Company as a result of a Murabaha receivables settlement agreement with customer and title deed was transferred in the Company's name.

Investment Property (Additions)	**2024**	**2023**
Customer's account receivable balance	13,158,247	10,084,808
Fair Value gain on investment (note 10.1.2)	1,346,681	-
	14,504,928	**10,084,808**
Additional cost (Tax on property)	1,057,623	504,240
Total Additions	**15,562,551**	**10,589,048**

10.1.2 Fair value gain / (loss) for investment Property

	2024	**2023**
Fair value gain on investment property (note 10.1.1)	1,346,681	-
Impairment loss	(650,361)	(1,484,048)
Net gain / (loss)	**696,320**	(1,484,048)

(All amounts in Saudi Riyals unless otherwise stated)

10. Investment properties (Continued)

	2024	2023
10.2 Reconciliation between gross to net investment property:		
Cost of investment properties	**166,721,982**	151,159,431
Less: Accumulated depreciation	**(5,604,415)**	(4,536,912)
Less: Impairment provision	**(59,545,077)**	(58,894,716)
Investment properties, net value	**101,572,490**	87,727,803

Investment properties consist of freehold lands and buildings located in Saudi Arabia. Below are the details of the cost of investment properties and fair values as at the reporting date:

December 31, 2024	**Type of property**				
Location	**Land**	**Building**	**Accumulated depreciation/ impairment**	**Net book value**	**Fair value**
Riyadh (note 10.4)	**57,410,668**	**-**	**(57,410,668)**	**-**	**745,742,958**
Al Khobar (note 10.3)	**7,707,600**	**-**	**-**	**7,707,600**	**12,160,000**
Yanbu (note 10.3)	**36,039,413**	**-**	**-**	**36,039,413**	**65,297,023**
Al Khobar	**4,362,240**	**22,367,940**	**(5,295,300)**	**21,434,880**	**21,434,880**
Al Khobar (note 10.3)	**2,370,548**	**4,319,816**	**(959,476)**	**5,730,888**	**7,212,966**
Al Khobar	**6,356,658**	**-**	**-**	**6,356,658**	**6,356,658**
Jizan	**10,589,048**	**-**	**(1,484,048)**	**9,105,000**	**25,294,152**
Makkah	**15,198,051**	**-**	**-**	**15,198,051**	**15,658,598**
	140,034,226	**26,687,756**	**(65,149,492)**	**101,572,490**	**899,157,235**

December 31, 2023	Type of property				
Location	Land	Building	Accumulated depreciation/ impairment	Net book value	Fair value
Riyadh (note 10.4)	57,410,668	-	(57,410,668)	-	328,250,874
Al Khobar (note 10.3)	7,707,600	-	-	7,707,600	9,728,000
Yanbu (note 10.3)	36,039,413	-	-	36,039,413	62,458,022
Al Khobar	4,362,240	22,367,940	(3,750,227)	22,979,953	22,916,600
Al Khobar (note 10.3)	2,006,048	4,319,816	(786,685)	5,539,179	6,939,414
Al Khobar	6,356,658	-	-	6,356,658	6,164,032
Jizan	10,589,048	-	(1,484,048)	9,105,000	9,105,000
	124,471,675	26,687,756	(63,431,628)	87,727,803	445,561,942

10.3 The three investment properties, located Al Khobar and Yanbu was registered under the name of the former employee acting as a custodian on behalf of the Company. The company has received final judgements from court, instructing the former employee to transfer back the properties to the Company. The legal formalities to complete title transfer have been completed for all, and the titles have been successfully transferred to the Company's name.

10.4 This investment property was registered under the name of the former employee and a full impairment loss has been recognized for this property.

10.5 The Company engaged an external, independent and qualified evaluator to determine the fair value of its investment properties at the end of the financial year ended at December 31, 2024. The evaluator engaged by the Company specializes in the valuation of transferable and non-transferable assets, including commercial valuation, industrial, real estate, intellectual property, trade names, and equipment. The evaluator used 'market approach' for the valuation of properties as at December 31, 2024. The valuations have been performed by Maayear Valuation Company (license number 1210000154).

(All amounts in Saudi Riyals unless otherwise stated)

11 Property and equipment

11.1 The movement in net book value of the property and equipment is as follows:

	2024	2023
January 1,	**4,342,490**	**4,335,074**
Additions	**220,613**	**137,106**
Depreciation	**(158,490)**	**(129,690)**
Write-off adjustment	**(475,497)**	**-**
December 31,	**3,929,116**	**4,342,490**

11.2 Cost and accumulated depreciation movement during the year is as follows:

2024	**Land**	**Leasehold improvements**	**Furniture, fixture, and equipment**	**Computers**	**Motor vehicles**	**Total**
Cost						
As at January 1	**3,413,250**	**10,012,621**	**740,781**	**5,550,845**	**394,901**	**20,112,398**
Additions during the year	**-**	**-**	**63,009**	**157,604**	**-**	**220,613**
Write-off adjustment		**(8,316)**	**(69,284)**	**(519,025)**	**-**	**(596,625)**
As at December 31	**3,413,250**	**10,004,305**	**734,506**	**5,189,424**	**394,901**	**19,736,386**
Accumulated depreciation						
As at January 1	**-**	**9,955,724**	**592,076**	**4,827,207**	**394,901**	**15,769,908**
Depreciation for the year	**-**	**5,690**	**27,691**	**125,109**	**-**	**158,490**
Write-off adjustment	**-**	**(8,316)**	**19,953**	**(132,765)**		**(121,128)**
As at December 31	**-**	**9,953,098**	**639,720**	**4,819,551**	**394,901**	**15,807,270**
Net book value						
As at December 31, 2024	**3,413,250**	**51,207**	**94,786**	**369,873**	**-**	**3,929,116**

2023	Land	Leasehold improvements	Furniture, fixture, and equipment	Computers	Motor vehicles	Total
Cost						
As at January 1	3,413,250	9,955,724	735,782	5,475,635	394,901	19,975,292
Additions during the year	-	56,897	4,999	75,210	-	137,106
As at December 31	3,413,250	10,012,621	740,781	5,550,845	394,901	20,112,398
Accumulated depreciation						
As at January 1	-	9,955,724	556,874	4,732,719	394,901	15,640,218
Depreciation for the year	-	-	35,202	94,488	-	129,690
As at December 31	-	9,955,724	592,076	4,827,207	394,901	15,769,908
Net book value						
As at December 31, 2023	3,413,250	56,897	148,705	723,638	-	4,342,490

11.3 The useful lives of property and equipment are as follows:

Leasehold improvements	Shorter of 10 years or lease period
Furniture, fixture and equipment	4 to 10 years
Computer hardware and software	4 years
Motor vehicles	3 to 5 years

(All amounts in Saudi Riyals unless otherwise stated)

12 Intangible Assets

	2024	2023
As at January 1	**-**	-
CWIP Additions during the year	**281,250**	-
As at December 31	**281,250**	-

13 Accounts payable, accruals and others

	2024	2023
Accrued expenses and others	**6,670,651**	19,106,868
Trade accounts payable	**1,235,732**	1,112,748
	7,906,383	20,219,616

14 Provision for zakat

14.1 Movement in net zakat payable /(refundable) during the year was as follows:

	2024	2023
As at January 1	**5,493,314**	18,281,993
Charge for the year	**5,103,925**	6,979,916
Zakat payments during the year	**(6,979,916)**	(1,866,743)
Reversal provision of prior years	**-**	(17,901,852)
Net zakat	**3,617,322**	5,493,314

14.2 Status of zakat assessment

The Company has filed Zakat returns with the Zakat, Tax and Customs Authority (“ZATCA”) for all years up to the year ended December 31, 2023.

ZATCA has raised two assessment orders demanding the payment of Saudi Riyals 19.70 million and Saudi Riyals 15.44 million for the years ended December 31, 2018, and 2019, respectively. The Company filed objection on the assessment orders with first appellate committee (GSTC1). In October 2022, the first appellate committee rejected the Company’s appeal, and the Company has filed another appeal to the second appeal committee (GSTC 2).

The Company also submitted the file to the Internal Settlement Committee. At December 31, 2022 based on the prudence principle, the Company has provided full amount of Saudi Riyals 35.16 million to cover the expected liability.

During 2023 based on a final settlement with the ZATCA regarding the zakat due for the years 2018 and 2019, the settlement resulted in final settlement of Saudi Riyals 2.2 million and accordingly, the Company reversed a provision of Saudi Riyals 32.9 million to the statement of profit or loss. This final settlement led to a receivable balance in the favor of the company by an amount of Saudi Riyals 15.02 million that refunded from ZATCA during the year 2023.

Zakat and tax assessments have been finalized up to the year ended December 31, 2021.

The Company received the zakat certificates for the years up to December 31, 2023, valid till April 30, 2025.

(All amounts in Saudi Riyals unless otherwise stated)

15 Other income

Other income represents fair valuation loss arising from rescheduling of loans as the following

	Murabaha	Ijara	Total
As at January 1, 2024	**(8,845,151)**	**(5,316,322)**	**(14,161,473)**
Amortization during the year (notes 6.1 & 7.1)	**2,089,579**	**1,255,929**	**3,345,507**
As at December 31, 2024	**(6,755,572)**	**(4,060,393)**	**(10,815,966)**

16 Provision for employees' end of service benefits

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 recognized in the statement of financial position is determined as follows:

	2024	2023
Present value of defined benefit obligation	**1,227,443**	1,006,834

An independent actuarial valuation exercise has been conducted by the Company as at 31 December 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.

16.1 The movement in EOSB for the year ended 31 December is as follows:

	2024	2023
January 1	**1,006,834**	922,376
Included in profit or loss		
Current service cost	**438,412**	304,521
Interest expense	**50,473**	51,413
	488,885	355,934
Included in other comprehensive income		
Actuarial loss / (gain)	**(56,226)**	5,178
Benefits paid during the year	**(212,050)**	(276,654)
December 31	**1,227,443**	1,006,834

16.2 The principal assumptions used in the valuation at the reporting date are as follows:

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

	2024	2023
Discount rate	**5.66%**	5.2%
Future salary growth	**5%**	5%
Retirement age	**60 years**	60 years

Assumptions regarding future mortality have been based on published statistics and mortality tables. The weighted-average duration of the defined benefit obligation was 12.76 years.

16.3 Sensitivity analysis on significant assumptions of employees' end of service benefits:

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

	2024		2023	
	Increase	**Decrease**	Increase	Decrease
Discount rate (1% movement)	**(151,124)**	**180,124**	(131,209)	110,494
Future salary growth (1% movement)	**179,494**	**(153,332)**	130,968	(111,664)

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

(All amounts in Saudi Riyals unless otherwise stated)

17 Share capital

The shareholding position as at December 31, 2024 is as follows:

	Percentage of shares	Number of shares	Share Capital
Masaraf Al Rayan – Qatar	**48.76%**	**15,182,133**	**151,821,330**
Saudi Higher Education Fund	**20.22%**	**6,297,055**	**62,970,550**
Mohammed Al Rumaizan & Sons Investment	**10%**	**3,113,929**	**31,139,290**
Saleh Bin AbdulAziz Bin Rashed Al Rumaizan	**10%**	**3,113,929**	**31,139,290**
Ahmed Bin Rashid Abdullah Al-Ameer	**4.5%**	**1,401,268**	**14,012,680**
Hassan Bin Musa Yousef	**4.5%**	**1,401,268**	**14,012,680**
Mohammed Bin Hamad Bin Abdullah Al Hammad	**2.02%**	**629,705**	**6,297,050**
	100%	**31,139,287**	**311,392,870**

18 Reserves

Statutory reserve

In accordance with the Company's by-laws, the Company is required to transfer 10% of its net profit to a statutory reserve. The Company can continue transferring such amount until such reserve equals 30% of its share capital. Transfer made in 2024 by SAR 1,238,968 (2023: SAR 5,979,230). This reserve is currently not available for distribution to the shareholders of the Company.

Consensual reserve

This comprises a voluntary reserve created based on a decision made by shareholders in prior years. The reserve is available for distribution. No transfer has made during 2024 and 2023.

(All amounts in Saudi Riyals unless otherwise stated)

19 Significant related party transactions and balances

The related parties of the Company include the shareholders, their affiliated entities and certain key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

In the ordinary course of its activities, the Company transacts business with related parties on mutually agreed terms. The following are the details of major related party transactions/balances during the year:

Related party	Nature of transactions	2024	2023
Board of Directors	Remuneration to Board of Directors	**1,867,500**	1,805,000
Audit, credit and other Committees	Remuneration for Audit, credit and other Committees	**474,226**	1,018,833
Key management personnel	Key management remuneration	**4,665,932**	3,277,070

The remuneration for board and committees represents the accrued expense.

All transactions with related parties are on normal commercial terms. None of the balances is secured.

The Company has fully provided for the amount receivable from former employee in respect of transfer of properties amounting to Saudi Riyals 51.5 million (refer note 8.2).

There are certain properties in the name of the former employee. For details, please refer note 25.5.

20 Income From Murabaha Contracts

	2024	2023
Income from Murabaha Contracts	**5,447,822**	35,418
Management fee	**118,496**	-
	5,566,318	35,418

21 Other operating income

	2024	2023
Interest from term deposits	**1,652,916**	2,413,745
Other income (Recovery from written-off contracts)	**266,930**	-
	1,919,846	2,413,745

22 Reversal of provision for credit losses

	Notes	2024	2023
(Reversal)/ provision for credit losses of:			
Murabaha receivables - reversal	6.4	**(20,386,852)**	(47,354,387)
Ijara receivables –provided	7.4	**653,827**	1,103,783
Other receivables		**-**	508,558
Other receivables - reversal		**-**	(6,356,647)
		(19,733,025)	(52,098,693)

23 General and administration expenses

	2024	2023
Salaries and other employees' benefits	**11,593,424**	9,249,103
Legal fee	**2,592,736**	2,720,859
Board and committee's remuneration	**1,764,559**	2,823,833
Depreciation (notes 10 and 11)	**1,225,994**	1,197,198
Consultancy and professional fees	**1,096,298**	1,504,378
Unclaimable value added tax	**1,074,394**	1,149,832
Premises related expense	**926,751**	637,849
Insurance expense	**584,522**	380,074
Write-off of Property and equipment	**475,497**	-
Cyber Security and related charges	**191,668**	336,206
Other expenses	**2,232,425**	1,684,862
(Reversal of) contingent legal expense *	**(9,990,858)**	1,506,122
	13,767,410	23,190,316

* The reversal of contingent legal expenses for 2024 is attributed to the Company's successful outcomes in two legal cases during that year. These cases had been previously accounted for as potential liabilities and were included in the accrued expenses and others in earlier financial periods (note 13). Accordingly, the Company reversed the associated provisions and the contingent legal expenses to the statement of profit or loss

24 Financial instruments and fair value

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.

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of cash and bank balances, Murabaha and Ijara receivables, margin deposits and accounts and other receivables. Financial liabilities consist of borrowings, accrued expenses and accounts and other payables. All financial liabilities are carried at amortised cost.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Management has classified all the financial assets and financial liabilities within level 2 of fair value hierarchy other than Murabaha and Ijara receivables, Equity investment at fair value through other comprehensive income and bank borrowings which are classified within level 3. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

25 Risk management

The Company's activities expose it to a variety of financial risks: credit risk, market risk (including special commission rate risks, interest rate risk, price risk and currency risk), legal risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's 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 is also responsible for developing and monitoring the Company's risk management policies. The most important risks and their management are summarized below:

25.1 Risk management structure

Board of Directors

The Board of Directors are responsible for establishing the Company's policies, including risk management framework, and to review the performance of the Company to ensure compliance with these policies.

Credit and risk management committee

The credit and risk management committee are appointed by the Board of Directors. The credit and risk management committee assists the Board in reviewing overall risks which the Company might face, evaluate and review operational and non-operational risks and decide on mitigating factors related therewith.

(All amounts in Saudi Riyals unless otherwise stated)

25 Risk management (continued)

25.1 Risk management structure (continued)

Audit committee

The audit committee is appointed by the Board of Directors. The audit committee assists the Board in carrying out its responsibilities with respect to assessing the quality and integrity of financial reporting, the audit thereof and the soundness of the internal controls of the Company.

25.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk on cash and bank balances, Ijara receivables, Murabaha financing receivables, employees' receivables and other receivables. The Company has established procedures to manage credit exposure including, credit approvals, credit limits, collateral and guarantee requirements. These procedures are based on the Company's internal guidelines.

Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular segment of customers.

The Company manages concentration of credit risk exposure through diversification of activities and sale of future net investment in finance lease receivables to different banks through purchase and agency agreements. However, the Company mitigates its credit risk through evaluation of credit worthiness internally and by obtaining promissory notes and by retaining the title of the asset leased out. An allowance for doubtful finance lease and Murabaha financing receivable is maintained at a level which, in the judgement of management, is adequate to provide for impairment losses on delinquent receivables.

All Ijara and Murabaha receivables are secured mainly through promissory notes and by retaining the title of the assets leased out and generate a fixed rate of commission for each contract. The title of the assets under Ijara agreements is held in the name of the Company as collateral to be repossessed, in case of default by the customer.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Maximum credit exposure

The Company's maximum exposure to credit risk without taking into account any collateral held at the reporting date is as follows:

	2024	2023
Cash at banks and time deposits	**27,779,787**	87,925,566
Murabaha receivables	**224,401,297**	189,619,356
Ijara receivables	**75,552,946**	77,368,192
Other receivables	**479,578**	1,278,261
	328,213,608	356,191,375

The contractual age analysis of gross investment in Murabaha and Ijara before impairment is as follows:

	Murabaha	**Ijara**	**2024**
Not due	**76,892,280**	**-**	**76,892,280**
less than 90 days	**-**	**-**	**-**
91-180 Days	**1,179,962**	**-**	**1,179,962**
181 days - 1 year	**9,187,710**	**-**	**9,187,710**
1 - 2 years	**13,488,110**	**-**	**13,488,110**
2 - 3 years	**18,512,136**	**-**	**18,512,136**
over 3 years	**118,485,720**	**77,368,192**	**195,853,912**
	237,745,918	**77,368,192**	**315,114,110**
Write-off during the year	**(2,871,268)**	**(1,815,246)**	**(4,686,514)**
	234,874,650	**75,552,946**	**310,427,596**

(All amounts in Saudi Riyals unless otherwise stated)

25 Risk management (continued)

25.2 Credit risk (continued)

	Murabaha	Ijara	2023
Not due	38,267,602	-	38,267,602
less than 90 days	14,061,493	-	14,061,493
91-180 Days	14,489,893	-	14,489,893
181 days - 1 year	26,268,720	-	26,268,720
1 - 2 years	53,275,230	-	53,275,230
2 - 3 years	70,874,667	-	70,874,667
over 3 years	223,521,943	138,475,187	361,997,130
	440,759,548	138,475,187	579,234,735
Write-off during the year	(251,140,189)	(61,106,995)	(312,247,184)
	189,619,359	77,368,192	266,987,551

25.3 Portfolio sector concentration

Sector concentration	**2024**	2023
Contracting and real estate	**41%**	43%
Industrial	**14%**	15%
Trading / Retail businesses	**22%**	15%
Services	**23%**	27%
	100%	100%

25.4 Market Risk

25.4.1 Special commission rate risk

Special commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market special commission rates. The Company is not subject to any special commission rate risk on its Murabaha and Ijara receivables and term loans as the receivables are priced by the Company at fixed rates and the term loans obtained by the Company also carry special commission at fixed rates. All other assets and liabilities of the Company are non-special commission bearing.

The Company manages exposure to the effects of various risks associated with fluctuations in the prevailing levels of special market commission rates on its financial position and cash flows. The Company is exposed to special commission rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature in a given period. The Company manages this risk through diversification of funding resources.

25.4.2 Interest rate risk

Interest rate risk is the uncertainty of future earnings resulting from fluctuations in interest rates. The risk arises when there is a mismatch in the assets and liabilities which are subject to interest rate adjustment within a specified period. The Company's management has analyzed that as at statement of financial position date, the Company's activities are not subject to interest rate risk as the interest rates are fixed at the inception of the financing facilities.

25.4.3 Price risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is not materially exposed to price risk as it does not have any significant financial instrument whose prices are fluctuated based on internal or external factors as mentioned above.

25 Risk management (continued)

25.4 Market Risk (Continued)

25.4.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is not subject to fluctuations in foreign exchange rates in the normal course of its business as all contracts are denominated in Saudi Riyals. There are some expenses incurred in foreign currencies while staff are on training programs, but these expenses are settled when incurred. Since the Company does not have any significant foreign currency denominated monetary assets and liabilities, management believes that the Company is not exposed to any significant foreign currency risk.

25.5 Legal risk

The title deeds of certain investment properties and collateralized real estate properties against Ijara and Murabaha contracts were registered in the name of the former employee, holding senior management position, ("former employee") in his capacity as a nominee to the Company.

The Company filed legal cases against the former employee to transfer the ownership of the properties (i.e., investment properties and other collateralized properties) to the Company's name and to collect the outstanding receivable amounts from the former employee. (Refer note 10.3 & 8.2).

As of December 31, 2024, the latest fair value of the collateralized properties associated with Ijara and Murabaha contracts, which are held in the name of the former employee, amounts to Saudi Riyals 30.3 million. During the year, out of the eight collateralized properties for which power of attorney was obtained from the former employee, six properties valued at SR 4.04 million (as per the valuation on December 31, 2023) were returned to the customer upon debt settlement. Meanwhile, two properties valued at SR 40.9 million (as per the valuation on 31 December 2024) were mortgaged in the Company's name during the year.

Subsequent to the year-end, one of the properties previously held as collateral under the name of the former employee and valued at SAR 20 million based on the most recent fair value assessment, was transferred back to the Company's customer. This transaction occurred in conjunction with the settlement of the related Murabaha receivable based on a signed agreement.

(All amounts in Saudi Riyals unless otherwise stated)

25 Risk management (continued)

25.6 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company monitors and manages the liquidity structure of its assets and liabilities to ensure that cash flows are sufficiently balanced and that sufficient liquid funds are maintained to meet liquidity requirements. The table below shows an analysis of assets and liabilities, analysed by the management according to when they are expected to be recovered or settled.

2024	**Less than 1 year**	**1 to 5 years**	**No fixed term**	**Total**
Assets				
Cash and bank balances	**-**	**-**	**27,779,787**	**27,779,787**
Murabaha receivables	**164,354,810**	**34,165,067**	**-**	**198,519,877**
Ijarah receivables	**63,937,258**	**-**	**-**	**63,937,258**
Other receivables	**479,578**	**-**	**-**	**479,578**
Equity investment at FVOCI	**-**	**-**	**892,850**	**892,850**
	228,771,646	**34,165,067**	**28,672,637**	**291,609,350**
Liabilities				
Accounts payable, accruals and others	**7,906,386**	**-**	**-**	**7,906,386**
		-	**-**	
December 31, 2024	**220,865,260**	**34,165,067**	**28,672,637**	**283,702,964**

2023	Less than 1 year	1 to 5 Years	No fixed term	Total
Assets				
Cash and bank balances	-	-	87,925,566	87,925,566
Murabaha receivables	132,499,788	5,890,449	-	138,390,237
Ijarah receivables	63,335,156	-	-	63,335,156
Other receivables	16,300,813	-	-	16,300,813
Equity investment at FVOCI	-	-	892,850	892,850
	212,135,757	5,890,449	88,818,416	306,844,622
Liabilities				
Accounts payable, accruals and others	20,219,616	-	-	20,219,616
		-	-	
December 31, 2023	191,916,141	5,890,449	88,818,416	280,987,342

26 Contingencies and commitments

Contingencies
The Company has no contingent assets or liabilities as at December 31, 2024 (2023: Nil).

Commitments
The Company has no outstanding commitments as at December 31, 2024 (2023: Nil).

(All amounts in Saudi Riyals unless otherwise stated)

27 Capital management

The primary objectives of the Company's capital management are to safeguard its ability to continue as a going concern, maintain healthy capital ratios in order to support its business and to provide an optimal return to its shareholders.

The Company manages its capital structure and makes adjustments to it in light of the changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2024 and December 31, 2023.

The Company monitors the aggregate amount of financing offered by the Company on the basis of the regulatory requirements of Company's law and SAMA. SAMA requires Finance Companies engaged in financing other than real estate, to maintain aggregate financing to capital ratio of three times.

	2024	2023
Aggregate financing to capital ratio (Net Ijara plus Murabaha financing receivables before provision divided by total equity)	**0.80 times**	0.70 times

28 Subsequent events

There have been no significant subsequent events since the year-end that require disclosure or adjustment in these financial statements.

29 Comparative Figures

The certain comparative figures have been reclassified to be consistent with current year's classification.

30 Approval of the financial statements

The financial statements have been approved by the Board of Directors on 27 February 2025 (corresponding to 28 Shaaban 1446H).