

AJIL FINANCIAL SERVICES COMPANY
(A Saudi Closed Joint Stock Company)

CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

with

INDEPENDENT AUDITOR'S REVIEW REPORT
For the three-month period ended 31 March 2025

AJIL FINANCIAL SERVICES COMPANY
(A Saudi Closed Joint Stock Company)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2025

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KPMG Professional Services Company

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

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص. ب. 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim financial statements

To the shareholders of AJIL Financial Services Company

Introduction

We have reviewed the accompanying 31 March 2025 condensed interim financial statements of AJIL Financial Services Company ("the Company"), which comprises:

- the condensed statement of financial position as at 31 March 2025;
- the condensed statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2025;
- the condensed statement of changes in shareholders' equity for the three-month period ended 31 March 2025;
- the condensed statement of cash flows for the three-month period ended 31 March 2025; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2025 condensed interim financial statements of AJIL Financial Services Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.


Independent auditor's report on review of condensed interim financial statements

To the shareholders of AJIL Financial Services Company (continued)

Other Matter

The condensed interim financial statements of the Company for the three month period ended 31 March 2024 were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 23 Shawwal 1445H corresponding to 02 May 2024.

KPMG Professional Services Company


Nasser Ahmed Al-Shutairy
License No. 454



Jeddah, 29 April 2025
Corresponding to 1 Dhul Qadah 1446H

AJIL FINANCIAL SERVICES COMPANY
(A Saudi Closed Joint Stock Company)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Note</u>	For the three-month period ended 31 March	
		<u>2025</u> Unaudited	<u>2024</u> Unaudited
Revenue	3	58,459,644	46,534,894
Finance charges	4	(12,888,774)	(4,088,022)
		45,570,870	42,446,872
General and administrative expenses		(24,857,918)	(19,248,800)
Depreciation of equipment, furniture, and vehicles		(462,076)	(351,573)
Depreciation of right of use assets		(898,717)	(841,041)
Amortisation of intangible assets		(198,374)	(239,901)
Profit before expected credit losses		19,153,785	21,765,557
Expected credit losses	14.2	(4,118,068)	(9,313,557)
Recovery of debts previously written-off		10,310,040	2,159,553
Profit before Zakat		25,345,757	14,611,553
Zakat charge	5	(5,226,667)	(3,021,372)
Net profit for the period		20,119,090	11,590,181
Other comprehensive income		--	--
Total comprehensive income for the period		20,119,090	11,590,181

The accompanying notes 1 to 16 form an integral part of these condensed interim financial statements.

AJIL FINANCIAL SERVICES COMPANY
(A Saudi Closed Joint Stock Company)

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Note</u>	31 March 2025 Unaudited	31 December 2024 Audited
ASSETS			
Cash and cash equivalents		69,630,499	60,422,699
Advances, prepayments and other receivables	6	44,154,322	41,687,313
Net investment in finance leases	7	571,384,009	607,856,276
Murabaha financing receivables, net	8	1,290,159,092	1,205,387,812
Equity investment at fair value through other comprehensive income		892,850	892,850
Equipment, furniture, and vehicles		7,538,305	7,574,251
Right of use assets		6,107,967	5,118,695
Intangible assets		7,039,161	4,261,484
Total assets		1,996,906,205	1,933,201,380
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	9	500,000,000	500,000,000
Statutory reserve		105,404,330	105,404,330
Retained earnings		151,982,629	131,863,539
Actuarial loss on employees' end of service benefits		(3,386,731)	(3,386,731)
Total shareholders' equity		754,000,228	733,881,138
Liabilities			
Accounts payables, accrued and other liabilities		67,966,817	56,898,265
Due to related party	11	20,481,256	1,991,976
Lease liabilities		4,741,538	3,834,043
Term loans	12	1,112,665,238	1,105,006,841
Provision for Zakat	5	18,846,068	13,619,401
Employees' end of service benefits		18,205,060	17,969,716
Total liabilities		1,242,905,977	1,199,320,242
Total shareholders' equity and liabilities		1,996,906,205	1,933,201,380

The accompanying notes 1 to 16 form an integral part of these condensed interim financial statements.

AJIL FINANCIAL SERVICES COMPANY

(A Saudi Closed Joint Stock Company)

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Actuarial loss on employees' end of service benefits</u>	<u>Total</u>
Balance as at 1 January 2025	500,000,000	105,404,330	131,863,539	(3,386,731)	733,881,138
Net profit for the period	--	--	20,119,090	--	20,119,090
Other comprehensive income	--	--	--	--	--
<i>Total comprehensive income</i>	--	--	20,119,090	--	20,119,090
Balance as at 31 March 2025 (Unaudited)	500,000,000	105,404,330	151,982,629	(3,386,731)	754,000,228
Balance as at 1 January 2024	500,000,000	105,404,330	97,154,710	(4,162,635)	698,396,405
Net profit for the period	--	--	11,590,181	--	11,590,181
Other comprehensive income	--	--	--	--	--
<i>Total comprehensive income</i>	--	--	11,590,181	--	11,590,181
Balance as at 31 March 2024 (Unaudited)	500,000,000	105,404,330	108,744,891	(4,162,635)	709,986,586

The accompanying notes 1 to 16 form an integral part of these condensed interim financial statements.

AJIL FINANCIAL SERVICES COMPANY
(A Saudi Closed Joint Stock Company)

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Note</u>	31 March 2025 Unaudited	31 March 2024 Unaudited
Cashflow from operating activities			
Profit before Zakat		25,345,757	14,611,553
<i>Adjustments for non-cash items:</i>			
Depreciation of equipment, furniture, and vehicles		462,076	351,573
Depreciation of right of use assets		898,717	841,041
Amortisation of intangible assets		198,374	239,901
Finance charges	4	12,888,774	4,088,022
Expected credit losses	14.2	4,118,068	9,313,557
Employees' end of service benefits		1,132,977	1,046,909
Gain on disposal of equipment, furniture, and vehicles		(809)	--
Operating profit before changes in operating assets and liabilities		45,043,934	30,492,556
<i>Changes in operating assets and liabilities</i>			
Net investment in finance leases		29,613,491	(53,825,777)
Murabaha financing receivables		(79,513,972)	(35,876,377)
Advances, prepayments and other receivables		(4,983,609)	16,902,368
Accounts payables, accrued and other liabilities		11,068,552	(23,511,525)
Due to related party		18,489,280	39,282,078
Net cash generated from / (used in) operations		19,717,676	(26,536,677)
Finance charges paid		(12,142,710)	(1,975,682)
Employees' end of service benefits paid		(897,633)	(559,883)
Net cash generated from / (used in) operating activities		6,677,333	(29,072,242)
Cashflow from investing activities			
Purchase of equipment, furniture, and vehicles		(426,130)	(616,814)
Purchase of intangible assets		(2,976,051)	(414,748)
Proceeds from disposal of equipment, furniture, and vehicles		809	--
Net cash used in investing activities		(3,401,372)	(1,031,562)
Cashflow from financing activities			
Proceeds from term loans		301,533,333	205,129,832
Repayments of term loans		(294,556,384)	(186,002,779)
Repayment of principal portion of lease liabilities		(963,755)	(886,062)
Repayment of interest portion of lease liabilities		(81,355)	(14,728)
Net cash generated from financing activities		5,931,839	18,226,263
Net increase / (decrease) in cash and cash equivalents		9,207,800	(11,877,541)
Cash and cash equivalents at the beginning of the period		60,422,699	34,812,408
Cash and cash equivalents at the end of the period		69,630,499	22,934,867

The accompanying notes 1 to 16 form an integral part of these condensed interim financial statements.

AJIL FINANCIAL SERVICES COMPANY
(A Saudi Closed Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

1. ORGANIZATION AND ACTIVITIES

AJIL Financial Services Company (the “Company” or “AJIL”) is registered in the Kingdom of Saudi Arabia under commercial registration number 4030122889, dated 30 Rajab 1418H (corresponding to 30 November 1997). The legal status of the Company was changed from a Limited Liability Company to a Closed Joint Stock Company under Ministerial Declaration number 206/Q, dated 18 Jumada Al-Akhirah 1429H (corresponding to 22 September 2008), and according to Companies’ Law Provisions issued by Royal Decree number M/6 dated 27 Dhul-Qi’dah 1417H (corresponding to 5 April 1997). A new commercial registration certificate under the same number was issued by the Ministry of Commerce on 11 Rajab 1429H (corresponding to 14 July 2008).

On 21 Rajab 1435H (corresponding to 20 May 2014) the Company received a license from the Saudi Central Bank (“SAMA”) to conduct lease financing business in the Kingdom of Saudi Arabia. The Finance Companies Control Law was issued by the Saudi Council of Ministers through its publication No. 259 dated 12 Sha’ban 1433H (corresponding to 2 July 2012) and the Royal Decree No. 51 dated 13 Sha’ban 1433H (corresponding to 3 July 2012) and its implementing regulations were issued by SAMA for conducting lease financing business in the Kingdom of Saudi Arabia. On 1 Muharram 1439H (corresponding to 21 Sep 2017), the Company received a no objection certificate from SAMA to conduct commodity murabaha business in the Kingdom of Saudi Arabia.

The objectives of the Company are to engage in financing activities via finance leasing, productive assets financing, financing the activity of small and medium enterprises and consumer finance.

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

AJIL Financial Services Company
Jeddah 101 Building, Sari Street
P.O. Box 13624
Jeddah 21414
Kingdom of Saudi Arabia

These condensed interim financial statements include the results, assets and liabilities of the following branches:

Commercial Registration Number	Location
2050044861	Dammam
2051031244	Al-Khobar
5850027895	Abha
1010194653	Riyadh
4030612980	Jeddah

2. BASIS OF PREPARATION

2.1 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost basis, unless stated otherwise, using the accrual basis of accounting and the going concern concept.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

2. BASIS OF PREPARATION (continued)

2.2 Statement of compliance

The condensed interim financial statements of the Company as at and for the period ended 31 March 2025 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and in compliance with the Companies’ Law in the Kingdom of Saudi Arabia and Company’s By-laws.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as “the Law”) came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management has assessed the impact of the New Companies Law and amended its By-Laws for the changes to align the By-laws to the provisions of the Companies Law.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2024. The results for the three-month period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

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

2.3 Functional and presentational currency

These condensed interim financial statements have been presented in Saudi Riyals (“SR”), which is also the functional and presentation currency of the Company, except as otherwise indicated.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of the Company’s condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2024.

2.5 Material accounting policies

- 2.5.1 The accounting policies, used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2024, except for the change in accounting policies due to adoption of new standards or amendment to the relevant existing standard effective as of 1 January 2025. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

AJIL FINANCIAL SERVICES COMPANY
(A Saudi Closed Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

2. BASIS OF PREPARATION (continued)

2.5 Material accounting policies (continued)

2.5.2 New standards, interpretations and amendments adopted by the Company

The following amendments to existing standards and framework have been applied by the Company in preparation of these condensed interim financial statements. The adoption of the below did not result in material changes to the previously reported net profit or equity of the Company.

<i>Standard / amendments / interpretation</i>	<i>Description</i>	<i>Effective date</i>
Amendments to IAS 21	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025

2.5.3 Standards issued but not yet effective

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

<i>Standard / amendments / interpretation</i>	<i>Description</i>	<i>Effective date</i>
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of financial instruments - Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual improvements to IFRS accounting standards	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without public accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption / effective date deferred indefinitely
IFRS S1	General requirements for disclosure of sustainability-related financial information	Subject to endorsement by SOCPA
IFRS S2	Climate-related disclosures	Subject to endorsement by SOCPA

AJIL FINANCIAL SERVICES COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

3. REVENUE

	For the three-month period ended 31 March	
	<u>2025</u>	<u>2024</u>
	Unaudited	Unaudited
Finance income from finance leases	19,723,481	23,862,094
Finance income from Murabaha financing	38,736,163	22,672,800
	58,459,644	46,534,894

- 3.1 Finance income is net off initial direct cost / transaction cost amounting to SR 5.2 million (31 March 2024: SR 3.3 million).

4. FINANCE CHARGES

	For the three-month period ended 31 March	
	<u>2025</u>	<u>2024</u>
	Unaudited	Unaudited
Finance charges on term loans	12,824,158	4,021,897
Finance charges on lease liabilities	64,616	66,125
	12,888,774	4,088,022

5. ZAKAT

The movement in the provision for Zakat is as follows:

	For the three-month period ended 31 March	
	<u>2025</u>	<u>2024</u>
	Unaudited	Unaudited
At the beginning of the period	13,619,401	9,111,276
Charge for the period	5,226,667	3,021,372
At the end of the period	18,846,068	12,132,648

Status of assessments

The Company has filed Zakat declarations up to 31 December 2024. Zakat, Tax and Customs Authority ("ZATCA") have finalized assessments till 31 December 2017. The assessments for the year ended 31 December 2018 to 31 December 2024 have not yet been raised by the ZATCA.

6. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Advances, prepayments and other receivables include advance payments amounting to SR 5.7 million (31 December 2024: SR 17.6 million) and other receivables amounting to SR 31.2 million (31 December 2024: SR 28.3 million). Moreover, the Company has recognised an ECL allowance of SR 19.5 million (31 December 2024: SR 16.9 million) against these other receivables.

AJIL FINANCIAL SERVICES COMPANY
(A Saudi Closed Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

7. NET INVESTMENT IN FINANCE LEASES

	31 March 2025 Unaudited	31 December 2024 Audited
Gross investment in finance leases	678,446,003	711,972,457
Less: unearned finance income	(72,855,854)	(76,453,260)
Net investment in finance leases before allowance for expected credit loss	605,590,149	635,519,197
Less: allowance for expected credit loss (note 'a')	(34,206,140)	(27,662,921)
Net investment in finance leases	571,384,009	607,856,276

a. The contractual maturity of the investment in finance lease is as follows:

31 March 2025 (Unaudited)	Years	Gross investment SR	Unearned finance income SR	Net investment before ECL SR
Current portion	2025 – 26	410,941,150	51,041,453	359,899,697
Non - current portion	2026 – 27	198,821,026	18,622,245	180,198,781
	2027 – 28	64,679,727	3,010,541	61,669,186
	2028 - 29	4,004,100	181,615	3,822,485
Total non -current portion		267,504,853	21,814,401	245,690,452
Total		678,446,003	72,855,854	605,590,149
Less: Allowance for expected credit losses				(34,206,140)
Net investment				571,384,009

31 December 2024 (Audited)	Years	Gross investment SR	Unearned finance income SR	Net investment before ECL SR
Current portion	2025	424,264,848	(53,190,902)	371,073,946
Non - current portion	2026	217,385,409	(19,896,556)	197,488,853
	2027	66,155,248	(3,329,996)	62,825,252
	2028	4,166,952	(35,806)	4,131,146
Total non -current portion		287,707,609	(23,262,358)	264,445,251
Total		711,972,457	(76,453,260)	635,519,197
Less: Allowance for expected credit losses				(27,662,921)
Net investment				607,856,276

AJIL FINANCIAL SERVICES COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

7. NET INVESTMENT IN FINANCE LEASES (continued)

b. The aging of investment in finance lease is as follows:

	31 March 2025 Unaudited	31 December 2024 Audited
Not yet due	574,788,299	616,203,642
Overdue balances		
1 – 3 months	22,627,547	10,831,142
4 – 6 months	390,257	618,979
7 – 12 months	3,465,970	6,063,112
More than 12 months	4,318,076	1,802,322
	30,801,850	19,315,555
Net investment in finance lease before ECL	605,590,149	635,519,197

c. The analysis of changes in gross carrying amounts is as follows:

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
As at 1 January 2025	600,763,772	18,361,082	16,394,343	635,519,197
Net decrease during the period	(23,353,801)	(3,516,350)	(2,743,340)	(29,613,491)
Transfer to stage 1	4,695,877	(4,695,877)	--	--
Transfer to stage 2	(26,402,025)	26,402,025	--	--
Transfer to stage 3	(16,032,357)	--	16,032,357	--
Bad debts written off	--	--	(315,557)	(315,557)
As at 31 March 2025 (unaudited)	539,671,466	36,550,880	29,367,803	605,590,149

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
As at 1 January 2024	625,785,182	26,834,804	92,813,567	745,433,553
Net increase/(decrease) during the period	71,190,371	(297,795)	(17,066,799)	53,825,777
Transfer to stage 1	9,423,232	(9,423,232)	--	--
Transfer to stage 2	(17,869,060)	17,869,060	--	--
Transfer to stage 3	(8,535,874)	(1,057,153)	9,593,027	--
Bad debts written off	--	--	(362,864)	(362,864)
As at 31 March 2024 (unaudited)	679,993,851	33,925,684	84,976,931	798,896,466

AJIL FINANCIAL SERVICES COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

7. NET INVESTMENT IN FINANCE LEASES (continued)

d. The analysis of changes in allowance for ECL is as follows;

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
As at 1 January 2025	18,055,654	1,582,935	8,024,332	27,662,921
Impairment charge / (reversal) for the period	8,937,176	(514,979)	(1,563,421)	6,858,776
Transfer to stage 1	115,917	(115,917)	--	--
Transfer to stage 2	(2,643,832)	2,643,832	--	--
Transfer to stage 3	(7,449,223)	--	7,449,223	--
Bad debts written off	--	--	(315,557)	(315,557)
As at 31 March 2025 (unaudited)	<u>17,015,692</u>	<u>3,595,871</u>	<u>13,594,577</u>	<u>34,206,140</u>

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
As at 1 January 2024	30,524,433	3,769,825	38,513,956	72,808,214
Impairment charge / (reversal) for the period	4,726,775	(858,363)	(5,951,608)	(2,083,196)
Transfer to stage 1	203,790	(203,790)	--	--
Transfer to stage 2	(2,608,106)	2,608,106	--	--
Transfer to stage 3	(3,193,017)	(393,691)	3,586,708	--
Bad debts written off	--	--	(362,864)	(362,864)
As at 31 March 2024 (unaudited)	<u>29,653,875</u>	<u>4,922,087</u>	<u>35,786,192</u>	<u>70,362,154</u>

e. The movement in allowance for expected credit loss on investment in finance leases is given below:

	For the three-month period ended 31 March	
	<u>2025</u>	<u>2024</u>
	Unaudited	Unaudited
At the beginning of the period	27,662,921	72,808,214
Charge / (reversal) for the period	6,858,776	(2,083,196)
Written off during the period	(315,557)	(362,864)
At the end of the period	<u>34,206,140</u>	<u>70,362,154</u>

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7. NET INVESTMENT IN FINANCE LEASES (continued)

- f. An analysis of gross exposure of investment in finance leases before ECL allowance and the corresponding ECL allowance as at 31 March 2025 and 31 December 2024 is as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
<i>31 March 2025</i>				
Gross investment in finance leases	<u>608,054,599</u>	<u>39,071,656</u>	<u>31,319,748</u>	<u>678,446,003</u>
Allowance for expected credit loss	<u>17,015,692</u>	<u>3,595,871</u>	<u>13,594,577</u>	<u>34,206,140</u>
<i>31 December 2024</i>				
Gross investment in finance leases	<u>675,844,746</u>	<u>19,547,057</u>	<u>16,580,654</u>	<u>711,972,457</u>
Allowance for expected credit loss	<u>18,055,654</u>	<u>1,582,935</u>	<u>8,024,332</u>	<u>27,662,921</u>

During the year ended 31 December 2024, the Company entered into a termination agreement (the “agreement”) for the winding up of a Syndicate arrangement (the “arrangement”) executed in prior years with the corresponding counterparty to the arrangement. Pursuant to the agreement, the Company has acquired complete rights and claims to the counterparty’s share in underlying financial assets of the arrangement, which on account of being credit impaired at the date of execution of the agreement, have been accounted for as POCI financial assets at an estimated fair value of nil. There was no change in the estimate of lifetime expected credit losses in respect of these POCI financial assets from the date of initial recognition in the Company’s books until the reporting date. Moreover, no other assets were acquired and, no obligations were assumed or required to be assumed, provided for or disclosed in these condensed interim financial statements in connection with the agreement.

8. MURABAHA FINANCING RECEIVABLES, NET

	31 March 2025 Unaudited	31 December 2024 Audited
Gross murabaha financing receivables	1,567,181,377	1,470,440,283
Less: unearned finance income	(193,754,425)	(176,527,303)
Murabaha financing receivables before allowance for expected credit loss	1,373,426,952	1,293,912,980
Less: allowance for expected credit loss (note ‘a’)	(83,267,860)	(88,525,168)
Murabaha financing receivables, net	<u>1,290,159,092</u>	<u>1,205,387,812</u>

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8. MURABAHA FINANCING RECEIVABLES, NET (continued)

a. The contractual maturity of the murabaha financing receivables is as follows:

31 March 2025 (Unaudited)	Years	<i>Gross murabaha SR</i>	<i>Unearned finance income SR</i>	<i>Net receivable before ECL SR</i>
Current portion	2025 – 26	886,574,476	128,763,445	757,811,031
Non-current portion	2026 – 27	462,593,116	49,895,948	412,697,168
	2027 – 28	179,501,198	12,493,553	167,007,645
	2028 – 29	29,509,587	2,101,660	27,407,927
	2029 – 30	9,003,000	499,819	8,503,181
Total non-current portion		680,606,901	64,990,980	615,615,921
Total		1,567,181,377	193,754,425	1,373,426,952
Less: Allowance for expected credit losses				(83,267,860)
Net murabaha receivables				1,290,159,092

31 December 2024 (Audited)	Years	<i>Gross murabaha SR</i>	<i>Unearned finance income SR</i>	<i>Net receivable before ECL SR</i>
Current portion	2025	835,595,012	(119,064,451)	716,530,561
Non-current portion	2026	438,701,416	(45,424,756)	393,276,660
	2027	164,803,797	(10,683,255)	154,120,542
	2028	29,000,058	(1,300,545)	27,699,513
	2029	2,340,000	(54,296)	2,285,704
Total non-current portion		634,845,271	(57,462,852)	577,382,419
Total		1,470,440,283	(176,527,303)	1,293,912,980
Less: Allowance for expected credit losses				(88,525,168)
Net murabaha receivables				1,205,387,812

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8. MURABAHA FINANCING RECEIVABLES, NET (continued)

b. The aging of murabaha financing receivables is as follows:

	31 March 2025 Unaudited	31 December 2024 Audited
Not yet due	<u>1,298,186,637</u>	<u>1,227,676,397</u>
Overdue balances		
1 – 3 months	23,658,113	16,045,042
4 – 6 months	2,252,169	3,066,233
7 – 12 months	7,621,024	9,840,091
More than 12 months	<u>41,709,009</u>	<u>37,285,217</u>
	<u>75,240,315</u>	<u>66,236,583</u>
 Total murabaha financing receivables before ECL	 <u>1,373,426,952</u>	 <u>1,293,912,980</u>

c. The analysis of changes in gross carrying amounts is as follows:

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
As at 1 January 2025	1,177,764,401	56,531,355	59,617,224	1,293,912,980
Net increase/(decrease) during the period	98,349,946	(15,174,821)	(3,661,153)	79,513,972
Transfer to stage 1	5,822,482	(5,822,482)	--	--
Transfer to stage 2	(28,891,305)	28,891,305	--	--
Transfer to stage 3	<u>(19,806,264)</u>	<u>(11,584,648)</u>	<u>31,390,912</u>	<u>--</u>
As at 31 March 2025 (Unaudited)	<u>1,233,239,260</u>	<u>52,840,709</u>	<u>87,346,983</u>	<u>1,373,426,952</u>

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
As at 1 January 2024	883,689,931	21,383,093	74,228,421	979,301,445
Net increase/(decrease) during the period	46,675,031	(5,324,709)	(5,473,945)	35,876,377
Transfer to stage 1	562,631	(562,631)	--	--
Transfer to stage 2	(28,550,378)	28,550,378	--	--
Transfer to stage 3	(8,744,571)	(3,108,182)	11,852,753	--
Bad debts written off	--	--	(268,457)	(268,457)
As at 31 March 2024 (Unaudited)	<u>893,632,644</u>	<u>40,937,949</u>	<u>80,338,772</u>	<u>1,014,909,365</u>

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8. MURABAHA FINANCING RECEIVABLES, NET (continued)

d. The analysis of changes in allowance for ECL is as follows;

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
As at 1 January 2025	38,461,367	6,446,683	43,617,118	88,525,168
Impairment (reversal) / charge for the period	(12,205,325)	147,054	6,800,963	(5,257,308)
Transfer to stage 1	34,921	(34,921)	--	--
Transfer to stage 2	(2,722,272)	2,722,272	--	--
Transfer to stage 3	(7,587,076)	(4,954,515)	12,541,591	--
As at 31 March 2025 (Unaudited)	15,981,615	4,326,573	62,959,672	83,267,860

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
As at 1 January 2024	24,180,693	1,471,655	36,086,502	61,738,850
Impairment charge / (reversal) for the period	11,795,564	(180,171)	(1,755,159)	9,860,234
Transfer to stage 1	13,025	(13,025)	--	--
Transfer to stage 2	(3,747,964)	3,747,964	--	--
Transfer to stage 3	(3,935,057)	(501,006)	4,436,063	--
Bad debts written off	--	--	(268,457)	(268,457)
As at 31 March 2024 (Unaudited)	28,306,261	4,525,417	38,498,949	71,330,627

e. The movement in allowance for expected credit loss on murabaha financing receivables is given below:

	For the three-month period ended 31 March	
	2025 Unaudited	2024 Unaudited
At the beginning of the period	88,525,168	61,738,850
(Reversal) / charge for the period	(5,257,308)	9,860,234
Written off during the period	--	(268,457)
At the end of the period	83,267,860	71,330,627

Murabaha financing are Islamic mode of financing provided to customers for the purposes of working capital funding requirements. Murabaha financing earn commission at commercial rates.

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8. MURABAHA FINANCING RECEIVABLES, NET (continued)

- f. An analysis of gross exposure of murabaha financing receivables before ECL allowance and the corresponding ECL allowance as at 31 March 2025 and 31 December 2024 is as follows:

<i>31 March 2025</i>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Gross murabaha financing receivables	<u>1,410,178,969</u>	<u>57,369,085</u>	<u>99,633,323</u>	<u>1,567,181,377</u>
Allowance for expected credit loss	<u>15,981,615</u>	<u>4,326,573</u>	<u>62,959,672</u>	<u>83,267,860</u>
<i>31 December 2024</i>				
Gross murabaha financing receivables	<u>1,340,057,677</u>	<u>60,280,446</u>	<u>70,102,160</u>	<u>1,470,440,283</u>
Allowance for expected credit loss	<u>38,461,367</u>	<u>6,446,683</u>	<u>43,617,118</u>	<u>88,525,168</u>

9. SHARE CAPITAL

The share capital of the Company is divided into 50,000,000 shares (31 December 2024: 50,000,000) of SR 10 each. As at 31 March 2025 and 31 December 2024, the share capital of the Company was owned as follows:

	<u>Percentage of ownership %</u>	<u>No. of shares of SR 10 each</u>	<u>31 March 2025 Unaudited</u>	<u>31 December 2024 Audited</u>
Riyad Bank	48.46	24,230,769	242,307,690	242,307,690
Zahid Group Holding Company Limited	34.62	17,307,692	173,076,920	173,076,920
Al – Yemni Investments Company	6.92	3,461,539	34,615,390	34,615,390
Hussein Alireza Sons Company Limited	5.00	2,500,000	25,000,000	25,000,000
Khaled Ahmed Al Juffali Company	5.00	2,500,000	25,000,000	25,000,000
	<u>100.00</u>	<u>50,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>

The Company is ultimately owned by Saudi shareholders.

10. STATUTORY RESERVE

In accordance with the Company's By-laws, no profit for the period has been transferred to the statutory reserve. The Company has resolved to maintain the current level of statutory reserve and this reserve is not available for distribution to the shareholders.

11. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent shareholders, entities under common shareholding, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties (other related parties). Related party transactions are undertaken at mutually agreed terms and conditions and approved by the Company's management.

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11. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Following are the details of related party transactions entered during the period:

<u>Name</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<u>For the three-month period ended 31 March</u>	
			<u>2025</u> Unaudited	<u>2024</u> Unaudited
Riyad Bank	Shareholder	Financial charges on term loan	3,525,348	486,249
		Borrowing of term loans	50,000,000	70,000,000
		Repayment of term loans, net	27,565,476	34,666,667
		Repayment against Musharaka arrangements	23,694,954	32,166,767
Zahid Tractor and Heavy Machinery Company Limited	Entities with Common ultimate shareholding	Purchase of leasing equipment	60,313,430	138,959,616
		Services received	71,474	71,489
Riyad Capital	Entities with Common ultimate shareholding	Repayment against Musharaka arrangements	4,674,280	7,063,071
		Borrowing of term loans	31,533,333	--
		Repayment of term loans, net	1,466,667	--
Saudi Company of Site Technology Limited	Entities with Common ultimate shareholding	GPS installation services	--	2,691
The Machinery Group LLC (TAMGO)	Entities with Common ultimate shareholding	Purchase of leasing equipment	3,317,750	6,930,672
Juffali Industrial Product Company	Entities with Common ultimate shareholding	Purchase of leasing equipment	6,727,500	2,587,500
Zahid Travel Group LLC	Entities with Common ultimate shareholding	Services received	21,092	35,948
United A Maintenance and Cleaning Company (formerly Nihad Abdullah Arab & Sons Limited Company)	Entities with Common ultimate shareholding	Services received	86,595	85,330
Al-Yemni Motors Company Limited	Entities with Common ultimate shareholding	Purchase of leasing equipment	1,069,500	--
Board of Directors	Board of Directors	Remuneration to Board of Directors	262,500	300,000
Members of Audit Committee	Members of Audit Committee	Remuneration of members of Audit Committee	52,500	52,500

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11. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- 11.1 Due to related party balance as presented in the statement of financial position comprise the following:

	31 March 2025 Unaudited	31 December 2024 Audited
Zahid Tractor and Heavy Machinery Company Limited	20,481,256	1,991,976
11.2 Cash and cash equivalents include an amount of SR 15.93 million (31 December 2024: SR 37.3 million) maintained with Riyadh Bank.		
11.3 Term loans include SR 264.55 million (31 December 2024: SR 212.04 million) payable to Riyadh Bank and Riyadh Capital.		
11.4 Advance, prepayment and other receivables includes SR 5.15 million (31 December 2024: nil) in respect of musharaka arrangements receivable from Riyadh Bank.		
11.5 Accounts payables, accrued and other liabilities includes SR 3.18 million (31 December 2024: nil) in respect of musharaka arrangements payable to Riyadh Capital.		

Key management Remuneration

Remuneration of the key management personnel of the Company is as follows:

	31 March 2025 Unaudited	31 March 2024 Unaudited
Short term employee benefits	5,757,017	5,582,322
Post-employment benefit	263,815	219,994
Non-monetary benefits	76,538	60,407
	6,097,370	5,862,723

12. TERM LOANS

	31 March 2025 Unaudited	31 December 2024 Audited
Short term loans (note 12.1)	267,500,000	248,647,091
Accrued interest	2,266,425	1,743,159
	269,766,425	250,390,250
Long term loans		
SAMA interest free loans (note 12.2)	206,749,879	289,251,362
Other long term loans (note 12.3)	634,125,451	563,499,928
Accrued interest	2,023,483	1,865,301
	842,898,813	854,616,591
	1,112,665,238	1,105,006,841

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12. TERM LOANS (continued)

- 12.1 These represent short term loans from various local banks carrying applicable market rates and repayable in fixed monthly/quarterly instalments with last instalment due in October 2025.
- 12.2 It represents interest free loans obtained by the Company under Loan Guarantee Program by SAMA amounting to SR 1,211 million out of which SR 1,004 million has been repaid until 31 March 2025 (31 December 2024: SR 1,211 million received out of which SR 922 million was repaid) with last instalment due in February 2026. This amount has been utilized by the Company to finance MSME loans qualifying under criteria approved by SAMA. The net impact of the interest free loans from SAMA and interest charged on financing to MSME customers with a low interest rate is not significant to the condensed statement of profit or loss and other comprehensive income.
- 12.3 It represents long term loans from various local banks amounting to SR 206.7 million (31 December 2024: SR 563.5 million), carrying applicable market rates and repayable in fixed monthly/quarterly instalments with last instalment due in July 2027.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to by the Company. The Company's financial assets consist of cash and cash equivalents, net investment in finance lease, murabaha financing receivables, net and other receivables. Its financial liabilities consist of accounts payables and other liabilities, term loans, due to related party and lease liabilities.

The fair values of the financial instruments are not materially different from their carrying amounts except for the net investment in finance lease, murabaha financing receivables, net.

The Company has equity investment classified at fair value through other comprehensive income and it pertains to level 3 of valuation hierarchy. The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

14. FINANCIAL RISK MANAGEMENT

- 14.1 The Company's activities are exposed to a variety of financial risks which mainly include market risk (including foreign exchange risk, interest rate risk and price risk) credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; and therefore, should be read in conjunction with the Company's annual financial statements as at 31 December 2024. There have been no changes in the risk management policies since the year end.

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14. FINANCIAL RISK MANAGEMENT (continued)

14.2 Breakdown of expected credit loss charge for the period ended 31 March is as follows;

	For the three-month period ended 31 March	
	<u>2025</u>	<u>2024</u>
	Unaudited	Unaudited
ECL charge / (reversal) on net investment in finance lease (note 7)	6,858,776	(2,083,196)
ECL (reversal) / charge on murabaha financing receivables (note 8)	(5,257,308)	9,860,234
ECL charge on other receivables	<u>2,516,600</u>	<u>1,536,519</u>
	<u>4,118,068</u>	<u>9,313,557</u>

14.3 Capital management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide adequate return to its shareholders through the optimization of the capital structure. The Company manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares. No changes were made in objectives, policies or processes for managing capital during the three-month period ended 31 March 2025.

As of 31 March 2025 and 31 December 2024, aggregate financing to total equity ratio were as;

	31 March	31 December
	<u>2025</u>	<u>2024</u>
	Unaudited	Audited
Aggregate financing to total equity ratio	<u>2.47</u>	<u>2.47</u>

Aggregate financing comprises of net investment in finance leases and murabaha financing receivables.

15. IMPACT OF COVID-19 ON THE FINANCIAL POSITION OF THE COMPANY

In response to COVID-19, SAMA launched the Private Sector Financing Support Program ("PSFSP") in March 2020 to provide the necessary support to the Micro, Small and Medium Enterprises ("MSMEs") as per Circular No. 381000064902 dated 16 Jumada II 1438H.

The PSFSP mainly encompassed the following programs:

- Deferred payments program;
- Funding for lending program;
- Loan guarantee program; and
- Point of sale ("POS") and e-commerce service fee support program.

As of 31 March 2025, all programs stand fully completed.

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16. BOARD OF DIRECTORS' APPROVAL

These condensed interim financial statements were approved by the Board of Directors on 29 April 2025, corresponding to 1 Dhul Qadah 1446H.