

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

CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

with

INDEPENDENT AUDITOR'S REVIEW REPORT

For the six-month period ended 30 June 2025

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

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 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 30 June 2025 condensed interim financial statements of AJIL Financial Services Company ("the Company"), which comprises:

- the condensed statement of financial position as at 30 June 2025;
- the condensed statements of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2025;
- the condensed statement of changes in shareholders' equity for the six-month period ended 30 June 2025;
- the condensed statement of cash flows for the six-month period ended 30 June 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 30 June 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.

KPMG Professional Services Company


Nasser Ahmed Al Shutairy
License No. 454

Jeddah, 27 July 2025
Corresponding to 2 Safar 1447H



KPMG Professional Services Company, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR110,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. Commercial Registration of the headquarters in Riyadh is 1010425494.

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، مسجلة في المملكة العربية السعودية، رأس مالها (110,000,000) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لشركة انجليزية محدودة بضمان. رقم السجل التجاري للمركز الرئيسي في الرياض هو 1010425494.

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

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

For the three-month and six-month periods ended 30 June 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Note</u>	For the three-month period ended 30 June		For the six-month period ended 30 June	
		<u>2025</u> Unaudited	<u>2024</u> Unaudited	<u>2025</u> Unaudited	<u>2024</u> Unaudited
Revenue, net	3	55,843,401	48,405,636	114,303,045	94,940,530
Finance charges	4	(14,401,478)	(6,723,191)	(27,290,252)	(10,811,213)
		41,441,923	41,682,445	87,012,793	84,129,317
General and administrative expenses		(24,373,899)	(22,071,966)	(49,231,817)	(41,320,766)
Depreciation of equipment, furniture and vehicles		(499,275)	(368,114)	(961,351)	(719,687)
Depreciation of right of use assets		(1,027,549)	(960,572)	(1,926,266)	(1,801,613)
Amortisation of intangible assets		(196,268)	(240,083)	(394,642)	(479,984)
Profit before expected credit losses		15,344,932	18,041,710	34,498,717	39,807,267
Expected credit losses	14.2	(15,947,676)	(6,784,674)	(20,065,744)	(16,098,231)
Recovery of debts previously written-off		15,165,409	4,667,171	25,475,449	6,826,724
Profit before zakat		14,562,665	15,924,207	39,908,422	30,535,760
Zakat	5	(3,003,036)	(3,292,802)	(8,229,703)	(6,314,174)
Net profit for the period		11,559,629	12,631,405	31,678,719	24,221,586
Other comprehensive income		--	--	--	--
Total comprehensive income for the period		11,559,629	12,631,405	31,678,719	24,221,586

The accompanying notes 1 to 15 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 30 June 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Note</u>	30 June 2025 Unaudited	31 December 2024 Audited
ASSETS			
Cash and cash equivalents		59,335,732	60,422,699
Advances, prepayments and other receivables	6	39,537,334	41,687,313
Net investment in finance leases	7	510,246,944	607,856,276
Murabaha financing receivables, net	8	1,260,334,239	1,205,387,812
Equity investment at fair value through other comprehensive income		892,850	892,850
Equipment, furniture, and vehicles		7,720,199	7,574,251
Right of use assets		5,138,949	5,118,695
Intangible assets		6,872,892	4,261,484
Total assets		1,890,079,139	1,933,201,380
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	9.1	500,000,000	500,000,000
Statutory reserve		105,404,330	105,404,330
Retained earnings		137,419,800	131,863,539
Actuarial loss on employees' end of service benefits		(3,386,731)	(3,386,731)
Total shareholders' equity		739,437,399	733,881,138
Liabilities			
Accounts payables, accrued and other liabilities	9.2	85,497,313	56,898,265
Due to related party	11.1	5,318,301	1,991,976
Lease liabilities		4,188,637	3,834,043
Term loans	12	1,025,305,284	1,105,006,841
Provision for Zakat	5	11,045,919	13,619,401
Employees' end of service benefits		19,286,286	17,969,716
Total liabilities		1,150,641,740	1,199,320,242
Total shareholders' equity and liabilities		1,890,079,139	1,933,201,380

The accompanying notes 1 to 15 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 six-month period ended 30 June 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Share <u>capital</u>	Statutory <u>reserve</u>	Retained <u>earnings</u>	Actuarial loss on employees' end of service <u>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	--	--	31,678,719	--	31,678,719
Other comprehensive income	--	--	--	--	--
<i>Total comprehensive income</i>	--	--	31,678,719	--	31,678,719
Dividend (note 9.2)	--	--	(26,122,458)	--	(26,122,458)
Balance as at 30 June 2025 (Unaudited)	500,000,000	105,404,330	137,419,800	(3,386,731)	739,437,399
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	--	--	24,221,586	--	24,221,586
Other comprehensive income	--	--	--	--	--
<i>Total comprehensive income</i>	--	--	24,221,586	--	24,221,586
Dividend (note 9.2)	--	--	(17,536,086)	--	(17,536,086)
Balance as at 30 June 2024 (Unaudited)	500,000,000	105,404,330	103,840,210	(4,162,635)	705,081,905

The accompanying notes 1 to 15 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 six-month period ended 30 June 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Note</u>	30 June 2025 Unaudited	30 June 2024 Unaudited
Cashflow from operating activities			
Profit before Zakat		39,908,422	30,535,760
<i>Adjustments for non-cash items:</i>			
Depreciation of equipment, furniture and vehicles		961,351	719,687
Depreciation of right of use assets		1,926,266	1,801,613
Amortisation of intangibles		394,642	479,984
Finance charges	4	27,290,252	10,811,213
Expected credit losses	14.2	20,065,744	16,098,231
Employees' end of service benefits		2,296,949	2,098,824
Operating profit before changes in operating assets and liabilities		92,843,626	62,545,312
<i>Changes in operating assets and liabilities</i>			
Advances, prepayments and other receivables		(191,704)	3,695,571
Net investment in finance leases		92,564,306	(57,984,619)
Murabaha financing receivables		(67,625,464)	(60,761,567)
Accounts payables, accrued and other liabilities		(866,788)	(25,401,440)
Due to a related party(ies)		3,326,325	36,303,355
Net cash generated from / (used in) operations		120,050,301	(41,603,388)
Zakat paid		(7,459,807)	(9,111,276)
Finance charges paid		(22,417,412)	(7,792,935)
Employees' end of service benefits paid		(980,379)	(603,461)
Net cash generated from / (used in) operating activities		89,192,703	(59,111,060)
Cashflow from investing activities			
Purchase of equipment, furniture and vehicles		(1,107,299)	(1,383,200)
Purchase of intangible assets		(3,006,050)	(864,075)
Net cash used in investing activities		(4,113,349)	(2,247,275)
Cashflow from financing activities			
Dividends paid		--	(17,536,086)
Proceeds from term loans		395,000,000	515,129,832
Repayments of term loans		(479,436,896)	(444,788,896)
Repayment of principal portion of lease liabilities		(1,591,927)	(1,137,510)
Repayment of interest portion of lease liabilities		(137,498)	(148,460)
Net cash (used in) / generated from financing activities		(86,166,321)	51,518,880
Net decrease in cash and cash equivalents		(1,086,967)	(9,839,455)
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		59,335,732	24,972,953

The accompanying notes 1 to 15 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 six-month period ended 30 June 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:

<u>Commercial Registration Number</u>	<u>Location</u>
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 six-month period ended 30 June 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 30 June 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.

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 six-month period ended 30 June 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 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 six-month period ended 30 June 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

3. REVENUE

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	Unaudited	Unaudited	Unaudited	Unaudited
Finance income from finance leases	14,908,705	20,739,786	34,632,186	44,601,880
Finance income from Murabaha financing	40,934,696	27,665,850	79,670,859	50,338,650
	<u>55,843,401</u>	<u>48,405,636</u>	<u>114,303,045</u>	<u>94,940,530</u>

- 3.1 Finance income is net off initial direct cost / transaction cost amounting to SR 11.86 million (30 June 2024: SR 6.98 million).

4. FINANCE CHARGES

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	Unaudited	Unaudited	Unaudited	Unaudited
Finance charges on term loans	14,328,594	6,640,856	27,152,752	10,662,753
Finance charges on lease liabilities	72,884	82,335	137,500	148,460
	<u>14,401,478</u>	<u>6,723,191</u>	<u>27,290,252</u>	<u>10,811,213</u>

5. ZAKAT

The movement in the provision for Zakat is as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	Unaudited	Unaudited	Unaudited	Unaudited
At the beginning of the period	18,846,068	12,132,648	13,619,401	9,111,276
Charge for the period	3,003,036	3,292,802	8,229,703	6,314,174
Payment during the period	(7,459,807)	(9,111,276)	(7,459,807)	(9,111,276)
Transfer during the period	(3,343,378)	--	(3,343,378)	--
At the end of the period	<u>11,045,919</u>	<u>6,314,174</u>	<u>11,045,919</u>	<u>6,314,174</u>

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.

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

For the six-month period ended 30 June 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

6. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Advances, prepayments and other receivables include advance payments amounting to SR 7.5 million (31 December 2024: SR 17.6 million) and other receivables amounting to SR 38 million (31 December 2024: SR 28.3 million). Moreover, the Company has recognised an ECL allowance of SR 19.3 million (31 December 2024: SR 16.9 million) against these other receivables. During the period ended 30 June 2025, SR 0.05 million (31 December 2024: SR 0.28 million) was written off from these other receivables.

7. NET INVESTMENT IN FINANCE LEASES

	30 June 2025 Unaudited	31 December 2024 Audited
Gross investment in finance leases	603,312,852	711,972,457
Less: unearned finance income	(60,753,356)	(76,453,260)
Net investment in finance leases before allowance for expected credit loss	542,559,496	635,519,197
Less: allowance for expected credit loss (note 'a')	(32,312,552)	(27,662,921)
Net investment in finance leases	510,246,944	607,856,276

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

30 June 2025 (Unaudited)	Years	<i>Gross investment</i>	<i>Unearned finance income</i>	<i>Net investment before ECL</i>
Current portion	2025 – 26	378,193,498	(44,337,848)	333,855,650
Non - current portion	2026 – 27	173,208,422	(14,596,654)	158,611,768
	2027 – 28	49,989,978	(1,734,909)	48,255,069
	2028 - 29	1,920,954	(83,945)	1,837,009
Total non -current portion		225,119,354	(16,415,508)	208,703,846
Total		603,312,852	(60,753,356)	542,559,496
Less: Allowance for expected credit losses				(32,312,552)
Net investment				510,246,944
31 December 2024 (Audited)	Years	<i>Gross investment</i>	<i>Unearned finance income</i>	<i>Net investment before ECL</i>
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 six-month period ended 30 June 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:

	30 June 2025 Unaudited	31 December 2024 Audited
Not yet due	514,228,688	616,203,642
Overdue balances		
1 – 3 months	17,965,645	10,831,142
4 – 6 months	3,071,858	618,979
7 – 12 months	395,484	6,063,112
More than 12 months	6,897,821	1,802,322
	28,330,808	19,315,555
Net investment in finance lease before ECL	542,559,496	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	(80,287,502)	(6,174,969)	(6,101,835)	(92,564,306)
Transfer to stage 1	1,775,406	(1,775,406)	--	--
Transfer to stage 2	(36,675,104)	36,675,104	--	--
Transfer to stage 3	(20,249,120)	(1,711,151)	21,960,271	--
Bad debts written off	--	--	(395,395)	(395,395)
As at 30 June 2025 (unaudited)	465,327,452	45,374,660	31,857,384	542,559,496

	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	90,077,443	(6,593,086)	(25,499,738)	57,984,619
Transfer to stage 1	6,465,184	(6,465,184)	--	--
Transfer to stage 2	(22,922,235)	23,347,017	(424,782)	--
Transfer to stage 3	(5,732,788)	(729,965)	6,462,753	--
Bad debts written off	--	--	(22,787,595)	(22,787,595)
As at 30 June 2024 (unaudited)	693,672,786	36,393,586	50,564,205	780,630,577

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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	8,974,442	10,147	(3,939,563)	5,045,026
Transfer to stage 1	32,700	(32,700)	--	--
Transfer to stage 2	(4,266,920)	4,266,920	--	--
Transfer to stage 3	(7,776,535)	(645,256)	8,421,791	--
Bad debts written off	--	--	(395,395)	(395,395)
As at 30 June 2025 (unaudited)	<u>15,019,341</u>	<u>5,182,046</u>	<u>12,111,165</u>	<u>32,312,552</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	(8,942,334)	(2,928,546)	(340,573)	(12,211,453)
Transfer to stage 1	131,899	(131,899)	--	--
Transfer to stage 2	(2,328,594)	2,333,972	(5,378)	--
Transfer to stage 3	(1,853,499)	(232,241)	2,085,740	--
Bad debts written off	--	--	(22,787,595)	(22,787,595)
As at 30 June 2024 (unaudited)	<u>17,531,905</u>	<u>2,811,111</u>	<u>17,466,150</u>	<u>37,809,166</u>

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	Unaudited	Unaudited	Unaudited	Unaudited
At the beginning of the period	34,206,140	70,362,154	27,662,921	72,808,214
(Reversal) / charge for the period	(1,813,750)	(10,128,257)	5,045,026	(12,211,453)
Written off during the period	(79,838)	(22,424,731)	(395,395)	(22,787,595)
At the end of the period	<u>32,312,552</u>	<u>37,809,166</u>	<u>32,312,552</u>	<u>37,809,166</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 30 June 2025 and 31 December 2024 is as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
<i>30 June 2025</i>				
Gross investment in finance leases	<u>519,187,512</u>	<u>50,252,156</u>	<u>33,873,184</u>	<u>603,312,852</u>
Allowance for expected credit loss	<u>15,019,341</u>	<u>5,182,046</u>	<u>12,111,165</u>	<u>32,312,552</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

	30 June 2025 Unaudited	31 December 2024 Audited
Gross murabaha financing receivables	1,541,478,407	1,470,440,283
Less: unearned finance income	(179,939,963)	(176,527,303)
Murabaha financing receivables before allowance for expected credit loss	1,361,538,444	1,293,912,980
Less: allowance for expected credit loss (note ‘a’)	(101,204,205)	(88,525,168)
Murabaha financing receivables, net	<u>1,260,334,239</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:

30 June 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	<u>885,563,651</u>	<u>(123,403,842)</u>	<u>762,159,809</u>
Non-current portion	2026 – 27	455,696,367	(44,938,912)	410,757,455
	2027 – 28	169,200,793	(9,782,884)	159,417,909
	2028 – 29	24,967,346	(1,526,333)	23,441,013
	2029 – 30	<u>6,050,250</u>	<u>(287,992)</u>	<u>5,762,258</u>
Total non-current portion		<u>655,914,756</u>	<u>(56,536,121)</u>	<u>599,378,635</u>
Total		<u>1,541,478,407</u>	<u>(179,939,963)</u>	<u>1,361,538,444</u>
Less: Allowance for expected credit losses				<u>(101,204,205)</u>
Net murabaha receivables				<u>1,260,334,239</u>
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	<u>835,595,012</u>	<u>(119,064,451)</u>	<u>716,530,561</u>
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	<u>2,340,000</u>	<u>(54,296)</u>	<u>2,285,704</u>
Total non-current portion		<u>634,845,271</u>	<u>(57,462,852)</u>	<u>577,382,419</u>
Total		<u>1,470,440,283</u>	<u>(176,527,303)</u>	<u>1,293,912,980</u>
Less: Allowance for expected credit losses				<u>(88,525,168)</u>
Net murabaha receivables				<u>1,205,387,812</u>

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8. MURABAHA FINANCING RECEIVABLES, NET (continued)

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

	30 June 2025 Unaudited	31 December 2024 Audited
Not yet due	1,269,636,992	1,227,676,397
Overdue balances		
1 – 3 months	30,135,050	16,045,042
4 – 6 months	9,647,223	3,066,233
7 – 12 months	5,354,745	9,840,091
More than 12 months	46,764,434	37,285,217
	91,901,452	66,236,583
Total murabaha financing receivables before ECL	1,361,538,444	1,293,912,980

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	93,227,153	(19,782,310)	(5,819,379)	67,625,464
Transfer to stage 1	6,397,596	(6,397,596)	--	--
Transfer to stage 2	(24,471,923)	24,559,447	(87,524)	--
Transfer to stage 3	(68,300,105)	(13,518,605)	81,818,710	--
As at 30 June 2025 (Unaudited)	1,184,617,122	41,392,291	135,529,031	1,361,538,444

	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	78,973,435	(7,616,867)	(10,595,002)	60,761,566
Transfer to stage 1	623,476	(623,476)	--	--
Transfer to stage 2	(63,926,055)	63,926,055	--	--
Transfer to stage 3	(11,478,120)	(4,078,031)	15,556,151	--
Bad debts written off	--	--	(315,605)	(315,605)
As at 30 June 2024 (Unaudited)	887,882,667	72,990,774	78,873,965	1,039,747,406

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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	(3,587,000)	1,777,477	14,488,560	12,679,037
Transfer to stage 1	35,553	(35,553)	--	--
Transfer to stage 2	(2,578,231)	2,578,665	(434)	--
Transfer to stage 3	(16,899,934)	(6,768,682)	23,668,616	--
As at 30 June 2025 (Unaudited)	<u>15,431,755</u>	<u>3,998,590</u>	<u>81,773,860</u>	<u>101,204,205</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	24,180,693	1,471,655	36,086,502	61,738,850
Impairment charge for the period	19,117,450	367,407	4,883,660	24,368,517
Transfer to stage 1	7,838	(7,838)	--	--
Transfer to stage 2	(9,606,920)	9,606,920	--	--
Transfer to stage 3	(5,052,746)	(794,011)	5,846,757	--
Bad debts written off	--	--	(315,605)	(315,605)
As at 30 June 2024 (Unaudited)	<u>28,646,315</u>	<u>10,644,133</u>	<u>46,501,314</u>	<u>85,791,762</u>

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	Unaudited	Unaudited	Unaudited	Unaudited
At the beginning of the period	83,267,860	71,330,627	88,525,168	61,738,850
Charge for the period	17,936,345	14,508,283	12,679,037	24,368,517
Written off during the period	--	(47,148)	--	(315,605)
At the end of the period	<u>101,204,205</u>	<u>85,791,762</u>	<u>101,204,205</u>	<u>85,791,762</u>

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 30 June 2025 and 31 December 2024 is as follows:

<i>30 June 2025</i>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Gross murabaha financing receivables	<u>1,342,018,720</u>	<u>45,644,072</u>	<u>153,815,615</u>	<u>1,541,478,407</u>
Allowance for expected credit loss	<u>15,431,755</u>	<u>3,998,590</u>	<u>81,773,860</u>	<u>101,204,205</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

- 9.1 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 30 June 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>30 June 2025</u> Unaudited	<u>31 December 2024</u> Audited
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.

- 9.2 The shareholders of the Company, in their ordinary general meeting held on 26 June 2025 (corresponding to 1 Muharram 1447H), approved a dividend of SR 26.12 million (SR 0.52 per share) (30 June 2024: SR 17.54 million (SR 0.35 per share)). As at 30 June 2025, this dividend payable is included within “Accounts payables, accrued and other liabilities”.

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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>	For the three-month period ended 30 June		For the six-month period ended 30 June	
			2025	2024	2025	2024
			Unaudited	Unaudited	Unaudited	Unaudited
Riyad Bank	Shareholder	Financial charges on term loan	5,341,711	2,309,355	7,756,827	2,795,604
		Borrowing of term loans	10,000,000	100,000,000	60,000,000	170,000,000
		Repayment of term loans, net	27,565,476	54,583,333	55,130,952	89,250,000
		Repayment against Musharaka arrangements	20,300,290	20,778,551	43,995,244	52,945,318
Zahid Tractor and Heavy Machinery Company Limited	Entities with Common ultimate shareholding	Purchase of leasing equipment	9,926,210	118,150,071	70,239,640	257,109,687
		Services received	19,796,907	484,335	19,868,381	555,824
Riyad Capital	Entities with Common ultimate shareholding	Repayment against Musharaka arrangements	8,437,836	6,971,185	13,112,116	14,034,256
		Financial charges on term loan	667,170	--	1,122,042	--
		Borrowing of term loans	--	--	31,533,333	--
		Repayment of term loans, net	2,199,999	--	3,666,666	--
The Machinery Group LLC (TAMGO)	Entities with Common ultimate shareholding	Purchase of leasing equipment	1,389,200	1,574,252	4,706,950	8,504,924
Juffali Industrial Product Company	Entities with Common ultimate shareholding	Purchase of leasing equipment	3,043,640	1,006,250	9,771,140	3,593,750

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11. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<u>Name</u>	<u>Relationship</u>	<u>Nature of transaction</u>	For the three-month period ended 30 June		For the six-month period ended 30 June	
			<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
			Unaudited	Unaudited	Unaudited	Unaudited
Zahid Travel Group LLC	Entities with Common ultimate shareholding	Services received	17,472	21,628	38,564	57,576
EJAR Machinery Rental Alternative Company Limited	Entities with Common ultimate shareholding	Purchase of leasing equipment	230,000	593,630	230,000	593,630
United A Maintenance and Cleaning Company	Entities with Common ultimate shareholding	Services received	57,730	86,595	144,325	171,925
Al-Yemmi Motors Company Limited	Entities with Common ultimate shareholding	Purchase of leasing equipment	--	--	1,069,500	--
Wataniya Insurance Company	Entities with Common ultimate shareholding	Services received	178,376	--	3,329,032	--
Board of Directors	Key Management Personnel	Remuneration to Board of Directors	262,500	300,000	525,000	600,000
Members of Audit Committee	Key Management Personnel	Remuneration of member of Audit Committee	52,500	52,500	105,000	105,000

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11. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	30 June 2025 Unaudited	31 December 2024 Audited
Zahid Tractor and Heavy Machinery Company Limited	<u>5,318,301</u>	<u>1,991,976</u>

- 11.2 Cash and cash equivalents include an amount of SR 17.9 million (31 December 2024: SR 37.3 million) maintained with Riyadh Bank.

- 11.3 Term loans include SR 216.9 million (31 December 2024: SR 212.04 million) payable to Riyadh Bank.

- 11.4 Advance, prepayment and other receivables includes SR 4.6 million (31 December 2024: nil) in respect of musharaka arrangements receivable from Riyadh Bank.

- 11.5 Accounts payables, accrued and other liabilities includes SR 1.1 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:

	30 June 2025 Unaudited	30 June 2024 Unaudited
Short term employee benefits	8,626,432	7,999,834
Post-employment benefit	527,630	439,988
Non-monetary benefits	146,848	127,624
	<u>9,300,910</u>	<u>8,567,446</u>

12. TERM LOANS

	30 June 2025 Unaudited	31 December 2024 Audited
Short term loans (note 12.1)	290,000,000	248,647,091
Accrued interest	6,551,963	1,743,159
	<u>296,551,963</u>	<u>250,390,250</u>
Long term loans		
SAMA interest free loans (note 12.2)	134,015,064	289,251,362
Other long term loans (note 12.3)	592,946,421	563,499,928
Accrued interest	1,791,836	1,865,301
	<u>728,753,321</u>	<u>854,616,591</u>
	<u>1,025,305,284</u>	<u>1,105,006,841</u>

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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 March 2026.
- 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 1,077 million has been repaid until 30 June 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 comprehensive income.
- 12.3 It represents long term loans from various local banks amounting to SR 592.9 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 30 June is as follows;

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	Unaudited	Unaudited	Unaudited	Unaudited
ECL charge / (reversal) on net investment in finance lease (note 7)	(1,813,750)	(10,128,257)	5,045,026	(12,211,453)
ECL (reversal) / charge on murabaha financing receivables (note 8)	17,936,345	14,508,283	12,679,037	24,368,517
ECL charge on other receivables	<u>(174,919)</u>	<u>2,404,648</u>	<u>2,341,681</u>	<u>3,941,167</u>
	<u>15,947,676</u>	<u>6,784,674</u>	<u>20,065,744</u>	<u>16,098,231</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 six-month period ended 30 June 2025.

As of 30 June 2025 and 31 December 2024, aggregate financing to total equity ratio were as;

	30 June <u>2025</u> Unaudited	31 December <u>2024</u> Audited
Aggregate financing to total equity ratio	<u>2.39</u>	<u>2.47</u>

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2025

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

15. BOARD OF DIRECTORS' APPROVAL

These condensed interim financial statements were approved by the Board of Directors on 22 July 2025 corresponding to 27 Muharram 1447H.