SAUDI FINANCE COMPANY
(Joint Stock Company)
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

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PKF Al-Bassam
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAUDI FINANCE COMPANY
JOINT STOCK COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (1/3)

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Saudi Finance Company (the "Company") as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

We have audited the financial statements of the Company, which comprise the following:

- The statement of financial position as at 31 December 2025;
- The statements of profit or loss for the year then ended;
- The statement of comprehensive income for the year then ended;
- The statement of changes in equity for the year then ended;
- The statement of cash flows for the year then ended, and;
- The notes to the financial statements, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are independent from the Company in accordance with the International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these 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 International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA and Regulations for Companies and the Company's Bylaws 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

PKF Al-Bassam
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAUDI FINANCE COMPANY
JOINT STOCK COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (2/3)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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PKF Al-Bassam
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAUDI FINANCE COMPANY
JOINT STOCK COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (3/3)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

PKF Al-Bassam
Chartered Accountants

Fahad Saleh Alhathal
Certified Public Accountant
License No. 680
Riyadh, Kingdom of Saudi Arabia
16 Ramadan 1447H
Corresponding to: 5 March 2026

شركة بي كي اف البسام
محاسبون ومراجعون قانونيون
C.R. 1010385804
PKF Al Bassam
chartered accountants

SAUDI FINANCE COMPANY
(Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 31 December 2025	2024
ASSETS			
Cash and cash equivalents	6	35,193,315	18,894,806
Due from related parties	7	14,541	554,011
Prepayments and other receivables	8	98,108,040	19,188,664
Net investment in Islamic financings	9	1,000,855,738	802,025,392
Investment carried at FVOCI	10	892,850	892,850
Net investment in Islamic financings against collateralized real estate	11	42,055,319	35,881,446
Assets repossessed held for sale	12	6,087,234	6,087,234
Right-of-use assets		-	705,105
Intangible assets	13	3,916,760	3,352,893
Property and equipment	14	29,213,814	3,834,998
TOTAL ASSETS		1,216,337,611	891,417,399
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	200,000,000	200,000,000
Statutory reserve	16	18,121,283	18,121,283
Retained earnings		186,010,393	173,384,348
Actuarial reserve on end of service indemnities	17	(1,198,535)	(1,039,572)
TOTAL EQUITY		402,933,141	390,466,059
LIABILITIES			
Trade payables	18	21,762,136	2,379,055
Due to a related party	7	997,683	-
Other payables and accruals	19	8,764,245	6,150,110
Provision for zakat	20	3,946,280	3,226,005
Financial facilities	21	772,383,604	484,821,185
End of service indemnities	17	5,550,522	4,374,985
TOTAL LIABILITIES		813,404,470	500,951,340
TOTAL EQUITY AND LIABILITIES		1,216,337,611	891,417,399

The accompanying notes 1 to 32 form an integral part of these financial statements

SAUDI FINANCE COMPANY
(Joint Stock Company)
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2025	2024
INCOME FROM ISLAMIC FINANCING, NET	22	156,622,329	128,153,251
OPERATING (EXPENSES) / INCOME			
Finance cost	23	(45,322,740)	(31,940,471)
General and administrative expenses	24	(57,494,824)	(51,734,672)
Selling and marketing expenses	25	(15,975,156)	(13,714,484)
Impairment losses on financial assets, net	26	(28,572,668)	(24,402,576)
Other income / (expenses)	27	7,302,255	(3,039,284)
NET OPERATING INCOME BEFORE ZAKAT		16,559,196	3,321,764
Zakat (charge) / reversal	20	(3,933,151)	3,455,994
NET INCOME FOR THE YEAR		12,626,045	6,777,758

The accompanying notes 1 to 32 form an integral part of these financial statements

SAUDI FINANCE COMPANY
(Joint Stock Company)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2025	2024
NET INCOME FOR THE YEAR		12,626,045	6,777,758
OTHER COMPREHENSIVE INCOME / (LOSS)			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on end of service indemnities	17	(158,963)	(192,408)
Other comprehensive loss for the year		(158,963)	(192,408)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12,467,082	6,585,350

The accompanying notes 1 to 32 form an integral part of these financial statements

SAUDI FINANCE COMPANY
(Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

2024	**Share capital**	**Statutory reserve**	**Retained earnings**	**Actuarial reserve on end of service indemnities**	**Total equity**
Balance as at 1 January 2024	200,000,000	18,121,283	166,606,590	(847,164)	383,880,709
Net income for the year	-	-	6,777,758	-	6,777,758
Other comprehensive loss	-	-	-	(192,408)	(192,408)
Total comprehensive income for the year	-	-	6,777,758	(192,408)	6,585,350
Balance as at 31 December 2024	200,000,000	18,121,283	173,384,348	(1,039,572)	390,466,059

2025	**Share capital**	**Statutory reserve**	**Retained earnings**	**Actuarial reserve on end of service indemnities**	**Total equity**
Balance as at 1 January 2025	200,000,000	18,121,283	173,384,348	(1,039,572)	390,466,059
Net income for the year	-	-	12,626,045	-	12,626,045
Other comprehensive loss	-	-	-	(158,963)	(158,963)
Total comprehensive income for the year	-	-	12,626,045	(158,963)	12,467,082
Balance as at 31 December 2025	200,000,000	18,121,283	186,010,393	(1,198,535)	402,933,141

The accompanying notes 1 to 32 form an integral part of these financial statements.

SAUDI FINANCE COMPANY
(Joint Stock Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Net operating income before zakat		16,559,196	3,321,764
Adjustments for:			
Finance cost	23	45,322,740	31,940,471
Impairment loss on Islamic financing and other financial assets	26	34,211,736	30,230,684
Net loss on modification of financial instruments	27	-	4,383,709
Depreciation of property and equipment	14	1,627,512	1,977,025
Amortization of intangibles	13	1,622,658	1,868,345
Depreciation of right-of-use assets	24	705,105	1,400,988
Impairment loss on net investment in Islamic financings against collateralized real estate	11	(532,537)	1,285,280
Impairment loss on Kafalah receivables	8	10,866,126	1,263,956
Provision for end of service indemnities	17	1,017,330	945,258
Gain on disposal of property and equipment	14,27	(6,364)	-
		111,393,502	78,617,480
(Increase) / decrease in operating assets			
Net investment in Islamic financing		(233,042,082)	(40,603,565)
Islamic financing receivables against collateralized real estate		(5,641,336)	(37,166,726)
Prepayments and other receivables		(89,785,502)	(12,766,702)
Restricted cash deposit		-	2,106,156
Due from related parties		539,470	(135,728)
(Decrease) / increase in operating liabilities			
Trade payables		19,383,081	1,811,197
Other payables and accruals		2,614,135	1,586,824
Due to a related party		997,683	-
Cash used in operating activities		(193,541,049)	(6,551,064)
Zakat paid	20	(3,212,876)	(680,037)
End of service indemnities paid		(233,992)	(555,880)
Net cash used in operating activities		(196,987,917)	(7,786,981)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets	13	(2,186,525)	(1,104,370)
Purchase of property and equipment	14	(27,010,965)	(1,061,165)
Proceeds from disposal of property and equipment	14	11,001	-
Net cash used in investing activities		(29,186,489)	(2,165,535)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from financial facilities	21	553,616,340	322,000,000
Repayment of financial facilities	21	(273,006,119)	(300,126,401)
Finance cost paid	21	(38,137,306)	(24,046,843)
Lease liabilities paid		-	(1,659,347)
Net cash generated from / (used in) financing activities		242,472,915	(3,832,591)
Net increase / (decrease) in cash and cash equivalents		16,298,509	(13,785,107)
Cash and cash equivalents at beginning of the year	6	18,894,806	32,679,913
Cash and cash equivalents at the end of the year		35,193,315	18,894,806

Supplemental non-cash information	**Note**	**2025**	**2024**
Net investment in Islamic financing written off	9.6	30,387,869	34,730,656

The accompanying notes 1 to 32 form an integral part of these financial statements

1. LEGAL STATUS AND OPERATIONS

Saudi Finance Company (the "Company") is a Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010078374 and unified number 7001351779 dated 23 Muharram 1411H (corresponding to 14 August 1990).

The Company is engaged in leasing, commercial financing, small and medium business financing, and retail financing in accordance with the Saudi Central Bank ("SAMA") approval number 351000071328 dated 3 Jumad Thani 1435H and license number 114102 dated 27 Muharram 1436H.

The Company's Head Office is located at the following address:
Saudi Finance Company
Sultan Center, Prince Sultan St, Alma'athar
P.O. Box 18331
Riyadh 11415
Kingdom of Saudi Arabia

The Company has the following branches:

S. No	Branch	Unified No.	Date
1	Khurais, Riyadh	7001351779	17 Rabi Thani 1416H
2	Buraidah	7001351779	26 Dhul-Hijjah 1417H
3	Dammam	7001351779	24 Rabi Awal 1423H
4	Jeddah	7001351779	23 Rabi Thani 1434H
5	Al-Ahsa	7001351779	16 Jumad Awal 1435H
6	Medina	7001351779	11 Sha'aban 1435H

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS that are endorsed in KSA").

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

2.2. BASIS OF MEASUREMENT

These financial statements are prepared under the historical cost method except for the following:
a) Investment in equity instruments are measured at fair value;
b) Assets repossessed held for sale measured at lower of carrying value and fair value less cost to sell; and
c) End of service indemnities are measured at 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 (SR) which is the Company's functional and presentation currency. All financial information presented in Saudi Riyals has been rounded to the nearest Saudi Riyal, unless otherwise mentioned.

2.4. KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the SOCPA which require management to make judgments, estimates, and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. BASIS OF PREPARATION (CONTINUED)
2.4. KEY ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

Judgements

2.4.1. Business model assessment

Classification and measurement of financial assets depend on the results of the sole payments of principal and profit and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed, and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

2.4.2. Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks, and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relates to the Company's core operations.

2.4.3. Going concern

Management has performed an assessment of the Company's ability to continue as a going concern. In making this assessment, management considered the Company's current financial position, projected cash flows, available financing facilities, compliance with covenants, and other relevant factors.

Based on this assessment, management is satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. No material uncertainties have been identified that may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

Estimates

2.4.4. Determination of discount rate for present value calculations

Discount rate represents the current market assessment of the risks specific to the Company, taking into consideration the tenure of the agreement and the individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances of the Company.

2.4.5. Impairment of non-financial assets

Refer note 5.8 for details.

2. BASIS OF PREPARATION (CONTINUED)

2.4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimates (Continued)

2.4.6. Actuarial valuation of end of service indemnities

The cost of the post-employment benefits ("employee benefits") under the defined benefit plan is determined using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, and rate of employee turnover. 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 on an annual basis or more frequently, if required. Further information on the carrying amounts of the Company's end of service indemnities and the sensitivity of those amounts to changes in discount rate are provided in note 17.

2.4.7. Fair value measurement and valuation process

Certain Company's assets and liabilities are measured at fair value for financial reporting purposes. The Company's management is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third-party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

2.4.8. Calculation of impairment losses on financial assets

The determination of impairment losses involves key estimates by management. Management has exercised judgment in assessing the impact of current and future economic conditions, as well as other relevant factors that may affect the collectability of financial assets. Key estimates include the estimation of credit risk, probability of default, exposure at default, and loss given default.

The ECL model relies on forward-looking information. Management continually monitors changes in economic conditions and adjusts the ECL estimates as necessary. Given the inherent uncertainty in forecasting economic conditions, the Company performs sensitivity analyses to assess the potential impact of changes in key assumptions on the expected credit losses (refer note 28.3)

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The following amendments to standards relevant to the Company are effective for the annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Company adopted these standards and / or amendments, however, there is no significant impact of these on the financial statements:

Standard or amendments to standard	Description	Effective for annual years beginning on or after	Summary of amendment	Management's assessment
IAS 21	Lack of Exchangeability	January 1, 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.	Management has assessed the adoption of these amendments and concluded that they did not have a material impact on the Company's financial position, financial performance, or cash flows for the current reporting period.

4. NEW STANDARDS, AMENDMENTS, AND REVISED IFRS ISSUED BUT NOT YET EFFECTIVE

The Company has not applied the following new and revised IFRS standards and amendments to IFRS that have been issued but are not yet effective.

Standard or amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment	Management assessment
IFRS 19	Subsidiaries without Public Accountability	January 1, 2027	IFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to apply full IFRS recognition and measurement principles. The standard effects disclosure requirements only and does not impact recognition or measurement.	Management will assess the applicability of IFRS 19 at the date of adoption. The standard is expected to affect disclosure requirements only and is not expected to have a material impact on the Company's financial position, financial performance or cash flows.
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026	The amendments clarify the recognition and derecognition of financial assets and financial liabilities, including settlement date accounting for certain electronic payment systems. They also provide additional guidance on assessing contractual cash flow characteristics of financial assets, including contingent cash flows arising from environmental, social and governance (ESG)-linked features. The amendments also introduce new and updated disclosure requirements in IFRS 7	Management has performed a preliminary assessment and does not expect the adoption of these amendments to have a material impact on the Company's financial statements, as the Company's financial instruments and settlement arrangements are not expected to be significantly affected.
IFRS 9 and IFRS 7	Subsidiaries without Public Accountability	January 1, 2027	IFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to apply full IFRS recognition and measurement principles. The standard affects disclosure requirements only and does not impact recognition or measurement.	Based on the nature of the Company's operations and contractual arrangements, management does not expect these amendments to have a material impact on the Company's financial statements upon initial application.

4. NEW STANDARDS, AMENDMENTS, AND REVISED IFRS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Standard or amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment	Management assessment
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	IFRS 18 replaces IAS 1 and establishes a new framework for the presentation and disclosure of financial statements. The standard introduces new categories for income and expenses (operating, investing and financing) and requires presentation of new subtotals, including operating profit or loss and profit or loss before financing and income taxes. It also enhances guidance on aggregation and disaggregation, introduces disclosure requirements for management-defined performance measures, and removes classification options for interest and dividends in the statement of cash flows.	Management is currently assessing the impact of IFRS 18. While the standard is expected to result in changes to presentation and disclosures.

5. MATERIAL ACCOUNTING POLICIES INFORMATION

Material accounting policies applied in the preparation of these financial statements are set forth below. These accounting policies have been applied consistently to all years unless otherwise stated.

5.1. Cash and cash equivalents

Cash and cash equivalents may include cash in hand and cash at banks and other short-term highly liquid investments, with original maturities of three months or less from the purchase date, if any.

5.2. Leases

Lease arrangements where the Company is a lessor

Leases for which the Company is a lessor are classified as a finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognized as receivables at an amount equal to the net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Company regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognizing an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which finance income is calculated with reference to their amortized cost (i.e., after a deduction of the loss allowance).

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.2 Leases (Continued)

Lease arrangements where the Company is a lessee (Continued)

Lease arrangements where the Company is a lessee

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect finance cost on the lease liability (using the effective profit method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating profit rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located, or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.2 Leases (Continued)

Lease arrangements where the Company is a lessee (Continued)

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

5.3. Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

5.3.1. Financial assets

Initial measurement

At initial recognition, the Company recognizes the financial asset at its fair value.

Murabaha receivables

Murabaha is an agreement whereby the Company sells to a customer an asset, which the Company has purchased and acquired based on a promise 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 price payments on the Murabaha agreement (Murabaha sale contract receivable). The difference between the Murabaha sale contracts receivable and the cost of the sold asset is recorded as unearned Murabaha profit and for presentation purposes, is deducted from the gross amounts due under the Murabaha sale contracts receivable.

Tawarruq receivables

Tawarruq is an agreement whereby the Company sells to a customer an asset, which the Company has already purchased and received either physically or constructively, and subsequently, to such sale, the customer arranges to sell the underlying asset and receives the sale proceeds. The selling price comprises the cost plus an agreed profit margin. Gross amounts due under the Tawarruq sale contracts include the total sale price payments on the Tawarruq agreement (Tawarruq sale contract receivable).

The difference between the Tawarruq sale contracts receivable and the cost of the sold asset is recorded as unearned Tawarruq profit and for presentation purposes, is deducted from the gross amounts due under the Tawarruq sale contracts receivable.

Subsequent measurement

After initial recognition financial assets can be measured at Amortised cost, Fair value through other comprehensive income ("FVOCI"), or Fair value through profit and loss ("FVTPL").

a) Financial assets at amortized cost

A financial asset is measured at amortized 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.

b) Financial assets at FVOCI

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 selection is made on an investment-by-investment basis.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)
5.3. Financial instruments (Continued)
5.3.1. Financial assets (Continued)

c) Financial assets 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 amortized 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 year after the Company changes its business model for managing financial assets.

Business model assessment

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and the 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 a contractual profit, 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 realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume, and timing of financings in prior years, the reasons for such financings and its expectations about future financings activity. However, information about financing activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

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

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

Assessments whether contractual cash flows are solely payments of principal and profit

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 financing risks associated with the principal amount outstanding during a particular year, and other basic financing 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 the 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.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)
5.3 Financial instruments (Continued)
5.3.1. Financial assets (Continued)

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

On derecognition of a financial asset in its entirety, the difference between:
(i) the carrying amount (measured at the date of derecognition) and
(ii) the consideration received (including any new asset obtained less any new liability assumed)
is recognized in profit or loss.

Impairment
The Company recognizes loss allowances for ECL on financial instruments at amortised cost. No impairment loss is recognized on equity investments carried at FVOCI.

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

- Financial instruments on which credit risk has not increased significantly since their initial recognition.
- 12-month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company categories' the financing in the following 3 stages for the purpose of impairment:

Stage 1: 12-month ECL applies to all financial assets that have not experienced SICR since origination and are not credit impaired. The ECL will be computed using a factor that represents the PD occurring over the next 12 months and LGD and profit is calculated on a gross basis;

Stage 2: Under Stage 2, where there has been a SICR since initial recognition but the financial instruments are not considered credit impaired, an amount equal to the lifetime ECL will be recorded which is computed using lifetime PD, LGD, and EAD, and profit is calculated on a gross basis. Provisions are expected to be higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1;

Stage 3: Under Stage 3, where there is objective evidence of impairment at the reporting date these financial instruments will be classified as credit-impaired, and an amount equal to the lifetime ECL will be recorded for the financial assets, and profit is calculated on a net basis.

Measurement of ECL
ECL is a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

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

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.3. Financial instruments (Continued)

5.3.1. Financial assets (Continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- the significant financial difficulty of the customer or issuer;
- a breach of contracts such as a default or past due event;
- the restructuring of financing or advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the customer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for security because of financial difficulties.

Financing that has been renegotiated due to deterioration in the customer'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. In addition, financing that is overdue for 90 days or more is considered credit-impaired.

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

Write-off
Financings are written off (either partially or in full) when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery including;

- when the debtor has been placed under liquidation or has entered into bankruptcy proceedings;
- unsecured exposures are written-off within 360 days once they are classified as Stage 3 exposures; or
- secured exposures are written-off within 720 days once they are classified as Stage 3 exposures.

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. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

5.3.2. Financial liabilities

Initial measurement
At initial recognition, the Company recognizes the financial liability at its fair value.

Subsequent measurement
After initial recognition, the Company classifies its financial liabilities, other than financial guarantees & financing commitments and financial derivative instruments, at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EPR.

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

Offsetting of financial assets and financial liabilities
Financial assets and liabilities are offset so that the net amount reported in the statement of financial position where the Company currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency, or bankruptcy of the Company or the counterparty.

Regular way contracts
All regular way purchase and sales of financial assets are recognized and derecognized on the trade date i.e., the date on which the Company commits to purchase or sell the assets. Regular way purchase or sales of financial assets require delivery of those assets within the time frame generally established by regulation or convention in the marketplace.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.4. Assets repossessed held for sale

The Company in the ordinary course of its business acquires certain properties and other assets against the settlement of Islamic financings. Such assets are considered as assets held for sale and are initially recorded at the lower of carrying amount of related Islamic financings or the fair value of the related assets, less any costs to sell.

Subsequent to the initial recognition, these assets owned are periodically revalued and are carried at lower of their carrying values and fair value less costs to sell. Rental income realized gain or losses on disposal, and unrealized losses on revaluation are credited or charged to the statement of Profit or Loss.

A loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative loss previously recognized.

A gain or loss not previously recognized by the date of the sale of the non-current asset is recognized at the date of derecognition.

Assets repossessed are not depreciated or amortized while they are classified as held for sale.

Assets repossessed classified as held for sale are presented separately from the other assets in the statement of Financial Position.

5.5. Net Investment in Islamic Financings against collateralized real estate

Where financings are secured by real estate collateral and the Company has enforceable legal rights over the underlying asset, the receivable is considered secured to the extent of the recoverable value of the collateral. In circumstances of default, the Company exercises its legal right of recovery through court proceedings, including the auction and liquidation of the underlying property. Impairment is recognized to the extent that the carrying amount of the receivable exceeds the estimated fair value of the collateral. Accordingly, any unsecured portion of the exposure is provided for in the statement of profit or loss.

Upon realization of the collateral, the proceeds received are applied against the carrying amount of the receivable. Any difference between the net proceeds and the carrying amount at the date of settlement is recognized in profit or loss.

5.6. Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized 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. The cost incurred to replace a component of an item of property and equipment is capitalized and the asset so replaced is retired from use. All other repairs and maintenance expenditures are charged to the profit and loss account during the year in which they are incurred.

Depreciation is charged using the straight-line method over its estimated useful life as mentioned below, after taking into account residual value.

Land and building	35 Years
Furniture & fixtures	7 Years
Office Equipment	4 Years
Motor Vehicles	4 Years
Leasehold improvements	7 Years or lease term, whichever is lower

Depreciation on additions is charged from the month the assets are available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains/losses on disposal of property and equipment, if any, are taken to the profit and loss account in the year in which they arise.

The assets residual values, useful lives, and methods are reviewed and adjusted, if appropriate, at each financial position date.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.6. Property and equipment (Continued)

Capital work in progress at year-end includes certain assets that have been acquired but are not ready for their intended use. These assets are transferred to relevant asset categories and are depreciated once they are available for their intended use.

5.7. Intangible assets

Intangible assets are measured at cost upon initial recognition. To assess whether an internally generated intangible asset meets the criteria for recognition, the Company classifies the generation of the asset into:

- a research phase; and
- a development phase.

In the research phase of an internal project, the Company cannot demonstrate that an intangible asset exists that will generate probable future economic benefits. Therefore, this expenditure is recognized as an expense when it is incurred. An intangible asset arising from development phase of an internal project is recognized if, and only if, the Company can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets having definite lives are stated at cost less accumulated amortization and accumulated impairment losses if any. Amortization is charged applying the straight-line method over the useful life of Computer software i.e. 4 years. Amortization is charged from the month in which the asset is available for use. The residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amounts or recognized 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.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Capital work in progress at year-end includes certain assets that have been acquired but are not ready for their intended use. These assets are transferred to relevant asset categories and are amortized once they are available for their intended use.

5.8. Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its property and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.8. Impairment of non-financial assets (Continued)

If the recoverable amount of an 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. An impairment loss is recognized immediately in the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

5.9. Proposed dividend and transfer between reserves

Dividends and appropriations to reserves, except appropriations which are required by law, made subsequent to the balance sheet date are considered as non-adjusting events and are recorded in the financial statements in accordance with the requirements of IAS 10, 'Events after the Reporting Year' in the year in which they are approved / transfers are made.

5.10. Provisions

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

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

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

5.11. Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

5.12. End of service indemnities

The liability or asset recognized in the statement of financial position in respect of defined benefit. The plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using profit rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Defined benefit costs are categorized as follows:

Service cost
Service costs include current service cost and past service cost are recognized immediately in the statement of profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

Finance cost
The net finance cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefits expense in the statement of profit or loss.

Re-measurement gains or losses
Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

5. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

5.13. Contingent liabilities

The Company receives legal claims through its normal cycle. Management has to make estimates and judgments about the possibility to set aside a provision to meet claims. The end of the legal claims date and the amount to be paid is uncertain. The timing and costs of legal claims depend on statutory procedures.

5.14. Revenue recognition

Income from Islamic financing is recognized in the statement of profit or loss using the effective profit method, using the applicable effective profit rate "EPR", on the outstanding balance over the term of the contract.

The calculation of EPR includes transaction costs and fees and commission income received that are an integral part of the EPR. Transaction costs include incremental costs that are directly attributable to the acquisition of the financial assets.

Origination fees charged in respect of processing and other services are recognized as income using EPR over the term of the financing agreement.

Other fee commission income are recognized at a point in time when services are delivered.

5.15. Foreign currency transactions

Foreign currency transactions are translated into Saudi Riyals at exchange rates prevailing at the date of the transaction and the resulting gain/loss recognized in the statement of profit or loss Monetary assets and liabilities in foreign currencies are translated at the rates of exchange that are prevailing on the statement of financial position date. Gains and losses on translation are taken to the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

5.16. General and administrative expenses and selling and marketing expenses

Selling and marketing expenses principally comprised of costs incurred in the sale and marketing of the Company's products/services. All other expenses are classified as general and administrative expenses.

5.17. Government Grant

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognized in the statement of profit or loss on a systematic basis over the periods in which the Company recognizes the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable. The benefit of a government finance at a below-market rate of profit is treated as a government grant, measured as the difference between proceeds received and the fair value of the financing based on prevailing market profit rates.

5.18. Financial facilities

Financial facilities are initially recognized at fair value, net of transaction costs incurred. Financial facilities are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in statement of profit or loss over the period of the facilities using the effective interest method. Financial facilities are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The financial facilities are classified as a current liability when the remaining maturity is less than 12 months.

5.19. Zakat

Zakat is provided in accordance with the Regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia and on an accrual basis. Zakat charge for the year is charged directly to the statement of profit or loss with a corresponding liability recognized in the statement of financial position. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

5.20. Actuarial reserve on end of service indemnities

Re-measurement gains or losses arising from adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. The actuarial reserve is established to account for the future cost of these gains / losses.

6. CASH AND CASH EQUIVALENTS

	Note	As at 31 December 2025	2024
Financial Asset at Amortized Cost			
Cash in hand		14,125	14,600
		14,125	14,600
Cash at banks:			
- Current accounts	6.1	19,931,732	18,880,206
- Call account	6.2	15,247,458	-
		35,179,190	18,880,206
		35,193,315	18,894,806

6.1. The Company does not earn profits on current accounts with banks and financial institutions.

6.2. The company earns commission income on call account at 3% per annum.

7. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Company include shareholders, directors and key management personnel. In the ordinary course of its activities, the Company transacts business with its related parties on mutually agreed terms.

Following are the related parties including with whom the Company had entered into transactions or have arrangement / agreement in place:

Names of Related Party	Nature of Relationship	Country of incorporation / nationality	Aggregate % of shareholding in the Company
Abu Dhabi Islamic Bank (ADIB)	Shareholder	United Arab Emirates	51%
Abdullah Ibrahim Al Khorayef Sons Company (AIA)	Shareholder	Kingdom of Saudi Arabia	46%
Alkhorayef Group Company	Affiliate	Kingdom of Saudi Arabia	-
Mohamed Abdullah Al Khorayef	Shareholder	Kingdom of Saudi Arabia	1%
Saad Abdullah Al Khorayef	Shareholder	Kingdom of Saudi Arabia	1%
Hamad Abdullah Al Khorayef	Shareholder	Kingdom of Saudi Arabia	1%

Transactions during the year

Names of Related Party	Nature of Relationship	Nature of transactions	2025	2024
Abu Dhabi Islamic Bank (ADIB)	Affiliate	Financial facilities obtained	220,000,000	100,000,000
		Financial facilities repaid	(120,000,000)	(50,000,000)
		Finance cost charged	13,904,874	5,911,120
		Finance cost paid	(9,318,894)	(3,738,172)
		Reimbursement for expenses paid on behalf of related party	664,850	535,751
		Expenses paid on behalf of related party	(141,985)	(750,928)

7. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Transactions during the year (Continued)

Names of Related Party	Nature of Relationship	Nature of transactions	2025	2024
Abdullah Ibrahim Al Khorayef Sons Company (AIA)	Shareholder	Repaid to AIA	-	117,405
		Reimbursement for expenses paid on behalf of associates	-	(228,000)
		Collection on behalf of AIA	16,595	170,155
		Expenses paid on behalf of AIA	-	(201,301)
		Advance from Shareholder (note 7.1)	(30,000,000)	-
		Repayment of advance from Shareholder	30,000,000	-
Alkhorayef Group Company	Affiliate	Consultation related to IT services received	2,851,138	-
		Consultation service fees paid	(1,853,455)	-

7.1. During the year, the Company received SAR 30 million for the purpose of financing working capital needs from its shareholder. The amount was fully repaid during the year. These financing do not carry any finance cost and given the short-term nature, the impact of present value was not material.

Remuneration and other short-term benefits	2025	2024
Board of directors	693,350	696,461
Key management personnel	7,350,904	7,057,793
	8,044,254	7,754,254

	As at 31 December	
Balance as at year end - due from related parties	**2025**	**2024**
Abu Dhabi Islamic Bank (ADIB)	-	522,865
Abdullah Ibrahim Al Khorayef Sons Company	14,541	31,146
	14,541	554,011

	As at 31 December	
Balance as at year end - due to a related party	**2025**	**2024**
Alkhorayef Group Company	997,683	-

		As at 31 December	
Financial Facilities	**Note**	**2025**	**2024**
ADIB	7.2	200,000,000	100,000,000
Accrued finance cost		8,100,760	3,514,780
		208,100,760	103,514,780

7.2. The facility represents short-term Murabaha financing provided by the Shareholder. This is an unsecured financial facility. These facilities bear mark-up ranging from 7.84% – 8.15%. Also, refer to Note 21 and 23.

7.3. **Key management personnel**

	As at 31 December	
	2025	**2024**
Advances to staff	382,925	-

8. PREPAYMENTS AND OTHER RECEIVABLES

	Note	As at 31 December 2025	2024
Prepaid maintenance and support		3,089,976	2,804,619
Prepaid banking charges		1,712,792	1,256,489
Prepaid subscription		629,522	749,589
Prepaid insurance		526,592	239,181
Prepaid rent		464,201	645,824
Prepaid license		398,075	524,521
Other prepaid expenses		686,783	231,348
		7,507,941	6,451,571
Financial Asset at Amortized Cost – Secured			
Kafalah receivables	8.1 & 8.2	101,573,252	13,264,546
Impairment loss on Kafalah receivables	8.3	(12,130,082)	(1,263,956)
		89,443,170	12,000,590
Financial Asset at Amortized Cost – Unsecured			
Advances to staff	8.4	1,156,929	604,848
Others		-	131,655
		1,156,929	736,503
		98,108,040	19,188,664

8.1. During the year, certain Islamic financing extended by the Company were covered under guarantees issued by the Kafalah program. Upon default of the respective borrowers, the Company invoked its rights under the guarantee arrangements and submitted claims to Kafalah.

Kafalah has formally acknowledged the claims for the guaranteed portions of these facilities. Accordingly, the recoverable amounts relating to the guaranteed portions have been recognized as receivables from Kafalah in the financial statements.

8.2. The movement in Kafalah receivables during the year is as follows:

	2025	2024
Balance at the beginning of the year	13,264,546	-
Additions during the year	96,927,206	13,264,546
Payments received from Kafalah during the year	(8,618,500)	-
Balance at the end of the year	101,573,252	13,264,546

8.3. The movement in provision for impairment of Kafalah receivables during the year is as follows:

	2025	2024
Balance at the beginning of the year	1,263,956	-
Provided during the year	10,866,126	1,263,956
Balance at the end of the year	12,130,082	1,263,956

8.4. Advance to staff includes SR 0.38 million provided to key management personnel.

9. NET INVESTMENT IN ISLAMIC FINANCINGS

	As at 31 December 2025	2024
Financial assets carried at amortized cost		
Tawarruq	1,022,985,637	827,421,442
Murabaha	-	85,715
	1,022,985,637	827,507,157

9. NET INVESTMENT IN ISLAMIC FINANCINGS (CONTINUED)

9.1. Details of net investment in Islamic financings:

	Tawarruq		Murabaha		Total	
	As at 31 December		As at 31 December		As at 31 December	
	2025	2024	2025	2024	2025	2024
Gross investment in Islamic financing	1,519,824,440	1,190,725,826	-	87,226	1,519,824,440	1,190,813,052
Unearned / Deferred Islamic financing income	(496,838,803)	(363,304,384)	-	(1,511)	(496,838,803)	(363,305,895)
	1,022,985,637	827,421,442	-	85,715	1,022,985,637	827,507,157
Unearned origination fees	(2,733,389)	(3,789,293)	-	-	(2,733,389)	(3,789,293)
Deferred transaction costs	13,027,407	6,907,578	-	-	13,027,407	6,907,578
	1,033,279,655	830,539,727	-	85,715	1,033,279,655	830,625,442
Impairment loss on Islamic financing					(32,423,917)	(28,600,050)
Net investment in Islamic financing					1,000,855,738	802,025,392
Current portion					307,033,358	288,886,349
Non-current portion					693,822,380	513,139,043

9.2. Tawarruq receivables include SR 0.5 million representing an unsecured receivable from a related party. This balance carries a discounted profit rate in accordance with the Company's policy.

9.3. The Company in the ordinary course of its business holds collateral in respect of Islamic financing (being the title of assets leased out) including real-estate collaterals and Kafalah guarantees in order to mitigate the credit risk associated with them. These collaterals are not readily convertible into cash and are intended to be repossessed and disposed of in case the customer defaults.

9.4. The Company has assigned Islamic financing receivables amounting to SR 694 million (31 December 2024: SR 466.5 million) to local commercial banks for obtaining financial facilities. These Islamic financing receivables have not been derecognized from the statement of financial position as the Company retains substantially all the risks and rewards, primarily credit risk.

9.5. The movement in the provision for impairment of Islamic financing during the year is as follows:

	Note	2025	2024
Balance at the beginning of the year		28,600,050	33,100,022
Provided during the year	9.6	34,211,736	30,230,684
Written off during the year	9.7	(30,387,869)	(34,730,656)
Balance at the end of the year		32,423,917	28,600,050

9.6. This includes a provision of SR 6.2 million in respect of Islamic financing that were written off in prior periods and subsequently recorded as a new Islamic financing during the year.

9.7. During the year, the Risk and Compliance Committee of the Company, authorized by the Board of directors, approved a write-off of gross investment in Islamic financing receivable amounting to SR 46.2 million (31 December 2024: SR 56.3 million) for certain customers with an existing provision of SR 30.4 million (31 December 2024: SR 34.7 million). These amounts are subject to enforcement activities.

9.8. The Company's Islamic financing arrangements do not include variable payments.

9.9. The Company is not exposed to foreign currency risk as a result of the financing arrangements, as all financings are denominated in Saudi Riyals.

10. INVESTMENT CARRIED AT FVOCI

During 2017, in accordance with instructions issued by SAMA, the Company made an investment in the Saudi Financial Leasing Contract Registry Company amounting to SR 892,850. As of 31 December 2025, the Company holds 89,285 shares (31 December 2024: 89,285).

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term purposes. Accordingly, the Company has elected to designate these investments in equity instruments as at FVOCI. Due to the unavailability of recent information to determine the fair value of the Company, the cost of the investment is considered to be the best estimate of fair value.

11. NET INVESTMENT IN ISLAMIC FINANCINGS AGAINST COLLATERALIZED REAL ESTATE - DEFAULTED

11.1. Financial asset at amortized cost - secured

	As at 31 December	
	2025	**2024**
Gross receivable balance – Defaulted	61,910,014	51,860,834
Unearned / deferred Islamic financing income	(19,101,952)	(14,694,108)
Islamic financing receivables against collateralized real estate before provisioning	42,808,062	37,166,726
Less: Provision for impairment	(752,743)	(1,285,280)
Net receivable balance	42,055,319	35,881,446

11.2. During the year, the Company has exercised the legal right for recovery of balance from certain customers through the liquidation of real estate collaterals. The court proceedings for these liquidations have already been initiated, and the Company can only realize the proceeds from collaterals to the extent of its outstanding exposure. The fair value of these collaterals is SR 103 million.

11.3. During the period, the Company realized SR 6 million from the liquidation of collaterals.

11.4. The movement in the provision for impairment of receivables against colalterlaized Islamic financing during the year is as follows:

	2025	**2024**
Balance at the beginning of the year	1,285,280	-
(Reversal) / provided during the year	(532,537)	1,285,280
Balance at the end of the year	752,743	1,285,280

12. ASSETS REPOSSESSED HELD FOR SALE

During 2016, the Company acquired certain real estate properties in the satisfaction of a claim in order to achieve an orderly realization of a Murabaha receivable. The Company filed a legal case against the erstwhile owner for possession of the properties. These properties are expected to be sold within 12 months from the reporting date.

The Company does not believe to have any contingent liability with regards to the legal case filed. The properties as of December 31, 2025 and 2024 are carried at lower of carrying amount and fair value less cost to sell.

These properties are legally owned by one of the board members of the Company for the sole benefit of the Company.

The carrying amount of assets repossessed held for sale is analyzed as follows:

	2025	**2024**
Carrying value at classification as held for sale	6,087,234	6,087,234
Carrying value at the end of the year	6,087,234	6,087,234

12. ASSETS REPOSSESSED HELD FOR SALE (CONTINUED)

Valuation techniques used to determine level 2 fair values
The Company obtains independent valuations for its properties on an annual basis. At the end of each reporting period, the management updates their assessment of the fair value of each property. The fair value of the properties is based on the average valuations of two independent valuers. As per the valuation reports, market value of real estate properties was determined using the cost method. The cumulative average fair value (level 2 hierarchy) of the same on 31 December 2025 is 6.7 million (31 December 2024: 6.7 million)

The name and qualifications of the valuer performed evaluation of the real estate properties are as follows:

Name of valuers: Qiyas Company for Estate Appraisal / Abaad Company for Estate Appraisal
Valuer's qualifications: Licensed (TAQEEM).

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Directors consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalized income projections based upon a property's estimated net market income, and a capitalization rate derived from an analysis of market evidence.

The level 2 fair value of properties held for resale has been derived using the sales comparison approach. The key inputs under this approach are the price per square meter from current year sales of comparable lots of properties in the area (location and size).

13. INTANGIBLE ASSETS

2025

	Computer software	Capital work in progress (Note 13.1)	Total
Cost			
Balance as at 1 January	18,880,319	683,586	19,563,905
Additions during the year	2,186,525	-	2,186,525
Transfers during the year	127,455	(127,455)	-
Balance as at 31 December	21,194,299	556,131	21,750,430
Accumulated amortization			
Balance as at 1 January	16,211,012	-	16,211,012
Amortization charge for the year	1,622,658	-	1,622,658
Balance as at 31 December	17,833,670	-	17,833,670
Net book value as at 31 December	3,360,629	556,131	3,916,760

2024

	Computer software	Capital work in progress (Note 13.1)	Total
Cost			
Balance as at 1 January	17,379,611	1,079,924	18,459,535
Additions during the year	1,104,370	-	1,104,370
Transfers during the year	396,338	(396,338)	-
Balance as at 31 December	18,880,319	683,586	19,563,905
Accumulated amortization			
Balance as at 1 January	14,342,667	-	14,342,667
Amortization charge for the year	1,868,345	-	1,868,345
Balance as at 31 December	16,211,012	-	16,211,012
Net book value as at 31 December	2,669,307	683,586	3,352,893

13.1. Capital work in progress include payments made to vendors for developments and upgrades in-process for computer software.

14. PROPERTY AND EQUIPMENT

2025	Land and building (note 14.2 & 14.3)	Furniture and fixture	Office equipment	Motor vehicle	Leasehold improvements	Capital work in progress	Total
Cost							
Balance as at 1 January	-	2,421,166	13,528,469	226,300	6,475,813	415,511	23,067,259
Additions during the year	25,991,775	108,032	911,158	-	-	-	27,010,965
Disposals during the year	-	(172,326)	(436,813)	-	-	-	(609,139)
Written off during the year	-	-	-	-	(632,901)	-	(632,901)
Transfers during the year	-	-	415,511	-	-	(415,511)	-
Balance as at 31 December	25,991,775	2,356,872	14,418,325	226,300	5,842,912	-	48,836,184
Accumulated depreciation							
Balance as at 1 January	-	1,792,629	12,125,083	226,300	5,088,249	-	19,232,261
Depreciation charge for the year	2,035	193,969	931,117	-	500,391	-	1,627,512
Disposals during the year	-	(169,996)	(434,840)	-	-	-	(604,836)
Written off during the year	-	-	-	-	(632,567)	-	(632,567)
Balance as at 31 December	2,035	1,816,602	12,621,360	226,300	4,956,073	-	19,622,370
Net book value as at 31 December	25,989,740	540,270	1,796,965	-	886,839	-	29,213,814

2024	Land and building	Furniture and fixture	Office equipment	Motor vehicle	Leasehold improvements	Capital work in progress	Total
Cost							
Balance as at 1 January	-	2,301,032	13,002,852	226,300	6,424,037	51,873	22,006,094
Additions during the year	-	120,134	525,617	-	51,776	363,638	1,061,165
Balance as at 31 December	-	2,421,166	13,528,469	226,300	6,475,813	415,511	23,067,259
Accumulated depreciation							
Balance as at 1 January	-	1,607,560	10,834,830	226,300	4,586,546	-	17,255,236
Depreciation charge for the year	-	185,069	1,290,253	-	501,703	-	1,977,025
Balance as at 31 December	-	1,792,629	12,125,083	226,300	5,088,249	-	19,232,261
Net book value as at 31 December	-	628,537	1,403,386	-	1,387,564	415,511	3,834,998

14.1. Property and equipment include assets having a gross carrying amount of SAR 28.6 million, which are fully depreciated but are still in use.

14.2. The land and building were acquired as a single composite asset under one title deed and are not legally separable. Accordingly, the land cannot be sold, transferred, pledged, or otherwise disposed off independently from the building.

14.3. Building has been mortgaged to secure financial facilities of the Company (see note 21). The Company is not allowed to mortgage the building as security for other financial facilities or to sell them to another entity.

15. SHARE CAPITAL

The Company's authorized and paid-up share capital of SR. 200,000,000 is divided into 20,000,000 equity shares of SR. 10 each fully subscribed and paid, and distributed among shareholders as follows:

Shareholders	31 December 2025 and 2024		
	Holding (%)	No. of Shares	Amount
ADIB Two Financial Invest LLC, UAE (Ultimate parent)	51	10,200,000	102,000,000
Abdullah Ibrahim Al Khorayef Sons Company, KSA	46	9,200,000	92,000,000
Mohamed Abdullah Al Khorayef	1	200,000	2,000,000
Saad Abdullah Al Khorayef	1	200,000	2,000,000
Hamad Abdullah Al Khorayef	1	200,000	2,000,000
	100	20,000,000	200,000,000

16. STATUTORY RESERVE

Previously, in accordance with the Company's Bylaws, 10% of the net income for the year was allocated to the statutory reserve. However, pursuant to the provisions of the new Companies Law, the requirement for a statutory reserve has been abolished. Accordingly, the Company has amended its By-laws to align with the new regulatory framework and has ceased further transfers to the statutory reserve.

17. END OF SERVICE INDEMNITIES

	As at 31 December	
	2025	2024
The present value of the end-of-service indemnities	5,550,522	4,374,985

17.1. Principal actuarial assumptions

	2025	2024
Discount rate (% per annum)	4.35%	5.30%
Rate of increase in salaries (% per annum)	5.35%	6.30%
Mortality rates SLIC (2001-2005)	WHO SA19	WHO SA19
Employee turnover (withdrawal) rates	Ultra-Heavy	Ultra-Heavy

17.2. Amount recognized in statement of profit or loss for the year ended

	2025	2024
Service cost	1,017,330	945,258
Finance cost on end of service indemnities	233,236	172,502
Total amount charged to the statement of profit and loss	1,250,566	1,117,760

17.3. Amount charged in the statement of other comprehensive income for the year ended

	2025	2024
Actuarial gains due to change in demographic assumptions	-	-
Actuarial gain due to change in financial assumptions	(60,566)	265,666
Actuarial losses due to experience adjustments	219,529	(458,074)
Amount charged to other comprehensive income	158,963	(192,408)

17. END OF SERVICE INDEMNITIES (CONTINUED)

17.4. Reconciliation of the present value of defined benefit obligation

	2025	2024
The present value of the defined benefit obligation at 1 January	4,374,985	3,620,697
Current service cost	1,017,330	945,258
Finance cost on defined benefit obligations	233,236	172,502
Benefits paid during the year	(233,992)	(555,880)
Actuarial loss	158,963	192,408
The present value of defined benefit obligation at 31 December	5,550,522	4,374,985

17.5. The sensitivity of the end of service indemnities to changes in the weighted principal assumptions is:

	Change in assumption	Increase / (decrease) in present value of end of service indemnities liability	
		Amount	%
Discount rate	+0.5%	(94,541)	-1.7%
	-0.5%	98,200	1.8%
Long term salary	+0.5%	78,034	1.4%
	-0.5%	(75,874)	-1.4%
Mortality	+0.5%	(492)	0.0%
	-0.5%	494	0.0%
Employee turnover rate	+0.5%	(112,655)	-0.2%
	-0.5%	130,265	2.3%

17.6. Maturity profile:

	As at 31 December	
	2025	2024
Year 1	1,204,470	969,719
Year 2	2,001,366	1,422,583
Year 3	1,234,799	1,213,157
Year 4	1,050,619	971,581
Year 5 onwards	4,984,397	4,488,179
Total undiscounted liabilities	10,475,651	9,065,219
Less: Finance cost	(4,925,129)	(4,690,234)
	5,550,522	4,374,985

The weighted average duration of the defined benefit obligation is 3.47 years.

The liability of employees' post-employment benefits related to key management amounted to SAR 0.53 million (2024: SAR 0.2 million) (refer note 7).

	As at 31 December	
	2025	2024
Current portion	1,204,470	969,719
Non-current portion	4,346,052	3,405,266
	5,550,522	4,374,985

18. TRADE PAYABLES

These represent non-profit-bearing payables against the purchase of assets leased by the Company on a conventional basis. These unsecured financial liabilities are carried at amortized cost.

19. OTHER PAYABLES AND ACCRUALS

	As at 31 December 2025	2024
Financial Liabilities at Amortized Cost – unsecured		
Suppliers payable	762,525	1,084,621
Unclaimed deposits	517,581	605,201
Payable to suppliers	-	50,060
Others	46,181	279,978
	1,326,287	2,019,860
Financial Liabilities at Amortized Cost – secured		
Government-related	510,563	404,591
	510,563	404,591
Employee-related accruals	4,495,097	2,279,125
Accrued commission expense	1,135,378	789,953
Accrued outsourcing expense	537,307	335,579
Accrued professional services	471,305	196,947
Accrued other expenses	288,308	124,055
	6,927,395	3,725,659
	8,764,245	6,150,110

20. PROVISION FOR ZAKAT

20.1. The movement in the provision for zakat is as follows:

	2025	2024
Balance at the beginning of the year	3,226,005	7,362,036
Provision / (reversal) during the year	3,933,151	(3,455,994)
Payment during the year	(3,212,876)	(680,037)
Balance at the end of the year	3,946,280	3,226,005

20.2. STATUS OF ASSESSMENTS

During 2016, zakat assessments have been raised by the ZATCA for the years 2005 to 2007 assessing additional zakat of SR 2,621,509 against which the Company has filed an appeal. During 2018, the Company received certain queries related to appeal filed for 2005 to 2007 and the response was submitted to ZATCA. During the year, ZATCA re-assessed 2005 to 2007 for an amount of SR 2,526,003 for which the Company has filed an appeal to the General Secretariat of the Tax Committees (GSTC) which was ruled against the Company. Accordingly, the Company has paid the zakat liability during the year.

The Company submitted its zakat returns for the periods ended 31 December 2008 to 2013 for which it had recorded an additional provision amounting to SR 4,939,350. However, the Company did not receive any assessments from ZATCA for these years. As these assessment years are time-barred, the Company reversed the provision during 2024 based on the advice from its consultant.

During 2019, ZATCA provided a settlement assessment for the year 2014 to 2017 with zakat liability of SR 3,256,349 based on the methodology of 10% zakat calculated on the net profit before zakat. During the year 2024, the Company paid final installment amount of SR 521,016. As of 31 December 2025, the Company has no remaining liability with respect to these assessment years.

The Company submitted its zakat returns for the periods ended 2018 to 2024 and has not received any assessments from ZATCA for these years.

The Company has submitted its Zakat declaration to ZATCA for the year ended 31 December 2024 and has obtained the certificate valid until 13 Dhu'l-Qi'dah 1447H corresponding to 30 April 2026.

21. FINANCIAL FACILITIES

	Note	As at 31 December 2025	2024
Short-term financial facilities:			
Murabaha		208,100,760	103,514,780
		208,100,760	103,514,780
Long-term financial facilities:	21.2		
Tawarruq		312,339,528	222,722,432
Murabaha		251,943,316	143,103,451
Non-profit bearing		-	15,480,522
		564,282,844	381,306,405
		772,383,604	484,821,185

21.1. Movement in financial facilities

	2025	2024
Opening balance	484,821,185	455,745,408
Add: facilities obtained during the year	553,616,340	322,000,000
Less: payments made during the year	(273,006,119)	(300,126,401)
Finance cost	45,089,504	31,249,021
Less: finance cost paid during the year	(38,137,306)	(24,046,843)
Closing balance	772,383,604	484,821,185

21.2. Maturity profile – long term

	As at 31 December 2025	2024
Current portion	200,155,032	134,432,412
Non-current portion	364,127,812	246,873,993
	564,282,844	381,306,405

21.3. Financial facilities by tenure

	As at 31 December 2025	2024
Short-term borrowings (up to 1 year)	408,255,792	237,947,192
Medium-term borrowings (1 to 3 years)	287,100,000	195,023,993
Long-term borrowings (more than 3 years	77,027,812	51,850,000
	772,383,604	484,821,185

21.4. Unsecured financial facilities at amortized cost

	As at 31 December 2025	2024
Islamic financial facilities:		
- Murabaha	208,100,760	103,514,780
- Non-profit bearing financing	-	15,480,522
	208,100,760	118,995,302

21.5. Secured financial facilities at amortized cost

	Note	As at 31 December 2025	2024
Islamic financial facilities:			
- Murabaha	9.4	251,943,316	143,103,451
- Tawarruq	9.4	312,339,528	222,722,432
		564,282,844	365,825,883

21. FINANCIAL FACILITIES (CONTINUED)

21.6. The Company has obtained bank financial facilities from local Islamic banks for the purpose of financing working capital needs and financing to customers. These bank facilities bear finance costs at the prevailing market rates.

21.7. The facility agreements include covenants which, among other things, require the Company to maintain certain financial ratios. As of 31 December 2025, the Company is in compliance with the covenants for all the financial facilities.

22. INCOME FROM ISLAMIC FINANCINGS, NET

	2025	2024
Revenue from main operations – over the period		
Income from Tawarruq	156,620,818	128,089,316
Income from Murabaha	1,511	63,935
	156,622,329	128,153,251

22.1. Income includes the directly allocated transaction cost of Islamic financing is amounting to SR 7.5 million (2024: SR 4.1 million).

22.2. Income includes Insurance expense for Murabaha financing is amounting to SR 0.8 million (2024: SR 0.13 million).

23. FINANCE COST

	Note	2025	2024
Islamic financial facilities;	21		
- Murabaha		25,832,567	15,239,558
- Tawarruq		19,256,937	12,145,645
- Non-profit bearing financing		-	3,863,818
Lease liabilities		-	518,948
End of service indemnities	17	233,236	172,502
		45,322,740	31,940,471

24. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2025	2024
Salaries, wages, and other benefits	7	29,195,361	25,271,457
IT support and maintenance		9,609,182	8,047,158
Government expenses		3,234,851	3,186,077
Bonus		3,150,000	1,015,000
Legal, professional, and consultancy fees		2,141,677	2,942,208
Depreciation of property and equipment	14	1,627,512	1,977,025
Amortization of intangibles	13	1,622,658	1,868,345
Utilities		1,462,391	1,338,461
Kafalah guarantee fees	24.1	1,445,267	1,237,841
Rent expense		1,352,624	1,190,745
Depreciation of right-of-use assets		705,105	1,400,988
Miscellaneous		1,948,196	2,259,367
		57,494,824	51,734,672

24.1. During the year, the Company extended certain Islamic financing to customers that are covered under guarantees issued by the Kafalah SME Loan Guarantee Program. Under these arrangements, Kafalah provides partial guarantees against credit losses in the event of customer default, subject to the terms and conditions of the respective guarantee agreements. In consideration for these guarantees, the Company pays guarantee fees to Kafalah.

25. SELLING AND MARKETING EXPENSES

	2025	2024
Salaries, wages, and other benefits	10,053,051	10,209,905
Collection commission	3,425,000	2,300,000
Advertising expenses	2,497,105	1,204,579
	15,975,156	13,714,484

26. IMPAIRMENT LOSSES ON FINANCIAL ASSETS, NET

	Note	2025	2024
Impairment loss on Islamic financing	9.5	34,211,736	30,230,684
Impairment loss on Kafalah receivables	8.3	10,866,126	1,263,956
(Reversal) / impairment loss on net investment in Islamic financings against collateralized real estate	11.4	(532,537)	1,285,280
Write-off recoveries		(15,972,657)	(8,377,344)
		28,572,668	24,402,576

27. OTHER INCOME / (EXPENSES)

	Note	2025	2024
Origination fee		6,645,431	910,864
Modification loss on financial assets		-	(4,383,709)
Other income	27.1	656,824	433,561
		7,302,255	(3,039,284)

27.1. Other income includes a government grant of SR 0.3 million (2024: SR 0.43 million) was received from Human Resource Development Fund (HRDF) as part of the government's initiative to support the efforts in developing and recruiting the national workforce. There are no future related costs in respect of this grant.

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial instruments by category	As at 31 December 2025		
	At amortized cost	At FVOCI	Total
Financial assets as per the Statement of Financial Position			
Cash and cash equivalents	35,193,315	-	35,193,315
Other receivables	90,600,099	-	90,600,099
Due from related parties	14,541	-	14,541
Net investment in Islamic financing	1,000,855,738	-	1,000,855,738
Islamic financing receivables against collateralized real estate	42,055,319	-	42,055,319
Investment carried at FVOCI	-	892,850	892,850
	1,168,719,012	892,850	1,169,611,862

	As at 31 December 2024		
	At amortized cost	At FVOCI	Total
Financial assets as per the Statement of Financial Position			
Cash and cash equivalents	18,894,806	-	18,894,806
Other receivables	14,001,049	-	14,001,049
Due from related parties	554,011	-	554,011
Net investment in Islamic financing	802,025,392	-	802,025,392
Islamic financing receivables against collateralized real estate	35,881,446	-	35,881,446
Investment carried at FVOCI	-	892,850	892,850
	871,356,704	892,850	872,249,554

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

28.1. Risk management structure (Continued)

	As at 31 December 2025	2024
Financial liabilities as per the Statement of Financial Position at amortized cost		
Trade payables	21,762,136	2,379,055
Due to a related party	997,683	-
Other payables and accruals	8,764,245	6,150,110
Financial facilities	772,383,604	484,821,185
	803,907,668	493,350,350

28.1. Risk management structure

Risk is inherent in the Company's activities and is managed through a process of ongoing identification, measurement, and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability. The Company's activities are exposed to a variety of financial risks which mainly include market risk, credit risk, and liquidity risk.

Board of Directors
The Board of Directors are responsible for establishing the Company's policies, including risk management framework, and reviewing 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.

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.

Internal audit
All key operational, financial, and risk management processes are audited by the Internal Audit. The internal audit examines the adequacy of the relevant policies and procedures, the Company's compliance with the internal policies and regulatory guidelines. Internal audit discusses the results of all assessments with management and reports its findings and recommendations to the Audit Committee.

The risks faced by the Company and the way these risks are mitigated by management are summarized below.

28.2. Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in the credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises three types of risks: currency risk, profit rate risk, and other price risks.

28.2.1. 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 subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Riyals during the year. Accordingly, the Company is not exposed to any significant currency risk.

28.2.2. Profit rate risk

Profit rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market profit rates. The Company's exposure to the risk of changes in market profit rates relates primarily to the Company's long-term debt obligations with floating profit rates. For floating rate liabilities, the analysis is prepared to assume the amount of liability outstanding at the reporting date was outstanding for the whole year. A 0.25 % increase or decrease is used when reporting profit rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in profit rates.

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

28.2. Market risk (Continued)

Sensitivity analysis for variable-rate financial instruments is as follows:

	2025		2024	
	Change in Basis Point	Impact on income for the year	Change in Basis Point	Impact on income for the year
Saudi Riyals	-25	1,086,866	-25	614,000
Saudi Riyals	+25	(1,086,866)	+25	(614,000)

28.2.3. Other price risks

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Company does not have any financial instruments which are subject to other price risks.

28.3. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Amounts arising from ECL – Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for exposure by comparing:

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

Generating the term structure of PD

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

This analysis includes the identification and calibration of relationships between changes in default rates and macroeconomic factors as well as an in-depth analysis of the impact of certain other factors (e.g., forbearance experience) on the risk of default. For most exposures, key macroeconomic indicators are Gross Domestic Product (GDP) forecast and Consumer Price Index (CPI) forecast.

Determining whether credit risk has increased significantly

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

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company’s quantitative modeling.

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

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace year that might be available to the customer.

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)
28.3. Credit risk (Continued)

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

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

The Company may renegotiate Islamic financings receivable to customers in financial difficulties (referred to as 'forbearance activities' to maximize collection opportunities and minimize the risk of default. Under the Company's policy, Islamic financings receivable forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms. The revised terms usually include extending the maturity, changing the timing of profit payments, and amending the terms of Islamic financing and installment covenants. Both consumer and corporate portfolios are subject to the forbearance policy.

For financial assets modified as part of the Company's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Company's ability to collect profit and principal and the Company's previous experience of similar forbearance action. As part of this process, the Company evaluates the customer's payment performance against the modified contractual terms and considers various behavioral indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired /in default. A customer needs to demonstrate consistently good payment behavior over a period of time before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Definition of 'Default'
The Company considers a financial asset to be in default when:

- the customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the customer is past due more than 90 days on any material credit obligation to the Company.

In assessing whether a customer is in default. The Company considers indicators that are:

- qualitative- e.g., breaches of the covenant, SIMAH scoring, sector of economies, employment type;
- quantitative- e.g., overdue status 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.

The definition of default largely aligns with that applied by the Company for regulatory capital purposes.

Incorporation of forward-looking information
The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses. The economic scenario used includes the key indicators of Gross Domestic Product (GDP) forecast and Consumer Price Index (CPI) forecast.

Scenario Weightage
The scenario weightage used as at the year-end are as follows:

	2025	2024
Base case	40%	40%
Best case	30%	30%
Worst case	30%	30%

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

28.3. Credit risk (Continued)

Measurement of ECL

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

i. The probability of default (PD);
ii. Loss given default (LGD);
iii. Exposure at default (EAD).

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

A transition matrix-based approach was used. From account level data, volume -weighted transition matrix was created by observation month, considering 3 months as the performance month for every observation month. Segment level transition rates between different delinquency buckets were used to compute PD, which was then extrapolated across the behavioural life. This was based on historic default data and utilising the Markov chain assumption.

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of balances from defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry, and recovery costs of any collateral that is integral to the financial asset. They are calculated on a discounted cash flow basis using the effective profit rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. Outstanding Balance, Instalment Amount, and Profit Rate are used to derive an amortizing balance curve for each account.

28.3.1. Bank balances and other receivables

The credit quality of the Company's bank balances and restricted cash deposit is assessed with reference to external credit ratings which, in all cases, are above investment-grade rating. Other receivables are neither significant nor exposed to significant credit risk. No ECL was taken for bank balances as the impact of the ECL was not material.

	As at 31 December	
	2025	**2024**
Cash at bank:		
- A+	12,339	7,973
- A-	32,663,717	18,872,233
- A	2,503,134	-
	35,179,190	18,880,206

Out of the total assets of SR 1.2 billion (2024: SR 891.6 million), the assets which were subject to credit risk amounted to SR 1.1 billion (2024: SR 834.9 million). The management analyzes the credit risk in the following categories:

		As at 31 December	
	Note	**2025**	**2024**
Net investment in Islamic financings	9	1,000,855,738	802,025,392
Bank balances	6	35,193,315	18,880,206
Due from related parties	7	14,541	554,011
Other receivables	8	90,600,099	14,001,049
		1,126,663,693	835,460,658

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)
28.3. Credit risk (Continued)

28.3.2. Net investment in Islamic financings

The investment in Islamic financings generally exposes to significant credit risk. Therefore, the Company has established a number of procedures to manage credit exposure including evaluation of lessees' creditworthiness, formal credit approvals, assigning credit limits, obtaining collateral and personal guarantees.

The Company also follows a credit classification mechanism, primarily driven by days delinquency as a tool to manage the quality of credit risk of the Islamic financing portfolio.

The aging of net investment in Islamic financings contracts is as under:

	As at 31 December	
	2025	2024
Neither past nor due	748,778,935	480,796,442
Past due 1-30 days	120,907,215	134,760,039
Past due 31-90 days	78,249,558	55,293,378
Past due 91-180 days	33,643,476	16,877,102
Past due 181-365 days	25,079,126	74,159,536
Past due over 1 year	16,327,327	65,620,660
Net Investment in Islamic financing before adjustment	1,022,985,637	827,507,157
Unearned origination fees	(2,733,389)	(3,789,293)
Deferred transaction costs	13,027,407	6,907,578
Net Investment in Islamic financing before provision	1,033,279,655	830,625,442
Less: Impairment for Islamic financing	(32,423,917)	(28,600,050)
Net of Impairment loss	1,000,855,738	802,025,392
Total portfolio coverage ratio (Impairment divided by Net Investment in Islamic financing before adjustment)	3.2%	3.5%
Non-performing Islamic financing ratio (balance of Islamic financing above 90 days divided by Net Investment in Islamic financing before adjustment	7.3%	18.9%

Net investment in Islamic financing and the corresponding ECL allowance is classified into as follows:

	As at 31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
Carrying amount before ECL	823,569,030	89,073,574	110,343,033	1,022,985,637
ECL	4,707,822	4,423,153	23,292,942	32,423,917
%	0.6%	5.0%	21.1%	3.2%

	As at 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Carrying amount before ECL	591,104,135	53,134,739	183,268,283	827,507,157
ECL	3,405,034	2,496,745	22,698,271	28,600,050
%	0.6%	4.7%	12.4%	3.5%

The portfolio that is neither past due nor impaired has a satisfactory history of repayment, where applicable. As at the statement of financial position date, the Company has adequate collaterals to cover the overall credit risk exposure after making an impairment provision.

Management classifies the investment in Islamic financing that are either not yet due or otherwise past due but for 90 days or less as “performing” while all receivables that are past due for more than 90 days are classified as “non-performing”. Below is the breakdown of performing and non-performing Islamic financing:

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

28.3. Credit risk (Continued)

28.3.2. Net investment in Islamic financings (Continued)

	As at 31 December	
	2025	**2024**
Performing	947,935,708	670,849,859
Non-performing	75,049,929	156,657,298
	1,022,985,637	827,507,157
Non-performing financing ratio	7.3%	18.98%

The movement in provision for impairment for Islamic financing receivables is as follows:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
1 January 2025	3,405,034	2,496,745	22,698,271	28,600,050
Transfer from stage 1	(488,261)	196,320	291,941	-
Transfer from stage 2	327,449	(890,090)	562,641	-
Transfer from stage 3	527,353	1,137,100	(1,664,453)	-
Financial assets – settled	(906,907)	(1,411,947)	(18,200,014)	(20,518,868)
Financial assets - originated	3,181,952	1,232,140	9,071,387	13,485,479
Net re-measurement of loss allowance	(1,338,798)	1,662,885	40,921,038	41,245,125
	1,302,788	1,926,408	30,982,540	34,211,736
Write-off during the year	-	-	(30,387,869)	(30,387,869)
31 December 2025	4,707,822	4,423,153	23,292,942	32,423,917

	Stage 1	**Stage 2**	**Stage 3**	**Total**
1 January 2024	3,051,521	3,827,600	26,220,901	33,100,022
Transfer from stage 1	(460,203)	98,070	362,133	-
Transfer from stage 2	1,467,923	(2,797,846)	1,329,923	-
Transfer from stage 3	2,426,834	1,977,522	(4,404,356)	-
Financial assets – settled	(488,410)	(424,604)	(9,539,469)	(10,452,483)
Financial assets - originated	1,595,935	763,403	1,234,353	3,593,691
Net re-measurement of loss allowance	(4,188,566)	(947,400)	42,225,442	37,089,476
	353,513	(1,330,855)	31,208,026	30,230,684
Write-off during the year	-	-	(34,730,656)	(34,730,656)
31 December 2024	3,405,034	2,496,745	22,698,271	28,600,050

The movement of Gross financing receivables at gross exposure by stages is as follows:

	Gross carrying amount			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
1 January 2025	876,086,645	72,690,192	242,036,215	1,190,813,052
Transfer from stage 1	(108,025,901)	54,045,973	53,979,928	-
Transfer from stage 2	11,692,131	(29,260,515)	17,568,384	-
Transfer from stage 3	5,633,509	11,062,371	(16,695,880)	-
	(90,700,261)	35,847,829	54,852,432	-
Write-off during the year	-	-	(46,204,439)	(46,204,439)
New business / other movements	645,710,779	61,647,536	127,705,052	835,063,367
Derecognized during the year	(225,460,889)	(37,252,041)	(197,134,610)	(459,847,540)
31 December 2025	1,205,636,274	132,933,516	181,254,650	1,519,824,440

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

28.3. Credit risk (Continued)

28.3.2. Net investment in Islamic financings

	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
1 January 2024	588,696,711	132,897,325	356,218,229	1,077,812,265
Transfer from stage 1	(73,191,073)	24,494,050	48,697,023	-
Transfer from stage 2	49,388,151	(92,096,430)	42,708,279	-
Transfer from stage 3	20,097,138	15,704,282	(35,801,420)	-
	(3,705,784)	(51,898,098)	55,603,882	-
Write-off during the year	-	-	(56,303,872)	(56,303,872)
New business / other movements	419,350,241	10,722,806	43,266,804	473,339,851
Derecognized during the year	(128,254,521)	(19,031,840)	(156,748,831)	(304,035,192)
31 December 2024	876,086,647	72,690,193	242,036,212	1,190,813,052

Concentration risk

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

The Company manages its credit risk exposure through diversification of Islamic financing activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or businesses.

Collateral held as security and other credit enhancements

Credit risk relating to the gross amounts due from investment in Islamic financing is mitigated through collateral held in the form of leased assets and real estate. As at 31 December 2025, the carrying amount of secured investment in Islamic financing amounted to SR 235 million (31 December 2024: SR 134 million). Of this amount, SR 147.5 million (31 December 2024: SR 134 million) is secured against collaterals, while SR 87.8 million (31 December 2024: SR 163 million) is secured by guarantees under the Kafalah SME Loan Guarantee Program.

The fair value of the collaterals held as at 31 December 2025 amounted to SR 481 million (31 December 2024: SR 441 million). The Company is not permitted to sell or repledge the collateral in the absence of default by the lessee. There have been no significant changes in the quality of the collateral during the year.

28.4. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The shareholders of the Company are committed to provide the necessary financial support to the Company for its working capital, as and when needed.

The table below summarizes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

28.4. Liquidity risk (Continued)

As at 31 December 2025

	Carrying amount	Contractual cash flows	Up to three months	More than three months and up to one year	One to five years	More than 5 years
Trade payables	21,762,136	21,762,136	21,762,136	-	-	-
Due to a related party	997,683	997,683	997,683			
Other payables and accruals	8,764,245	8,764,245	8,764,245	-	-	-
Financial facilities	772,383,604	840,737,131	122,575,109	320,395,479	397,766,543	-
	803,907,668	872,261,195	154,099,173	320,395,479	397,766,543	-

As at 31 December 2024

	Carrying amount	Contractual cash flows	Up to three months	More than three months and up to one year	One to five years	More than 5 years
Trade payables	2,379,055	2,379,055	2,379,055	-	-	-
Other payables and accruals	6,150,110	6,150,110	-	6,150,110	-	-
Financial facilities	484,821,185	517,989,897	65,446,899	196,160,747	256,382,251	-
	493,350,350	526,519,062	67,825,954	202,310,857	256,382,251	-

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

28.4. Liquidity risk (Continued)

Analysis of financial assets and liabilities based on contractual maturities

The table shows an analysis of financial assets and liabilities according to when they are expected to be recovered or settled:

	As at 31 December 2025			
	Carrying amounts	**Up to three months**	**More than three months and up to one year**	**More than one year**
Cash and cash equivalents	35,193,315	35,193,315	-	-
Other receivables	90,600,099	90,600,099	-	-
Due from related parties	14,541	14,541	-	-
Net investment in Islamic financing	1,000,855,738	89,334,139	217,699,219	693,822,380
Islamic financing receivables against collateralized real estate	42,055,319	42,055,319	-	-
Investment carried at FVOCI	892,850	-	-	892,850
Financial assets	1,169,611,862	257,197,413	217,699,219	694,715,230
Trade payables	21,762,136	21,762,136	-	-
Due to a related party	997,683	997,683	-	-
Other payables and accruals	8,764,245	8,764,245	-	-
Financial facilities	772,383,604	122,507,355	285,748,437	364,127,812
Financial liabilities	803,907,668	154,031,419	285,748,437	364,127,812
Maturity gap	-	103,165,994	(68,049,218)	330,587,418
Cumulative maturity gap	-	103,165,994	35,116,776	365,704,194

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

28.4. Liquidity risk (Continued)

	As at 31 December 2024			
	Carrying amounts	**Up to three months**	**More than three months and up to one year**	**More than one year**
Cash and cash equivalents	18,894,806	18,894,806	-	-
Other receivables	14,001,049	14,001,049	-	-
Due from related parties	554,011	554,011	-	-
Net investment in Islamic financing	802,025,392	116,769,169	172,117,180	513,139,043
Islamic financing receivables against collateralized real estate	35,881,446	35,881,446	-	-
Investment carried at FVOCI	892,850	-	-	892,850
Financial assets	872,249,554	186,100,481	172,117,180	514,031,893
Trade payables	2,379,055	2,379,055	-	-
Other payables and accruals	6,150,110	6,150,110	-	-
Financial facilities	484,821,185	64,247,289	173,699,903	246,873,993
Financial liabilities	493,350,350	72,776,454	173,699,903	246,873,993
Maturity gap	-	113,324,027	(1,582,723)	267,157,900
Cumulative maturity gap	-	113,324,027	111,741,304	378,899,204

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

28.4. Liquidity risk (Continued)

The Company has access to unused financial facilities amounting to SR 1.84 million (2024: 54.7 million) at the reporting date. These facilities may be drawn at any time subject to the continuance of satisfactory credit rating. These facilities have an average maturity of 4 years (2024: 4 years).

28.5. Capital risk management

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

The Company manages its capital structure and makes adjustment 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 number 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 31 December 2025 and 31 December 2024.

The Company monitors the aggregate amount of financing offered by the Company on the basis of the regulatory requirements of Regulations for Companies and SAMA. As per SAMA regulations, the leverage ratio of the Company must not exceed 3 times of equity.

	2025	2024
Total debt	772,383,604	484,821,185
Less: Cash and cash equivalents	(35,193,315)	(18,894,806)
Net debt	737,190,289	465,926,379
Total equity	402,933,141	390,466,059
Debt to equity ratio	1.83	1.19
Leverage ratio (Net investment in Islamic financing before provision and adjustments divided by total equity)	2.6 times	2.1 times

29. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

29.1. Fair value measurement of financial assets and liabilities

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. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

29. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

29.2. Fair values of financial assets and liabilities

The Company's financial assets consist of cash and bank balances, investment, net investment in Islamic financing, and other receivables, its financial liabilities consist of trade payables, financial facilities, due to related party and other liabilities.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement

All financial assets and liabilities are measured at amortized cost except investment carried at FVOCI. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate to their fair values.

2025	Fair value Level 1	2	3	Total
FINANCIAL ASSETS				
FVOCI designated				
Investment carried at FVOCI	-	-	892,850	892,850

2024	Fair value Level 1	2	3	Total
FINANCIAL ASSETS				
FVOCI designated				
Investment carried at FVOCI	-	-	892,850	892,850

The above financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined:

Financial assets / financial liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Investment carried at FVOCI	Cost	N/A	N/A

30. CONTINGENCIES AND COMMITMENTS

There were no contingent liabilities and commitments as at 31 December 2025 and 2024.

31. SUBSEQUENT EVENTS

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

32. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on 14 Ramadan 1447H (corresponding to 3 March 2026) by the Board of Directors of the Company.