AL YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT

AL YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Condensed interim consolidated financial statements (Unaudited)
For the three-month and nine-month periods ended September 30, 2024

pwc

Report on review of condensed interim consolidated financial statements

To the Shareholders of Al Yusr Leasing and Financing Company
(A Saudi Closed Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Al Yusr Leasing and Financing Company (the "Company") and its subsidiary (together the "Group") as of September 30, 2024 and the related condensed interim consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the related condensed interim consolidated statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. The Board of Directors is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim consolidated 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", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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, as 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 condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Ali H. Al Basri
License Number 409

October 28, 2024

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص ٣٢٣/١١/٢٥/٢
س.ت ٢٠٥١٠٦٢٣٨٤
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AL YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	As at September 30, 2024 Unaudited	As at December 31, 2023 Audited
ASSETS			
Cash at banks and short term deposit	5	**34,632,857**	3,691,105
Prepayments, advances and other receivables		**76,060,324**	76,676,612
Investment in Islamic financing held for sale	7.2.1	-	120,362,243
Repossessed assets held for sale		**414,499**	2,469,761
Margin deposit – restricted	6	**7,240,756**	7,240,756
Due from related parties	7	**592,730,844**	500,697,022
Investment in Islamic financings, net	8	**1,934,355,315**	2,192,161,875
Investment in equity instruments carried at fair value through other comprehensive income ("FVOCI")	9	**30,061,913**	7,401,563
Intangible assets		**14,899,369**	17,664,316
Right-of-use assets		**15,550,273**	17,884,093
Investment properties		-	6,000,000
Property and equipment		**3,239,465**	3,585,683
Total assets		**2,709,185,615**	2,955,835,029
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable		**19,456,291**	21,351,374
Accruals, provisions and other liabilities		**46,102,088**	52,712,834
Due to related parties	7	**3,034,255**	3,034,255
Zakat payable	10	**15,301,665**	23,693,039
Lease liabilities		**14,447,152**	17,530,905
Employees' end of service benefits		**9,255,503**	10,955,000
Borrowings	11	**1,783,178,677**	1,979,277,639
Total liabilities		**1,890,775,631**	2,108,555,046
Equity			
Share capital		**500,000,000**	500,000,000
Statutory reserve		**123,715,275**	123,715,275
Retained earnings		**187,300,639**	217,214,638
Fair value reserve on investments		**1,044,000**	-
Employees' end of service benefits reserve		**6,350,070**	6,350,070
Total equity		**818,409,984**	847,279,983
Total liabilities and equity		**2,709,185,615**	2,955,835,029

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

Eng. Abdulmohsen Abdullatif Alisa Chairman	Mr. Mohammed Saleh AlDowesh Chief Executive Officer	Mr. Ahmed Darwish Chief Financial Officer

AL YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the three-month period ended September 30, 2024	2023	For the nine-month period ended September 30, 2024	2023
Revenue					
Income from investment in Islamic financings, net	12	**84,305,007**	73,850,115	**270,632,730**	208,919,039
Other income	13	**14,408,274**	6,692,300	**34,587,215**	21,996,164
Total revenue		**98,713,281**	80,542,415	**305,219,945**	230,915,203
Operating expenses					
Salaries, wages and other employee related costs		**(25,960,543)**	(31,189,898)	**(80,708,985)**	(93,252,253)
Depreciation and amortisation		**(2,345,357)**	(2,549,023)	**(7,088,064)**	(7,659,756)
Other operating expenses	14	**(17,650,257)**	(37,477,671)	**(42,403,327)**	(82,989,352)
(Charge for) / reversal of expected credit loss ("ECL") on financial assets, net	8.6	**(22,141,351)**	(857,372)	**(86,668,862)**	1,598,367
Total operating expenses		**(68,097,508)**	(72,073,964)	**(216,869,238)**	(182,302,994)
Operating profit		**30,615,773**	8,468,451	**88,350,707**	48,612,209
Loss on the sale of investment properties		-	-	**(2,000,000)**	-
Finance costs, net		**(40,240,926)**	(43,599,875)	**(116,264,706)**	(78,488,223)
Loss before zakat		**(9,625,153)**	(35,131,424)	**(29,913,999)**	(29,876,014)
Zakat expense	10	-	-	-	(1,083,876)
Net loss for the period		**(9,625,153)**	(35,131,424)	**(29,913,999)**	(30,959,890)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to consolidated statement of profit or loss in subsequent periods					
Fair value gain on investment in equity instruments carried at FVOCI	9.2	-	-	**1,044,000**	-
Other comprehensive income for the period		-	-	**1,044,000**	-
Total comprehensive loss for the period		**(9,625,153)**	(35,131,424)	**(28,869,999)**	(30,959,890)

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

Eng. Abdulmohsen Abdullatif Alisa Chairman	Mr. Mohammed Saleh AlDowesh Chief Executive Officer	Mr. Ahmed Darwish Chief Financial Officer

AL YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Fair value reserve on investments	Employees' end of service benefits reserve	Total equity
Balance as at January 1, 2023 (Audited)	500,000,000	122,906,896	209,939,224	-	5,788,242	838,634,362
Loss for the period	-	-	(30,959,890)	-	-	(30,959,890)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(30,959,890)	-	-	(30,959,890)
Balance as at September 30, 2023 (Unaudited)	500,000,000	122,906,896	178,979,334	-	5,788,242	807,674,472
Balance as at January 1, 2024 (Audited)	**500,000,000**	**123,715,275**	**217,214,638**	-	**6,350,070**	**847,279,983**
Loss for the period	-	-	**(29,913,999)**	-	-	**(29,913,999)**
Other comprehensive income for the period	-	-	-	**1,044,000**	-	**1,044,000**
Total comprehensive (loss) / income for the period	-	-	**(29,913,999)**	**1,044,000**	-	**(28,869,999)**
Balance as at September 30, 2024 (Unaudited)	**500,000,000**	**123,715,275**	**187,300,639**	**1,044,000**	**6,350,070**	**818,409,984**

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

Eng. Abdulmohsen Abdullatif Alisa
Chairman

Mr. Mohammed Saleh AlDowesh
Chief Executive Officer

Mr. Ahmed Darwish
Chief Financial Officer

AL YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the nine-month period ended September 30, 2024	2023
Cash flows from operating activities			
(Loss) before zakat		**(29,913,999)**	(29,876,014)
Adjustments to reconcile (loss) before zakat to net cash flows generated from / (used in) operating activities:			
Depreciation and amortization		**7,088,064**	7,659,756
Charge for ECL on financial assets, net		**121,553,617**	32,421,707
Finance income on present value of margin deposits	6	**-**	(21,009)
Finance income on due from related parties	13	**(14,293,857)**	(9,556,842)
Loss on the sale of investment properties		**2,000,000**	-
Finance costs, net		**116,264,706**	78,488,223
Provision for employees' end of service benefits		**1,575,750**	1,817,250
		204,274,281	80,933,071
Changes in working capital:			
Change in operating assets and liabilities			
Prepayments, advances and other receivables		**616,288**	(4,871,984)
Repossessed assets held for sale		**2,055,262**	(300,850)
Margin deposit – restricted		**-**	8,050,648
Due from related parties		**42,622,278**	17,329,332
Investment in Islamic financings, net		**136,252,943**	(550,118,799)
Accounts payable		**(1,895,083)**	698,461
Accruals, provisions, and other liabilities		**(6,610,746)**	42,247,054
Due to related parties		**-**	(6,548,475)
Cash generated from / (used in) operating activities before zakat and employees' end of service benefits paid		**377,315,223**	(412,581,542)
Zakat paid		**(8,391,374)**	(4,008,567)
Employees' end of service benefits paid		**(3,275,247)**	(3,207,871)
Net cash generated from / (used in) operating activities		**365,648,602**	(419,797,980)
Cash flows from investing activities			
Investment in equity instruments carried at FVOCI		**(21,616,350)**	-
Proceeds from the sale of investment properties		**4,000,000**	-
Purchase of property and equipment		**(852,858)**	(944,197)
Purchase of intangible assets		**(790,222)**	(1,683,405)
Net cash used in investing activities		**(19,259,430)**	(2,627,602)
Cash flows from financing activities			
Proceeds from borrowings		**353,543,940**	1,037,860,140
Repayment of borrowings		**(546,851,311)**	(700,898,948)
Repayment of lease liabilities		**(3,083,753)**	(5,222,257)
Finance cost paid		**(118,988,669)**	(84,653,431)
Net cash (used in) / generated from financing activities		**(315,379,793)**	247,085,504
Net increase / (decrease) in cash and cash equivalents		**31,009,379**	(175,340,078)
Cash and cash equivalents at the beginning of the period		**(24,431,383)**	176,937,976
Cash and cash equivalents at the end of the period	5	**6,577,996**	1,597,898
Non-cash transactions			
Fair value gain on investment in equity instruments carried at FVOCI	9.2	**1,044,000**	-
Fair value reserve on investments		**(1,044,000)**	-
Due to related parties		**-**	2,563,591
Settling the insurance payables with a related party balance		**-**	(3,193,338)
Due from related parties	7.2	**(120,362,243)**	629,747
Investment in Islamic financing held for sale	7.2.1	**120,632,243**	-

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

(All amounts in Saudi Riyals unless otherwise stated)

1 Legal status and operations

Al-Yusr Leasing and Financing Company (the "Company") is a Saudi Closed Joint Stock Company registered in Riyadh in the Kingdom of Saudi Arabia under commercial registration ("CR") number 1010192058 issued on Shawal 20, 1424H corresponding to December 14, 2003.

The main activities of the Company are to engage in Islamic finance lease, financing of small and medium-sized enterprises, financing of productive assets and consumer finance under the Saudi Central Bank ("SAMA") license No. (10/AO/201403) issued on Rabi' al-Thani 27, 1435H corresponding to February 28, 2014.

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

Salah Uddin Ayubi Street, Al Malaz
P.O. Box 25773
Riyadh 11476
Kingdom of Saudi Arabia

On Shawwal 26, 1444H (corresponding to May 16, 2023) the Company incorporated its subsidiary, Manasat Alraqamiah for Information Technology Company ("the Subsidiary"), a limited liability Company registered in Riyadh with CR number 1010881199. The Subsidiary is owned 100% by the Company.

The Subsidiary is licensed to involve in

- wholesale, retail trade and repair of motor vehicles and motorcycles and
- information and communications.

These condensed interim consolidated financial statements comprise the condensed interim financial statements of the Company along with its branches and its Subsidiary (collectively referred to as "the Group").

These condensed interim consolidated financial statements were authorised for issue by the Group's Board of Directors on October 28, 2024.

The Group has the following active branches and the results thereof are included in these condensed interim consolidated financial statements:

			Status of branches as at	
Branch name	**CR. No.**	**Date of issuance**	**September 30, 2024**	**December 31, 2023**
Al Shifa Branch	7014428432	9 Jumada al-Ula 1443H	Active	Active
Exit -10 Branch- Riyad	7007215747	13 Rajab 1443 H	Active	Active
Al Jouf Branch	7012361163	9 Jumada al-Ula 1443H	Active	Active
Hail Branch	7012824483	19 Safar 1443H	Active	Active
Hafer Al Batin Branch	2511020230	22 Safar 1443H	Active	Active
Tabuk Branch	7014185297	9 Jumada al-Ula 1443H	Active	Active
Dammam Branch	7012370198	9 Jumada al-Ula 1443H	Active	Active
Jeddah Branch	7011801359	7 Thul-Qi`dah 1443H	Active	Active
Makkah Branch	7006513977	22 Safar 1443H	Active	Active
Madinah Branch	7011313850	9 Jumada al-Ula 1443H	Active	Active
Abaha Branch	7014490317	9 Jumada al-Ula 1443H	Active	Active
Jezan Branch	7012395286	9 Jumada al-Ula 1443H	Active	Active
Al Hassa Branch	2252034974	6 Muharram 1445H	Active	Active

2 Basis of preparation

2.1 Statement of compliance

These condensed interim consolidated financial statements of the Group as at and for the three-month and nine-month periods ended September 30, 2024 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS-34"), as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IAS-34 as endorsed in KSA").

The condensed interim consolidated statement of financial position is stated in order of liquidity.

These condensed interim consolidated financial statements do not include all the notes, information and disclosures of the type normally required and included in the annual audited consolidated financial statements. Accordingly, these condensed interim consolidated financial statements are to be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2023.

The results of operations for the interim period reported are not necessarily indicative of results expected for the year ending December 31, 2024.

2.2 Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for the following:

- Investment properties and investment in equity instruments carried at fair value through other comprehensive income – measured at fair value;
- Assets held for sale – measured at the lower of carrying amount and fair value less costs to sell; and
- Employees' end of service benefits - measured using Projected Unit Credit Method under IAS-19.

2.3 Functional and presentation currency

These condensed interim consolidated financial statements are presented in Saudi Riyal ("SR") which is the Group's functional and presentation currency. All financial information presented in Saudi Riyals has been rounded to the nearest Saudi Riyal, unless otherwise mentioned.

2.4 Going concern

The Group has performed its assessment on its ability to continue as going concern that the Group will continue its operations for the foreseeable future and be able to meet its obligations as they become due. As part of its periodic assessment, the Group focuses on its core business, i.e. investment in Islamic financings, in particular on its non-performing receivables.

The management has undertaken various measures and specific actions with respect to its receivables, including repossession of vehicles, legal actions to liquidate collaterals and rescheduling of certain financing exposures, in order to improve the recoverability cycle of those receivables. In addition, management has established a centralised collection center with dedicated team duly serviced by an automated collection system.

With regards to its funding capacity, the management continues to focus on improving its cash flows and diversification of its funding sources to ensure sufficient liquidity is available to support its future plans.

Based on the above analysis and assessment, the Group's management is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the condensed interim consolidated financial statements continue to be prepared on a going concern basis.

3 Consistent application of accounting policies

The accounting policies and methods used in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of the annual audited consolidated financial statements for the year ended December 31, 2023 except for:

- the new accounting policies introduced as adoption of the following amendments to IFRS explained below which became applicable for annual reporting periods commencing on or after January 1, 2024. The management has assessed that the below amendments have no significant impact on the Group's condensed interim consolidated financial statements.

New standards, interpretations and amendments adopted by the Group

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after January 1, 2024:

Standards, interpretations or amendments	**Description**	**Effective date**
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	Annual periods beginning on or after January 1, 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a Group's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	Annual periods beginning on or after January 1, 2024.
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	Annual periods beginning on or after January 1, 2024.

(All amounts in Saudi Riyals unless otherwise stated)

3 Consistent application of accounting policies (continued)

New standards, interpretations and amendments issued but not yet effective

The following standards and interpretations had been issued but were not mandatory for annual reporting periods commencing on or after January 1, 2024.

Standards, interpretations, amendments	**Description**	**Effective date**
Amendment to IFRS 21 – Lack of exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations	January 1, 2025
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures.	Available for optional adoption/effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	January 1, 2026
IFRS 18 – Presentation and disclosure in financial statements	IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its ‘operating profit or loss’. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. The changes in presentation and disclosure required by IFRS 18 might require system and process changes for many entities.	January 1, 2027
IFRS 19 - Reducing subsidiaries` disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	January 1, 2027

The Group’s management has not opted for earlier adoption of any of the above-mentioned standards, interpretations and amendments issued but not yet effective. Based on the management’s best estimates and judgement, the Group does not foresee any significant changes in its accounting policies or significant retrospective adjustments as a result of adopting these amendments or new standards.

(All amounts in Saudi Riyals unless otherwise stated)

4 Critical accounting judgments, estimates and assumptions

The preparation of these condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. The actual results may differ from these estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances. The interim results may not represent a fully accurate indication of the annual results of operations. In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited consolidated financial statements as at and for the year ended December 31, 2023.

Derecognition of financial assets

For transactions that qualify for derecognition of financial assets, management assesses the contractual terms of the agreement to determine whether the transaction meets derecognition criteria under IFRS 9. The Group derecognises the financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset or in case of partial derecognition where it retains control of the financial asset and accounts for its continuing involvement in the derecognised financial asset. The management exert judgment in assessing the above derecognition criteria.

5 Cash at banks and short term deposit

	As at September 30, 2024	As at December 31, 2023
	Unaudited	**Audited**
Cash on hand	**438,360**	-
Cash at banks – current accounts	**34,194,497**	3,691,105
	34,632,857	3,691,105

The Group does not earn profits on current accounts with banks in accordance with Sharia rules and principles.

Cash and cash equivalents - For the purpose of the condensed interim consolidated statement of cash flows:

	As at September 30, 2024	As at September 30, 2023
	Unaudited	**Unaudited**
Cash on hand	**438,360**	-
Cash at banks	**34,194,497**	19,576,133
Less: bank overdrafts (note 11)	**(28,054,861)**	(17,978,235)
	6,577,996	1,597,898

6 Margin deposit – restricted

	Notes	As at September 30, 2024	As at December 31, 2023
		Unaudited	**Audited**
Margin deposits with banks	6.1	**7,271,634**	7,271,634
Less: Effect of discounting	6.2	**(30,878)**	(30,878)
		7,240,756	7,240,756

6.1 This amount represents the margin deposits placed by the Group according to certain securitisation and agency agreements entered into with banks as borrowings amounted to SR 7.24 million as at September 30, 2024 (December 31, 2023: SR 7.24 million).

(All amounts in Saudi Riyals unless otherwise stated)

6 Margin deposit – restricted (continued)

6.2 The movement in the effect of discounting in respect of present value margin deposit is as follow:

	As at September 30, 2024	As at December 31, 2023
	Unaudited	**Audited**
Opening balance	**30,878**	51,887
Finance income during the period / year	**-**	(21,009)
Ending balance	**30,878**	30,878

(All amounts in Saudi Riyals unless otherwise stated)

7 Related parties' balances and transactions

Related parties represent associated companies, major shareholders, directors, key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties.

7.1 Related parties' balances

In the ordinary course of the Group's activities, the Group enters into business transactions with related parties. The following balances are outstanding as at the respective periods ended September 30, 2024 and December 31, 2023, in relation to transactions with related parties:

	Nature of relationship	As at September 30, 2024 Unaudited	As at December 31, 2023 Audited
7.1.1 Due from related parties			
- Abdullatif Alissa Group Holding Company	Parent Company	**517,856,446**	412,341,577
- National Automotive Trading Company	Affiliate	**264,651**	264,651
- Alissa Universal Motor Company	Affiliate	**75,474,398**	86,599,762
- General Automotive Company (GACO)	Affiliate	**1,491,032**	1,491,032
		595,086,527	500,697,022
Expected credit losses on due from related parties		**(2,355,683)**	-
		592,730,844	500,697,022
7.1.2 Due to related parties			
- Best Trading Company	Affiliate	**2,563,591**	2,563,591
- Aqar and Memar Real Estate Company	Affiliate	**470,664**	470,664
		3,034,255	3,034,255
7.1.3 Key management personnel (KMP)*			
(No. of KMP during the nine-month period ended September 30, 2024: 12; 31 December 31, 2023: 15)			
Accruals, provisions, and other liabilities	Accrued directors' meeting attendance fee	**309,223**	453,040
Long term benefits payables	Key management personnel's post-employment benefits	**1,721,346**	1,698,071

(All amounts in Saudi Riyals unless otherwise stated)

7 Related parties' balances and transactions (continued)

7.2 Related parties' transactions made during the period

Name of related party	Nature of relationship	Nature of transaction	For the nine-month period ended September 30, 2024 Unaudited	2023 Unaudited
Abdullatif Alissa Group Holding Company	Parent Company	Collections against the portfolio sold to Parent Company	**44,300,119**	28,335,741
		Portfolio sold to Parent Company during the period (note 7.2.1)	**120,362,243**	-
		Installment repaid	**30,018,112**	12,000,000
		Expense recharged by Parent Company	**8,393,104**	4,050,000
		Finance income on sold portfolio	**11,895,275**	6,915,212
Alissa Universal Motor Company	Affiliate	Finance income earned	**1,341,418**	1,517,817
		Installment repaid	**12,119,436**	6,059,718
Best Trading Company	Affiliate	Settlement with respect to the insurance company payable	**-**	3,193,338
Key management personnel*	-	Directors' meeting attendance fee	**3,130,133**	3,344,969
		Salaries and other benefits	**6,000,723**	7,334,074

* During the period ended September 30, 2023, the Group offset an amount of SR 3.2 million payable to the Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (the "insurance company") against a receivable amount of SR 0.6 million from Best Trading Company through a tri-party agreement which resulted in a payable amount of SR 2.6 million payable to Best Trading Company.

** Key management personnel of the Group include all members of the Board of Directors, managing director and senior management. Short-term employee benefits of the Group's key management personnel include salaries, allowances, cash and non-cash benefits, bonuses, and contributions to the General Organisation for Social Insurance.

(All amounts in Saudi Riyals unless otherwise stated)

7 Related parties' balances and transactions (continued)

7.2 Related parties' transactions made during the period (continued)

7.2.1 Portfolio sold to Parent Company

On February 4, 2024, the Group entered into agreement with Parent Company to sell the investment in Islamic financings portfolio amounting to the net of SR 120.4 million (gross Islamic financing receivables amounting to SR 239.4 less portfolio written off SR 39.4 million less ECL provision amounting to SR 79.6 million) against consideration of SR 120.4 million. As per the agreement, Parent Company is required to settle the purchase consideration of SR 120.4 million over sixteen semi-annual installments starting from July 2024 over a period of eight years at an initial preferred profit rate of 0.75% per annum which was finally agreed at 7% per annum pursuant negotiation between the Group and its Parent Company.

8 Investment in Islamic financings, net

	Note	As at September 30, 2024 Unaudited	As at December 31, 2023 Audited
Gross investment in Islamic financings		**2,767,384,408**	3,165,472,113
Unearned Islamic financing income		**(696,017,446)**	(793,493,672)
	8.1	**2,071,366,962**	2,371,978,441
Less: Provision for ECL allowance		**(137,011,647)**	(179,816,566)
		1,934,355,315	2,192,161,875

8.1 Portfolio expected credit losses analysis for investment in Islamic financings:

September 30, 2024 – Unaudited	Investment in Islamic financings	Provision for ECL allowance	Expected loss rates
Not yet due	**1,574,399,423**	**12,241,181**	**1%**
1-90 days	**185,195,818**	**21,732,382**	**12%**
91-180 days	**31,570,504**	**11,348,174**	**36%**
181-365 days	**95,660,117**	**36,005,148**	**38%**
Above 365 days	**184,541,100**	**55,684,762**	**30%**
	2,071,366,962	**137,011,647**	**7%**

December 31, 2023 – Audited	Investment in Islamic financings	Provision for ECL allowance	Expected loss rates
Not yet due	1,636,069,852	19,254,439	1%
1-90 days	347,708,081	38,446,665	11%
91-180 days	44,558,493	19,340,644	43%
181-365 days	55,738,739	26,524,620	48%
Above 365 days	287,903,276	76,250,198	26%
	2,371,978,441	179,816,566	8%

8.2 Stage-wise breakup of investment in gross Islamic financing receivables is as follows:

	As at September 30, 2024 Unaudited	As at December 31, 2023 Audited
Performing (stage 1)	**1,683,595,831**	1,891,703,431
Under-performing (stage 2)	**75,999,411**	92,074,502
Non-performing (stage 3)	**311,771,720**	388,200,508
	2,071,366,962	2,371,978,441

(All amounts in Saudi Riyals unless otherwise stated)

8 Investment in Islamic financings, net (continued)

8.3 The movement in Investment in Islamic financing receivables is as follows:

	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
As at January 1, 2024	**1,891,703,431**	**92,074,502**	**388,200,508**	**2,371,978,441**
Transfers from performing	**(114,273,206)**	**37,425,910**	**76,847,296**	**-**
Transfers from under-performing	**15,455,142**	**(43,001,991)**	**27,546,849**	**-**
Transfers from non-performing	**5,173,670**	**538,847**	**(5,712,517)**	**-**
Financial assets settled	**(721,020,469)**	**(54,485,908)**	**(16,191,319)**	**(791,697,696)**
Financial assets originated	**656,169,096**	**-**	**-**	**656,169,096**
Transfers from financial assets originated	**(49,611,835)**	**43,448,052**	**6,163,783**	**-**
Financial assets - written off	**-**	**-**	**(165,082,879)**	**(165,082,879)**
As at September 30, 2024 – Unaudited	**1,683,595,829**	**75,999,412**	**311,771,721**	**2,071,366,962**

	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
As at January 1, 2023	1,236,572,355	138,829,843	617,552,823	1,992,955,021
Transfers from performing	(59,865,370)	23,241,618	36,623,752	-
Transfers from under – Performing	61,409,833	(84,287,823)	22,877,990	-
Transfer from non-performing	26,549,323	4,467,064	(31,016,387)	-
Financial assets settled	(519,778,308)	(54,099,800)	(31,551,183)	(605,429,291)
Financial assets originated	1,255,784,021	-	-	1,255,784,021
Transfers from financial assets originated	(108,968,423)	63,923,600	45,044,823	-
Financial assets written - off	-	-	(71,299,553)	(71,299,553)
Financial assets held for sale	-	-	(200,031,757)	(200,031,757)
As at December 31, 2023 – Audited	1,891,703,431	92,074,502	388,200,508	2,371,978,441

8.4 The movement in allowance for ECL for Islamic financing receivables is as follows:

	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
As at January 1, 2024	**29,291,234**	**28,409,870**	**122,115,462**	**179,816,566**
Transfer from performing	**(2,716,696)**	**1,111,124**	**1,605,572**	**-**
Transfer from under-performing	**3,461,762**	**(13,929,822)**	**10,468,060**	**-**
Transfer from non-performing	**2,224,930**	**223,074**	**(2,448,004)**	**-**
Financial assets settled	**(5,744,592)**	**(14,084,981)**	**(4,316,204)**	**(24,145,777)**
Financial assets originated	**4,786,972**	**13,649,877**	**2,386,917**	**20,823,766**
Changes in PDs/LGDs/EADs	**(16,764,878)**	**4,055,688**	**35,358,091**	**22,648,901**
Financial assets written-off	**-**	**-**	**(165,082,879)**	**(165,082,879)**
Additional ECL on financial assets written-off	**-**	**-**	**102,276,219**	**102,276,219**
ECL on income in suspense	**-**	**-**	**674,851**	**674,851**
As at September 30, 2024 – Unaudited	**14,538,732**	**19,434,830**	**103,038,085**	**137,011,647**

(All amounts in Saudi Riyals unless otherwise stated)

8 Investment in Islamic financings, net (continued)

8.4 The movement in allowance for ECL for Islamic financing receivables is as follows: (continued)

	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
As at January 1, 2023	39,358,598	32,517,680	218,526,685	290,402,963
Transfer from performing	(2,906,399)	1,451,909	1,454,490	-
Transfer from under-performing	14,216,920	(19,897,624)	5,680,704	-
Transfer from non-performing	9,981,706	1,302,422	(11,284,128)	-
Financial assets settled	(7,548,848)	(11,044,441)	(21,313,857)	(39,907,146)
Financial assets originated	56,928,492	-	-	56,928,492
Financial assets written-off	-	-	(71,299,553)	(71,299,553)
Additional ECL on financial assets written-off	-	-	29,645,894	29,645,894
Transfers from financial assets originated	(43,440,280)	22,384,170	21,056,110	-
Changes in PDs/LGDs/EADs	(37,298,955)	1,695,754	22,139,563	(13,463,638)
Financial assets held for sale	-	-	(79,669,514)	(79,669,514)
Management overlay	-	-	2,500,000	2,500,000
ECL on income in suspense	-	-	4,679,068	4,679,068
As at December 31, 2023 – Audited	29,291,234	28,409,870	122,115,462	179,816,566

8.5 Write-offs

The Group writes off financial asset when it has no reasonable expectations of recovering such financial asset in its entirety or a portion thereof. However, financial assets that are written off are still subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

During the period, the Board of Directors has approved the write-off of investment in Islamic financings amounting to SR 165 million (nine-month period ended September 30, 2023: SR 71.3 million).

8.6 ECL allowance on investment in Islamic financings during the period, net

	For the nine-month period ended September 30, 2024 Unaudited	For the nine-month period ended September 30, 2023 Unaudited
Charge for ECL allowance - investment in Islamic financings	**(19,277,398)**	(2,772,752)
Additional ECL on financial assets written off	**(102,276,219)**	(29,648,955)
Recoveries against written off financial assets	**34,884,755**	34,020,074
Charge for / (reversal of) ECL allowance	**(86,668,862)**	1,598,367

8.7 Assignment of Islamic financing receivables

The Group assigned Islamic financing receivables amounting to SR 1,895 million as of September 30, 2024 (December 31, 2023: SR 1,958 million) to local commercial banks for obtaining Islamic bank financing. These Islamic financing receivables have not been derecognised from the condensed interim consolidated statement of financial position as the Group retains substantially all the risks and rewards, primarily credit risk. The Group is liable to the repayments of its assigned receivables to local commercial banks in case of customers' default in accordance with the terms of the agreement. The amount received on assignment of Islamic financing receivables has been recognized as Islamic bank financing in the statement of financial position.

Pursuant to the terms of the transfer agreement, the Group is not allowed to repledge those receivables and the financial institution has recourse only to the receivables in the event the Group defaults its obligation. The carrying value of these receivables and its liabilities ("the related liabilities") approximate their fair value.

(All amounts in Saudi Riyals unless otherwise stated)

8 Investment in Islamic financings, net (continued)

8.8 Changes in assumptions including incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group has used GDP and Crude Oil growth rates as key macroeconomic factors giving a weight of 42% to GDP growth rate and 58% to Crude Oil growth rate factors. The macroeconomic factors have been updated based on the latest available information (as issued by IMF April'24 forecasts), where the average GDP and Crude Oil growth rates for the next three years are expected to be 0.78% and -2.07% respectively. The Group has incorporated the forecasts from IMF which are representatives of the current and projected macro-economic outlook.

Further, the Group has also considered different scenarios with the different weightage for macroeconomic scenarios as adopted by SAMA for IFRS9 ECL computation, where scenario weightages of 40% to baseline scenario, 30% to upturn scenario and 30% to downturn scenario were considered.

Sensitivity analysis:

The increase or decrease of 10% change in macroeconomic factors will result in decrease of SR 2.15 million (September 30, 2023: SR 7.23 million) or increase of SR 23.34 million (September 30, 2023: SR 10.64 million) in the ECL provision, respectively.

The increase or decrease of 10% change in loss rates (PDs and LGDs) assuming macroeconomic factors remain the same will result in increase of SR 31.04 million (September 30, 2023: SR 29.27 million) or a decrease of SR 12.88 million (September 30, 2023: SR 28.12 million) in the ECL provision, respectively.

9 Investment in equity instruments carried at FVOCI

Name of the equity investments	Notes	As at September 30, 2024 Unaudited	As at December 31, 2023 Audited
Saudi Financial Lease Contract Registry Company	9.1	**892,875**	892,875
HyperPay Inc.	9.2	**27,294,038**	6,508,688
Car Switch Ltd.	9.3	**1,875,000**	-
		30,061,913	7,401,563

9.1 In 2017, in accordance with instructions issued by Saudi Central Bank ("SAMA"), the Group has made an investment of SR 892,875 in 89,288 shares of Saudi Financial Lease Contract Registry Group (SIJIL) at the rate of SR 10 per share. This investment is not held for trading. Instead, it is held for the medium to long-term purposes. Accordingly, the Group has elected to designate this investment in equity instruments as at FVOCI.

9.2 On August 8, 2023, the Subsidiary of the Group entered into an agreement with HyperPay Inc. to subscribe 10,294 preferred A shares against consideration of USD 3,500,000. On same date, the Subsidiary of the Group entered into shares sale and purchase agreement with the following parties as follows:

Name of seller	No of Shares Preferred A	No of Shares Common	Purchase Consideration in USD
HyperPay Inc.	1,167	-	338,430
Abdulrahman Abdulaziz Alali	1,056	-	306,240
ACP Investments 1 LP	3,542	319	1,119,690
Integrated Networks Company	4,804	1,181	1,735,650
	10,569	1,500	3,500,010

On December 31, 2023, the Subsidiary purchased 5,675 preferred A shares amounting to USD 1.67 million (SR equivalent: 6.5 million) from HyperPay Inc., Abdulrahman Abdulaziz Alali and made a partial purchase from ACP Investment 1 LP. During current period, the Subsidiary has acquired the remaining preferred A and common shares from all the parties at agreed price.

This investment is not held for trading, instead, it is held for the medium to long-term purposes. Accordingly, the Group has elected to designate this investment in equity instruments as at FVOCI. During the period, the Group recognized the unrealslied gain of SR 1 million in other comprehensive income.

(All amounts in Saudi Riyals unless otherwise stated)

9 Investment in equity instruments carried at FVOCI (continued)

9.3 The Subsidiary of the Group entered into an agreement with Car Switch Ltd. to subscribe 165 Series B preferred shares against consideration of USD 500,000 (equivalent to SR 1,875,000), the shares were purchased in February 19, 2024. This investment is not held for trading, instead, it is held for the medium to long-term purposes. Accordingly, the Group has elected to designate this investment in equity instruments as at FVOCI.

10 Zakat payable

	As at September 30, 2024 Unaudited	As at December 31, 2023 Audited
Balance at the beginning of the period / year	**23,693,039**	26,957,665
Charge for the period / year	-	1,841,256
Reversal for prior period / years	-	(997,315)
Zakat expense for the period / year	-	843,941
Payment during the period / year	**(8,391,374)**	(4,108,567)
Balance at the end of the period / year	**15,301,665**	23,693,039

10.1 Status of zakat assessments

The Zakat, Tax and Customs Authority ("ZATCA") has finalised the assessments for the years till 2013, and there are no outstanding zakat dues. In 2018, the Group received zakat assessments from ZATCA for the years 2014 to 2017, claiming zakat differences totaling SR 170.45 million as compared to zakat paid for those years.

The Group objected to those assessments and filed an appeal letter in due time. Early 2019, the Group has entered into a settlement agreement with ZATCA whereby ZATCA has reduced the assessed zakat liability for 2013 until 2017 (as mentioned above) to SR 41.6 million. This amount, as per settlement agreement, is agreed to be paid in installments with 1st installment, being 20% of the above agreed amount due within 5 days of the settlement agreement while rest of the amount is payable in 5 equals annually installments. All the amounts have been paid by February 27, 2024.

The Group has filed the Zakat return with ZATCA for the year ended December 31, 2023 on April 29, 2024.

11 Borrowings

	As at September 30, 2024 Unaudited	As at December 31, 2023 Audited
Bank borrowings	**1,753,707,648**	**1,953,178,889**
Bank overdrafts (note 5)	**28,054,861**	**28,122,488**
Accrued finance costs	**6,210,661**	**8,934,625**
Present value gain on profit free borrowings	**(4,794,493)**	**(10,958,363)**
	1,783,178,677	**1,979,277,639**
Borrowings:		
Current portion	**780,699,348**	**741,854,593**
Non-current portion	**1,002,479,329**	**1,237,423,046**
Total borrowings	**1,783,178,677**	**1,979,277,639**

The Group has long-term financing facilities with banks, to finance current and long-term funding needs, primarily to finance Islamic finance receivables). The majority of these financing facilities are repayable over a period of three to five years in monthly, quarterly or nine-monthly installments.

(All amounts in Saudi Riyals unless otherwise stated)

11 Borrowings (continued)

During the period, the Group received new loan of SR 214 million from SNB Capital Company ("SNBC") where the Group assigned the receivables of SR 199.21 million to SNBC.

The Company is required to maintain margin deposits (as disclosed in note 6). The cash cannot be withdrawn or used by the Company for liquidity purposes whilst the borrowing is still outstanding.

11.1 Breach of covenants

The facility agreements include covenants which, among other things, require the Group to maintain certain financial ratios. The Group is in breach of the net worth covenant during the current period with one bank (December 31, 2023: one Bank) for which a waiver was obtained prior to the year ended December 31, 2023 and it is still valid till December 24, 2024. The loan was fully settled subsequent to the period end.

12 Income from investment in Islamic financings, net

	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
	Unaudited	Unaudited
Income from Murabaha	**3,685,025**	12,777,778
Income from Ijara	**10,580,837**	19,808,461
Income from Tawarruq	**256,366,868**	176,332,800
	270,632,730	208,919,039

13 Other income

	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
	Unaudited	Unaudited
Finance income on due from related parties	**14,293,857**	9,556,842
Vehicle servicing fees *	**12,734,476**	6,721,846
Recovery against legal expenses and charges, net	**5,440,451**	4,200,741
Commission on transfer of vehicles ownership	**1,842,785**	785,078
Administration fee on additional services to customers, net	**275,646**	710,648
Income from margin deposit (note 6.2)	**-**	21,009
	34,587,215	21,996,164

* Vehicle servicing fees include miscellaneous fee income such as vehicles valuation fee, vehicle insurance fee and ownership transfer fee.

(All amounts in Saudi Riyals unless otherwise stated)

14 Other operating expenses

	Notes	For the nine-month period ended September 30, 2024 Unaudited	For the nine-month period ended September 30, 2023 Unaudited
Insurance cost, net		**3,411,281**	10,242,028
Repair and maintenance		**5,682,278**	6,731,050
Legal, VAT and consultancy fees, net	**14.1**	**2,828,475**	21,371,426
Audit fee		**300,000**	480,000
Telephone and postage		**4,364,732**	8,263,084
Professional expenses		**8,645,272**	14,745,692
Outsourcing - security & others		**1,386,422**	1,734,464
IT cost allocation		**8,393,104**	4,050,000
Rent expense		**1,630,832**	1,754,947
Advertising expenses		**1,339,341**	7,260,375
Stationery and printing		**171,130**	153,384
Donations		**2,034,149**	2,694,779
Other operating expenses*		**2,216,311**	3,508,123
		42,403,327	82,989,352

* Others include entertainment expenses and other miscellaneous expenses.

14.1 During the period, the Group settled a legal case which resulted in a reversal of legal expenses by SR 2.3 million (note 15).

15 Contingency and commitments

Contingency

The Group has certain legal cases pending in courts against it. However, based on management's best estimate, the recorded provision of SR 0.75 million as at September 30, 2024 (December 31, 2023: SR 11.3 million) is sufficient to cover any future liabilities that might result for the legal cases.

Capital commitments

The Group has commitments for short term leases amounts to SR 2.9 million as at September 30, 2024 (December 31, 2023: SR 3.1 million). There are no other significant capital commitments at the condensed interim consolidated statement of financial position date.

16 Fair value of financial instruments

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

- in the principal market for the asset or liability, or

- in the absence of a principal market, in the most advantageous market for the asset or liability the principal or the most advantageous market must be accessible to the Group.

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash at banks, short term deposit, investment in Islamic financings, due from related parties, investment in equity instruments and other receivables. Financial liabilities consist of account payables, borrowings, due to related parties and other payables. Fair value of all financial assets and financial liabilities that are measured at amortised cost approximate their fair value.

For financial assets and financial liabilities that are recognised in the condensed interim consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(All amounts in Saudi Riyals unless otherwise stated)

16 Fair value of financial instruments (continued)

Fair value hierarchy

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

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

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

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

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
September 30, 2024 – Unaudited					
Financial assets at amortized cost:					
Cash at banks and short term deposits	**34,632,857**	-	-	**34,632,857**	**34,632,857**
Other receivables	**72,125,732**	-	-	**72,125,732**	**72,125,732**
Margin deposit – restricted	**7,240,756**	-	-	**7,240,756**	**7,240,756**
Due from related parties	**592,730,844**	-	-	**592,730,844**	**592,730,844**
Investment in Islamic financings, net	**1,934,355,315**	-	-	**1,934,355,315**	**1,934,355,315**
		-	-		
Financial assets at fair value:					
Investment in equity instruments carried at FVOCI (note 161.1)	**30,061,913**	-	-	**30,061,913**	**30,061,913**
		-	-		
	2,671,147,417	-	-	**2,671,147,417**	**2,671,147,417**
Financial liabilities at amortised cost:					
Accounts payable	**16,178,529**	-	-	**16,178,529**	**16,178,529**
Accruals, and other liabilities	**46,102,088**	-	-	**46,102,088**	**46,102,088**
Due to related parties	**3,034,255**	-	-	**3,034,255**	**3,034,255**
Lease liabilities	**14,447,152**	-	-	**14,447,152**	**14,447,152**
Borrowings	**1,783,178,677**	-	-	**1,783,178,677**	**1,783,178,677**
	1,862,940,701	-	-	**1,862,940,701**	**1,862,940,701**

(All amounts in Saudi Riyals unless otherwise stated)

16 Fair value of financial instruments (continued)

Fair value hierarchy (continued)

	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
December 31, 2023 -Audited					
Financial assets at amortised cost:					
Cash at banks	3,691,105	-	-	3,691,105	3,691,105
Other receivables	46,076,183	-	-	46,076,183	46,076,183
Margin deposit – restricted	7,240,756	-	-	7,240,756	7,240,756
Due from related parties	500,697,022	-	-	500,697,022	500,697,022
Investment in Islamic financings, net	2,192,161,875	-	-	2,192,161,875	2,192,161,875
Investment in Islamic financings held for sale	120,362,243	-	-	120,362,243	120,362,243
Financial assets at fair value:					
Investment in equity instruments carried at FVOCI (note 161.1)	7,401,563	-	-	7,401,563	7,401,563
	2,877,630,747	-	-	2,877,630,747	2,877,630,747
Financial liabilities at amortized cost:					
Accounts payable	21,351,374	-	-	21,351,374	21,351,374
Accruals and other liabilities	25,718,146	-	-	25,718,146	25,718,146
Due to related parties	3,034,255	-	-	3,034,255	3,034,255
Lease liabilities	17,530,905	-	-	17,530,905	17,530,905
Borrowings	1,979,277,639	-	-	1,979,277,639	1,979,277,639
	2,046,912,319	-	-	2,046,912,319	2,046,912,319

16.1 The Group measures certain equity investments at fair value. These investments are classified within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs in the valuation process.

Valuation technique and significant unobservable inputs

The fair value of Level 3 equity investments is determined using the following valuation techniques and significant unobservable inputs:

Discounted Cash Flow (DCF) Method: The DCF method involves projecting the expected future cash flows of

the investee and discounting them to present value using a discount rate that reflects the risks associated with the investment.

Key Inputs in DCF Method:

Projected cash flows are estimated based on historical performance and management's expectations of market conditions, discount rate which reflects the cost of capital and specific risks related to the investee, and terminal growth rate which reflects long-term growth expectations beyond the forecast period.

Market Multiples Method: This method involves applying multiples derived from comparable market transactions to the investee's financial metrics.

Key Inputs in Market Multiple Method:

Comparable multiples: Companies are selected based on industry and market data.

<u>Unobservable Inputs</u>

The unobservable inputs used in the valuation of Level 3 equity investments include the discount rate, terminal growth rate, discounted cash flows and market multiples. These inputs are based on management's best estimates and are subject to change based on evolving market conditions and specific investee circumstances.

(All amounts in Saudi Riyals unless otherwise stated)

16 Fair value of financial instruments (continued)

16.2 Sensitivity analysis

Key assumption	Change	Impact on fair value
Discount rate and terminal growth rate	**+1% and -0.5%**	**2,677,076**
	-1% and +0.5%	**3,492,660**

16.3 Reconciliation of level 3 fair values held as FVOCI

The following table provides a reconciliation of the opening and closing balances of Level 3 equity investments:

	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Opening balance - audited	**7,401,563**	7,401,563
Purchases	**21,616,350**	-
Gain recognised in other comprehensive income	**1,044,000**	-
Closing balance - unaudited	**30,061,913**	7,401,563