AL YUSR LEASING AND FINANCING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025
AND INDEPENDENT AUDITOR'S REPORT

AL YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Independent auditor's report to the shareholders of Al Yusr Leasing and Financing Company

Our opinion

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

What we have audited

The Group's consolidated financial statements comprise:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent auditor's report to the shareholders of Al Yusr Leasing and Financing Company (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers

Khalid Mahdhar
License Number 368

برايس وترهاوس كوبرز
محاسبون قانونيون
س.ت : ١٠١٠٣٧١٦٢٢
PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTS
C.R.: 1010371622

Date: March 5, 2026

AL YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	As at December 31, 2025	As at December 31, 2024
ASSETS			
Cash at banks and short term deposit	5	**116,509,798**	48,161,424
Prepayments, advances and other receivables, net	7	**67,796,200**	111,829,976
Repossessed vehicles held for sale	10	-	90,000
Due from related parties, net	8.1.1	**840,810,984**	568,100,138
Margin deposits – restricted	6	-	7,240,756
Investment in Islamic financing, net	9	**1,554,614,400**	1,844,282,391
Investment in equity instruments carried at fair value through other comprehensive income ("FVOCI")	11	**40,835,634**	34,975,643
Intangible assets, net	13	**15,761,068**	18,837,061
Right-of-use assets, net	12.1	**13,320,222**	15,136,528
Property and equipment, net	14	**3,479,078**	4,154,373
Total assets		**2,653,127,384**	2,652,808,290
LIABILITIES AND EQUITY			
Liabilities			
Trade payables		**6,446,139**	16,869,179
Accruals, provisions and other liabilities	15	**34,814,206**	44,925,366
Due to related parties	8.1.2	**26,578,926**	1,689,183
Zakat payable	16.2	**18,603,800**	15,301,665
Lease liabilities	12.2	**12,714,179**	14,676,510
Employees' end of service benefits ("EOSB") obligation	17.1	**9,730,000**	9,712,000
Borrowings	18	**1,696,574,348**	1,726,807,958
Total liabilities		**1,805,461,598**	1,829,981,861
Equity			
Share capital	19	**500,000,000**	500,000,000
Statutory reserve	20	**125,715,019**	123,715,275
Retained earnings		**204,745,392**	186,747,699
Fair value reserve on investments		**11,817,721**	5,957,730
End of service benefits reserve		**5,387,654**	6,405,725
Total equity		**847,665,786**	822,826,429
Total liabilities and equity		**2,653,127,384**	2,652,808,290

The accompanying notes from 1 to 33 are an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

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

	Notes	For the year ended December 31, 2025	2024
Revenue			
Income from investment in Islamic financing	21	**321,883,151**	368,376,303
Other income	22	**30,236,906**	50,259,007
Total revenue		**352,120,057**	418,635,310
Operating expenses			
Salaries, wages and other employee related costs	23	**(99,499,544)**	(113,423,567)
Depreciation and amortization	24	**(10,469,094)**	(9,572,016)
Other operating expenses	25	**(71,719,371)**	(68,770,731)
Charge for expected credit losses ("ECL") on financial assets, net	26	**(4,624,581)**	(100,524,885)
Total operating expenses		**(186,312,590)**	(292,291,199)
Operating profit		**165,807,467**	126,344,111
Realized loss on sale of investment properties		**-**	(2,000,000)
Finance costs, net	27	**(140,606,811)**	(154,811,050)
Profit / (loss) before zakat		**25,200,656**	(30,466,939)
Zakat expense	16.2	**(5,203,219)**	-
Net profit / (loss) for the year		**19,997,437**	(30,466,939)
Other comprehensive income			
Items of other comprehensive (loss) / income that will not be reclassified subsequently to profit or loss			
(Loss) / gain on the re-measurements of employees' end of service benefits obligation	17.2	**(1,018,071)**	55,655
Fair value gain on investments in equity instruments carried at FVOCI	11.2	**5,859,991**	5,957,730
Other comprehensive income for the year		**4,841,920**	6,013,385
Total comprehensive income / (loss) for the year		**24,839,357**	(24,453,554)

The accompanying notes from 1 to 33 are an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

AL YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
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	End of service benefits reserve	Total equity
Balance at January 1, 2024	**500,000,000**	**123,715,275**	**217,214,638**	**-**	**6,350,070**	**847,279,983**
Net loss for the year	-	-	(30,466,939)	-	-	(30,466,939)
Other comprehensive income for the year	-	-	-	5,957,730	55,655	6,013,385
Total comprehensive (loss) / income for the year	-	-	(30,466,939)	5,957,730	55,655	(24,453,554)
Balance as at December 31, 2024	**500,000,000**	**123,715,275**	**186,747,699**	**5,957,730**	**6,405,725**	**822,826,429**
Net income for the year	-	-	19,997,437	-	-	19,997,437
Other comprehensive income / (loss) for the year	-		-	5,859,991	(1,018,071)	4,841,920
Total comprehensive income / (loss) for the year	-	-	19,997,437	5,859,991	(1,018,071)	24,839,357
Transfer to statutory reserve	-	1,999,744	(1,999,744)	-	-	-
Balance as at December 31, 2025	**500,000,000**	**125,715,019**	**204,745,392**	**11,817,721**	**5,387,654**	**847,665,786**

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

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

	Notes	For the year ended December 31, 2025	2024
Cash flows from operating activities			
Profit / (loss) before zakat		25,200,656	(30,466,939)
Adjustments to reconcile profit /(loss) before zakat to net cash flows provided by operating activities:			
Depreciation and amortization	24	10,469,094	9,572,016
Charge for ECL on financial assets, net	9.7	47,514,642	143,150,304
Income from margin deposits	22	(30,878)	-
Finance income on receivable against portfolio sold to Parent Company	21	(24,211,710)	(15,844,602)
Realized loss on sale of investment properties		-	2,000,000
Finance costs, net	27	140,606,811	154,811,050
Long outstanding unidentified deposits	22	(8,357,514)	1,300,000
Provision for employees' end of service benefits	17.1	1,350,000	1,547,000
Changes in working capital:		192,541,101	266,068,829
Change in operating assets and liabilities			
Prepayments, advances and other receivables		44,033,775	(35,153,364)
Repossessed assets held for sale		90,000	2,379,761
Due from related parties		54,918,367	68,803,729
Margin deposit – restricted		7,271,634	-
Investment in Islamic financing, net		(62,482,672)	204,729,180
Proceeds from sale of investment properties		-	4,000,000
Trade payables		(10,423,039)	(4,482,195)
Accruals, provisions and other liabilities		(1,753,645)	(9,087,468)
Due to related parties		26,108,262	(1,345,072)
Cash generated from operating activities before zakat and EOSB paid		**250,303,783**	**495,913,400**
EOSB paid	17.1	(2,879,071)	(3,256,345)
Zakat paid	16.2	(1,901,084)	(8,391,374)
Net cash generated from operating activities		**245,523,628**	**484,265,681**
Cash flows from investing activities			
Purchase of investment in equity instruments carried at FVOCI	11.2	-	(21,616,350)
Purchase of property and equipment	14	(823,767)	(2,165,289)
Purchase of intangible assets	13	(2,860,548)	(6,031,585)
Net cash used in investing activities		**(3,684,315)**	**(29,813,224)**
Cash flows from financing activities			
Proceeds from borrowings		739,080,002	543,543,940
Repayment of borrowings		(740,529,089)	(802,677,810)
Repayment of lease liabilities		(3,169,798)	(3,829,999)
Finance costs paid		(140,819,825)	(146,948,010)
Net cash used in financing activities		**(145,438,709)**	**(409,911,879)**
Net increase in cash and cash equivalents		96,400,604	44,540,578
Cash and cash equivalents at beginning of the year		20,109,194	(24,431,383)
Cash and cash equivalents at end of the year	5	**116,509,798**	**20,109,195**
Non-cash transactions			
Fair value gain on investment in equity instruments carried at FVOCI, net	11.2	(5,859,991)	(5,957,730)
Fair value reserve on investments	11.2	5,859,991	5,957,730
Right-of-use assets, net	12.1	(1,217,185)	(369,012)
Lease liabilities	12.2	1,207,468	369,012
Due from related parties	8.2.1	(304,636,022)	(120,362,243)
Investment in Islamic financing held for sale	8.2.1	-	120,362,243
Investment in Islamic financing, net	8.2.1	304,636,022	-
Loss / (gain) on the re-measurements of EOSB obligation	17.2	1,018,071	(55,655)
End of service benefits reserve	17.2	(1,018,071)	55,655

The accompanying notes from 1 to 33 form an integral part of these 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 20 Shawal 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 27 Rabi' al-Thani 1435H corresponding to February 28, 2014.

The Company engages in these activities through the following branches:

			Status of branch as at December 31,	
Branch name	**CR number**	**Date of issuance of CR**	**2025**	**2024**
Head Office Branch	7014828904	20 Shawwal 1424H	**Active**	Active
Exit -10 Branch- Riyad	7007215747	13 Rajab 1443 H	**Active**	Active
Hail Branch	7012824483	19 Safar 1443H	**Active**	Active
Hafer Al Batin Branch	7013913566	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
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	7012243411	6 Muharram 1445H	**Active**	Active

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 Ramadan 15, 1444H (corresponding to April 8, 2023) the Company incorporated its subsidiary, Al Sharakat Alragmeya for Information Technology Company ("ASAIT"), a limited liability Company registered in Riyadh with CR number 1010873663. ASAIT is owned 100% by the Company.

ASAIT is licensed to involve in
- Software publishing and
- Computer programming activities.

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

MAIT is licensed to involve in
- wholesale, retail trade and repair of motor vehicles and motorcycles and
- information and communications.

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

2 Basis of preparation

2.1 Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), 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 the Regulations for Companies in the Kingdom of Saudi Arabia (collectively referred to as "IFRS as endorsed in KSA").

2 Basis of preparation (continued)

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the financial statements of the subsidiaries, as stated in note 1. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Group, using consistent accounting policies. Adjustments have been made to the consolidated financial statements of the subsidiaries, where necessary, to align with the Group's consolidated financial statements.

Subsidiary is the investee that is controlled by the Group. The Group controls an investee only when it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect amount of its returns.

Intra-group balances and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.3 Basis of measurement

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

- Investments in equity instruments – measured at fair value;
- Assets held for sale – measured at the lower of carrying amount and fair value less costs to sell; and
- End of service benefits – measured using Projected Unit Credit Method under IAS-19.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals ("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.

3 Critical accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS as endorsed in the KSA and other standards and pronouncements issued by SOCPA, requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgement 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 advices and expectations of future events that are believed to be reasonable under the circumstances.

The material estimates impacted by these forecasts and associated uncertainties are predominantly related to the following judgments, estimates and assumptions.

3.1 Determination of discount rate for present value calculations

Discount rate represents the current market assessment of the risks specific to the Group, taking into consideration the tenure of the agreement and the individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances of the Group. The discount rate is an estimate of the weighted average cost of capital of the Group based on market rates adjusted to reflect management's estimate of the specific risks relating to its operations.

3 Critical accounting judgments, estimates and assumptions (continued)

3.2 Actuarial valuation of employees' end of service benefits obligation

The cost of the employees' end of service benefits ("EOSB") under defined benefits plan is determined annually based on actuarial valuation by independent actuaries using the Projected Unit Credit Method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, employee turnover rates and mortality rates. Due to the complexity of the valuation and its long-term nature, the employees' end of service benefits obligation is highly sensitive to changes in these assumptions. All these assumptions are reviewed on an annual basis or more frequently, if required, as part of overall assessment of employees' end-of-service benefits obligations.

3.3 Economic useful lives of property, equipment and intangible assets

The Group's management determines the estimated useful lives of its property, equipment and intangible assets which are depreciated / amortized on a straight-line basis over their economic useful lives. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation / amortization charges would be adjusted where the management believes the economic useful lives differ from previous estimates.

3.4 Right-of-use assets and lease liabilities

Extension and termination options are included in a number of leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

3.5 Measurement of expected credit loss allowance

The measurement of expected credit loss allowance for the financial assets measured at amortized cost is the area that requires the use of models and significant assumptions about future economic conditions and credit behavior (such as the likelihood of customer defaulting and resulting losses). Explanation of inputs, assumptions and estimation techniques used in measuring expected credit loss ("ECL") is further detailed in the notes which also sets out the key sensitivities of the ECL to changes in these elements.

Three-stage approach

The ECL model contains a three-stage approach that is based on the change in the credit quality of financial assets since initial recognition. The ECL model is forward-looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL.

Stage 1: 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk ("SICR") since origination and are not credit impaired. The ECL will be computed using a factor that represents the Probability of Default ("PD") occurring over the next 12 months and Loss Given Default ("LGD") while the income on these financial assets is calculated on gross basis.

Stage 2: Stage 2 applies to all the financial assets wherein there has been a SICR since initial recognition, but the financial instruments are not considered credit impaired. An amount equal to the lifetime ECL will be recorded which is computed using lifetime PD, LGD and Exposure at Default ("EAD") while the income on these financial assets is calculated on gross basis. The provisions for ECL allowance are expected to be higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months ECL in Stage 1.

Stage 3: Stage 3 applies to all those financial assets wherein there is objective evidence of impairment at the reporting date. These financial assets will be classified as credit-impaired and an amount equal to the lifetime ECL will be recorded for the financial assets. The income on these financial assets is henceforth calculated on net basis (i.e., net of ECL).

3 Critical accounting judgments, estimates and assumptions (continued)

3.5 Measurement of expected credit loss allowance (continued)

Three-stage approach (continued)

A number of significant judgments are also required in applying accounting requirements for measuring the ECL, such as:

- Determining the criteria for a significant increase in credit risk;
- Choosing appropriate models and assumptions for measurement of ECL;
- Establishing the number and relative weighting of forward-looking scenarios for each type of industrial sector and associated ECL; and
- Establishing a group of similar financial assets for the purpose of measuring ECL.

Significant increase in credit risk

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

Macroeconomic variables

The output of the PD model is through the cycle PD. These PDs are converted into Point-in-time PD by applying forward looking scenarios. This is done through deriving a Composite Index ("CI"). Correlation Analysis is used to create CI for input into models.

Portfolio Segmentation

The portfolio has been sliced into retail and non-retail segment. The retail portfolio is segmented on the basis of product type, nationality, and employment type. The non-retail portfolio is segmented on the basis of customer type (i.e., SMEs) and type of facility (i.e., construction and non-construction). The segmentation has been done considering shared risk characteristics of exposures.

The Group has segregated the investment in Islamic financing portfolio into two segments i.e. "new" and "legacy" portfolios considering the following:

a) New retail portfolio consists of loans disbursed starting from July 2020.

b) New corporate portfolio consists of loans disbursed starting from October 2020.

The dates have been determined based on the effective dates of the new credit policies.

3.6 Fair value measurement and valuation process

Some of the Group's assets are measured at fair value for the purpose of financial reporting. The Group's Chief Financial Officer is responsible to determine the appropriateness of the valuation techniques and inputs for the fair value measurements.

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

(All amounts in Saudi Riyals unless otherwise stated)

3 Critical accounting judgments, estimates and assumptions (continued)

Critical accounting judgement

3.7 Going concern

In making the going concern assessment, the Group has considered a wide range of information relating to present and future projections of profitability, cash flows and other capital resources etc. The Group's management is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management of Group is not aware of any material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

3.8 Assessment of IFRS 5: Investment in Islamic financing held for sale

Principles of IFRS 5 are applied in determining whether the criterion for held for sale classification are met. These include determining if the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. The Group reclassifies assets and liabilities as "held for sale" which meet the above criterion as part of the Group's consolidated financial statements.

3.9 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 derecognize 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. The management exerts judgment in assessing the above derecognition criteria.

4 Material accounting policy information

The Material accounting policy information adopted in the preparation of these consolidated financial statements are set out below.

4.1 Change in accounting policies

The accounting policies and methods used in the preparation of these consolidated financial statements are consistent with those used in the preparation of the annual audited consolidated financial statements for the year ended December 31, 2024 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, 2025. The management has concluded that the below amendments have no significant impact on the Group's 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, 2025:

Standards, interpretations or amendments	Description	Effective date
Amendment to IFRS 21 – Lack of exchangeability	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.	January 1, 2025

(All amounts in Saudi Riyals unless otherwise stated)

4 Material accounting policy information (continued)

4.1 Change in accounting policies (continued)

New standards, interpretations and amendments issued but not yet effective

The following standards, interpretations and amendments had been issued but were not mandatory for annual reporting periods commencing on or after January 1, 2025. The management is assessing the impact these standards and interpretations on Group's consolidated financial statements.

Standards, interpretations or amendments	Description	Effective date
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	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
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; • IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7 • IFRS 9 Financial Instruments; • IFRS 10 Consolidated Financial Statements; and • IAS 7 Statement of Cash Flows.	January 1, 2026
Contracts referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity's financial statements.	January 1, 2026
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.	January 1, 2027
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

4 Material accounting policy information (continued)

4.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand, at banks and other short term highly liquid investments, with original maturities of three months or less from the purchase date, if any, which are available to the Group without any restrictions. Restricted cash and cash equivalents are not available for immediate use by the Group at its disposal and henceforth, are excluded from cash and cash equivalents for the purposes of the statement of cash flows. Restricted cash and cash equivalents are related to cash margin deposits with banks (note 4.3).

4.3 Margin deposits

Margin deposits are held with banks against borrowing facilities obtained and the tenor of such deposits is as per the maturity of the facility ranging up.

4.4 Leases

4.4.1 Lease arrangements where the Group is a lessor

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

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

4.4.2 Lease arrangements where the Group is a lessee

The Group leases certain buildings for its leasing and financing operations throughout the Kingdom of Saudi Arabia. Rental agreements are typically entered for fixed terms ranging from 1 upto 5 years but may have extension options.

Lease terms are negotiated on an individual lease agreement basis which contain a wide range of different terms and conditions. The lease agreements do not impose any financial covenants but the underlying leased assets cannot be pledged or used as collateral or security for the issuance of financing transactions.

At the lease commencement date, the Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (leases with a lease term of 12 months or less) and leases of low-value assets, for which the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. In general, the Group uses its incremental borrowing rate as the discount rate which has been used to measure all the lease liabilities recognized.

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

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

The lease liability is presented as a separate line in the statement of financial position, classified as current and non-current within the notes.

4 Material accounting policy information (continued)

4.4 Leases (continued)

4.4.2 Lease arrangements where the Group is a lessee (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

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

- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

Right-of-use assets are amortized over the shorter period of the lease term or the economic useful life of the underlying asset.

If a lessor transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the economic useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

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

Extension and termination options

Extension and termination options are included in a number of lease contracts for buildings in which the Group is lessee. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

4.5 Revenue recognition

4.5.1 Income from Islamic financing

Income from Islamic financing receivables is recognized in statement of profit or loss and other comprehensive income using effective profit rate ("EPR"), on the outstanding balance over the term of the contract.

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

Income from Islamic financing is calculated by applying the EPR to the carrying amount of financial assets, except for:

- Purchased or originated credit-impaired ("POCI") financial assets, for which the original credit-adjusted EPR is applied to the amortized cost of the financial asset;

- Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which income is calculated by applying the EPR to their amortized cost (i.e. net of the expected credit loss provision) starting from the subsequent reporting period.

4 Material accounting policy information (continued)

4.5 Revenue recognition (continued)

4.5.2 Processing fee

Processing fees and other operating income represent administration fees which include Islamic financing initiation and customer risk assessment. Processing fee income is recognized over the period of Islamic financing using the effective profit rate method, which results in a constant periodic rate of return over the net investment outstanding over the term of the contract.

4.5.3 Other operating income

Other operating income is recorded as when earned.

4.6 Investment in Islamic financing

The investment in Islamic financing includes receivables against the following categories of the financial assets:

4.6.1 Ijara receivables

Ijara finance is an agreement where the gross amounts due under originated Ijara include the total of future payments on Ijara finance, plus estimated residual amounts receivable (against an option to purchase the asset by the lessee from the Group at the end of the respective lease term through an independent sale contract).

The difference between the Ijara contracts receivable and the cost of the Ijara assets is recorded as unearned Ijara finance income and, for presentation purposes, is deducted from the gross amounts due under Ijara finance.

4.6.2 Murabaha receivables

Murabaha is an agreement whereby the Group sells to a customer an asset, which the Group has purchased or acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin. The gross amounts due under the Murabaha sale contract include the total of future installment receipts under the Murabaha agreement (i.e., Murabaha sale contract receivable). The difference between the Murabaha sale contract receivable and the cost of the sold asset is recorded as unearned Murabaha profit and for presentation purposes, is deducted from the gross amounts due under the Murabaha sale contract receivable.

4.6.3 Tawarruq receivables

Tawarruq is an agreement whereby the Group sells to a customer an asset, on deferred payment basis, after purchasing it. After such sale, the Group arranges to sell the underlying asset on behalf of the customer and disburses the sale proceeds to the customer. The selling price comprises the cost plus an agreed profit margin. Deferred payments i.e. gross amounts due under the Tawarruq sale contract include the total sale payments on the Tawarruq agreement (Tawarruq sale contract receivable). The difference between the Tawarruq sale contract receivable and the cost of the sold asset is recorded as unearned Tawarruq profit and for presentation purposes, is deducted from the gross amounts due under the Tawarruq sale contract receivable.

4.7 Financial instruments

The Group initially recognise the financial assets and liabilities when it becomes a party to the contractual provisions of the financial instrument.

4.7.1 Financial assets

4.7.1.1 Initial measurement

At initial recognition, the Group recognizes all the financial assets at their fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the profit or loss.

4 Material accounting policy information (continued)

4.7 Financial instruments (continued)

4.7.1 Financial assets (continued)

4.7.1.2 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at amortized cost; and

- those to be measured subsequently at fair value either fair value through other comprehensive income ("FVOCI"); or

- those to be measured subsequently at fair value either fair value through profit or loss ("FVTPL")

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

- The Group's business model for managing the asset; and
- The contractual cash flow characteristics of the asset.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets.

If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

SPPP test: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' contractual cash flows represent solely payment of principal and profit (the "SPPP" test).

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. profit (or special commission income) includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Based on these factors, the Group classifies its debt instruments into either amortized cost, FVTPL or FVOCI model for subsequent measurement.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

4.7.1.3 Business model assessment

The Group assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual profit revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

4 Material accounting policy information (continued)

4.7 Financial instruments (continued)

4.7.1 Financial assets (continued)

4.7.1.3 Business model assessment (continued)

- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

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

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

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

For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Profit' is the consideration for the time value of money, the credit and other basic lending risks associated with the principal amount outstanding during a particular period and other basic lending costs (e.g. liquidity risk and administrative costs), along with profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Group considers the contractual terms of the instrument.

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;

- Leverage features;

- Prepayment and extension terms;

- Terms that limit the Group's claim to the cash flows from specified assets (e.g. non-recourse asset arrangements); and

- Features that modify consideration of the time value of money- e.g. periodical reset of profit rates.

4.7.1.5 Subsequent measurement

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

4 Material accounting policy information (continued)

4.7 Financial instruments (continued)

4.7.1 Financial assets (continued)

4.7.1.5 Subsequent measurement (continued)

Subsequent measurement of debt instrument

It depends on the Group's business model for managing the assets and the cash flow characteristics of the assets. The Group classifies its debt instruments into three measurement categories:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and profit are measured at amortized cost. A gain or loss on a debt instrument that is subsequently measured at amortized cost and is not part of the hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Profit from these financial assets is calculated based on the effective profit rate. Accordingly, net investment in leases and investment in Islamic financing has been classified as financial assets under amortized cost.

- Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and profit, are measured at fair value through other comprehensive income ("FVOCI"). Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, profit on financial instruments (finance income) and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss.

- Fair value through profit or loss ("FVTPL"): Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment, that is subsequently measured at FVTPL and is not part of a hedging relationship, is recognized in profit or loss.

Subsequent measurement of equity instruments

The Group subsequently measures all equity investments at FVTPL, except where the Group has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade.

When this election is opted for at the time of initial recognition, fair value gains or losses against such financial assets are recognized in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss when the Group's right to receive payments is established. Financial assets are not reclassified subsequent to their initial recognition, except in the year after the Group changes its business model for managing financial assets.

4.7.1.6 Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between:

- the carrying amount (measured at the date of derecognition); and

- the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in profit or loss.

4.7.1.7 Modification of financial assets

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original EPR (or credit adjusted effective EPR for purchased or originated credit-impaired financial assets) or, when applicable, the revised EPR. Any costs or fees incurred adjust the carrying amount of the modified financial asset are amortized over the remaining term of the modified financial asset.

4 Material accounting policy information (continued)

4.7 Financial instruments (continued)

4.7.1 Financial assets (continued)

4.7.1.8 Reclassification

Financial assets are reclassified when the Group changes its business model for managing financial assets. For example, when there is a change in management's intention to hold the asset over a short term or long term basis.

4.7.1.9 Impairment of financial assets

The Group assesses on a forward-looking basis, the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For net investment in Islamic financing, the Group applies the three-stage model ('general model') for impairment based on changes in credit quality since initial recognition.

Performing (Stage 1) includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognized and income is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL is the ECL that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset, weighted by the probability that the loss will occur in the next 12 months.

Underperforming (Stage 2) includes financial instruments that have had a significant increase in credit risk since initial recognition unless they have low credit risk at the reporting date, but that does not have objective evidence of impairment. For these assets, lifetime ECL is recognized, but income is still calculated on the gross carrying amount of the asset. Lifetime ECL is the ECL that result from all possible default events over the maximum contractual period during which the Group is exposed to credit risk. ECL is the weighted average credit losses, with the respective risks of a default occurring as the weights.

Non-performing (Stage 3) includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL is recognized and income is calculated on the net carrying amount (that is, net of credit allowance) starting from the subsequent reporting period.

The Group, when determining whether the credit risk on a financial instrument has increased significantly, considers reasonable and supportable information available, to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial instrument.

Measurement of ECL

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

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

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

Credit-impaired financial assets

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

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

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

Financing that has been renegotiated due to deterioration in the customer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, financing that is overdue for 90 days or more is considered credit-impaired.

4 Material accounting policy information (continued)

4.7 Financial instruments (continued)

4.7.1 Financial assets (continued)

4.7.1.10 Presentation of allowance for ECL in the statement of financial position

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

Financial assets are written off only when:

(i) the debt is at least one year past due;

(ii) the Group has attempted to recover and engaged in all relevant legal enforcement activities;

(iii) it is concluded that there is no reasonable expectation of recovery; and

(iv) the write-off is approved by the Board of Directors, or management to the extent delegated by the Board of Directors, at the recommendation of collections department based on conclusion above.

Where financial assets are written off, the Group continues to engage in enforcement activities to attempt to recover the amount due from customers. The recoveries made from the written off financial assets are netted off against the ECL.

4.7.1.11 Regular way contracts

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

4.7.2 Financial liabilities

4.7.2.1 Classification of financial liabilities

The Group designates a financial liability at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistency or where a Group of financial liabilities is managed and its performance is evaluated on a fair value basis.

These amounts represent liabilities for goods and services provided to the Group before the end of the year which are unpaid. The amounts are unsecured and are usually paid within 12 months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

4.7.2.2 Initial measurement

At initial recognition, the Group recognizes the financial liability at its fair value net of transaction costs that are directly attributable to that financial liability.

4.7.2.3 Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortized cost using the EPR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

4.7.2.4 Derecognition of financial liabilities

Financial liabilities are derecognized when the obligations specified in the contract is discharged, canceled or expired. A substantial change in the terms of a debt instrument is considered as an extinguishment of the original liability and the recognition of a new financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment.

4.7.2.5 Off-setting of financial assets and financial liabilities

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

4 Material accounting policy information (continued)

4.7 Financial instruments (continued)

4.7.3 Effective profit rate ("EPR")

The effective profit rate method is a method of calculating the amortized cost of financial asset and liability and of allocating income and expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective profit rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

4.8 Investment properties

The investment properties are initially recognized at the fair value. Subsequent to the initial recognition, the Group continues to account for its investment properties at fair value. Any fair value gain or loss arising from a change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises.

The fair value of investment properties (as measured in the consolidated financial statements) is based on a valuation by an independent valuer, as engaged by the Group. The valuer holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment. The gains or losses arising from the retirement or disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognized in profit or loss in the period of the retirement or disposal.

4.9 Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortization and accumulated impairment losses, if any. amortization is charged as disclosed in note 14 applying the straight-line method over the useful life or 5 years. amortization is charged from the month in which the asset is available for use, while no amortization is charged for the month in which the asset is disposed-off.

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

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

Gains and losses on disposals, if any, are taken to profit or loss in the period in which they arise.

4.10 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost incurred to replace a component of an item of property and equipment is capitalized and the asset so replaced is retired from use. All other repairs and maintenance expenditures are charged to profit or loss account during the period in which they are incurred.

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

Furniture & fixtures	5 years
Office equipment	5 years
Leasehold improvements	3 to 5 years
Office equipment – IT	4 years
Vehicles	3 years

Depreciation on additions is charged from the month the assets are available for the intended use. No depreciation is charged in the month of disposal.

4 Material accounting policy information (continued)

4.10 Property and equipment (continued)

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

Gains / losses on disposal of fixed assets, if any, are taken to profit or loss account in the period in which they arise.

Assets having an indefinite useful life are stated at acquisition cost less accumulated impairment losses, if any.

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

4.11 Impairment of non-financial assets

At each statement of financial position date, the carrying amounts of non-financial assets are reviewed regularly to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the assets or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognized as an expense in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the assets or cash-generating unit in the prior year. The reversal of an impairment loss is recognized in profit or loss immediately.

4.12 Trade payables

Trade payable includes the amounts against liabilities for goods and services provided to the Group before the end of the financial year which are unpaid at the period end. The amounts are unsecured and non-profit-bearing against the purchase of assets and associated services received thereof in the ordinary course of business. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

4.13 Provisions

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

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

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

4.14 Zakat and value added tax "VAT"

Zakat is provided in accordance with the Zakat, Tax and Customs Authority ('ZATCA") in the Kingdom of Saudi Arabia and on an accruals basis. Zakat charge for the year is charged directly to profit or loss with a corresponding liability recognized in the financial position.

Value added tax

The Group is subject to VAT in accordance with the regulations in the Kingdom of Saudi Arabia. Output VAT related to revenue is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of assets / services to customers or (c) the invoice date. Input VAT is recoverable to the extent of taxable supplies and upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT receivable or VAT payable is recognized in the statement of financial position on a net basis and disclosed as an asset or a liability. Input VAT that is not recoverable is charged to profit or loss.

4 Material accounting policy information (continued)

4.15 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss of the period of the financial facilities using the EPR. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4.16 Employees' end of service benefits

This represents the end of service benefits plan. Employees' post-employment benefits, as required by Saudi Arabian Labor Law, are required to be provided based on the employees' length of service with the Group.

The Group's net obligations in respect of defined benefit plans (post-employment benefits obligations) are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The liability recognized in the statement of financial position, in respect of the defined post-employment benefits obligation, is the present value of the employees' post-employment benefits obligation at the end of the reporting period. The discount rate used to determine present value is the market yield on government bonds at the reporting date that have maturity dates approximating the terms of the Group's obligations. The cost of providing benefits under the defined benefit plans is calculated annually by independent actuaries using the projected unit credit method.

The defined benefit liability comprises the present value of defined benefit obligation as adjusted for any past service cost not yet recognized and any unrecognized actuarial gains/losses. The finance cost is calculated by applying the discount rate to the net balance of the employees' post-employment benefits obligations. This cost is included in employee benefit expense in profit or loss. Changes in the present value of the employees' end-of-service termination benefits obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income within equity under end of service benefits reserve.

4.17 Other operating expenses

Other operating expenses includes all the expenses incurred during the period which are directly or indirectly associated with business and operational activities other than employees' related cost as well as periodic cost recognized either based on depreciation, amortization or on the basis of EPR method.

4.18 Proposed dividend and transfer between reserves

Dividends and appropriations to reserves, except appropriations which are required by law, made subsequent to the statement of financial position date are considered as non-adjusting events and are recorded in the consolidated financial statements in accordance with the requirements of International Accounting Standard ("IAS") 10, 'Events after the Reporting Period' in the year in which they are approved / transfers are made.

4 Material accounting policy information (continued)

4.19 Government grants

The Group recognizes a government grant related to income, if there is a reasonable assurance that it will be received and the Group will comply with the conditions associated with the grant. The benefit of a government deposit at a below-market rate of interest is treated as a government grant related to income. The below-market rate deposit is recognized and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial fair value of the deposit determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20. Government grant is recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants is intended to compensate.

4.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction 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 liability takes place either:

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

The fair value of an asset/liability is measured using the assumptions that market participants would use when pricing those assets, with the assumption that market participants act in their best economic interest.

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

To measure the fair value of the equity instruments and investment properties, the Group engages an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the asset being valued. Management reviews valuer's report and assesses appropriateness of assumptions and valuation techniques and the overall reasonableness of valuation. For the purpose of fair value disclosures, the Group has determined classes of assets based on the nature, characteristics and risks of the asset and the level of the fair value hierarchy, as explained above.

4.21 Current vs. non-current classification

The presentation of assets and liabilities in the statement of financial position is driven by liquidity. As per the management assessment, the Group does not supply goods or services within a clearly identifiable operating cycle and such presentation provides information that is reliable and is more relevant in the circumstances of the Group. Therefore, all the assets and liabilities are presented broadly in order of liquidity.

However, the Group discloses the amounts that are expected to be recovered or settled within 12 months of the reporting period (current portion) and the amounts expected to be recovered or settled after more than 12 months (non-current portion) within the respective disclosures of respective consolidated financial statements line items.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

4 Material accounting policy information (continued)

4.21 Current vs. non-current classification (continued)

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

4.22 Repossessed assets held for sale

The Group, in the ordinary course of business, acquires certain vehicles in settlement of due financing. Such vehicles are considered as assets held for sale and are initially stated at the lower of carrying amount of due financing and the current fair value of the related properties, less any costs to sell. No depreciation is charged on such vehicles.

Subsequent to initial recognition, any write down to fair value, less costs to sell, is charged to profit or loss. Any subsequent revaluation gains in the fair value less costs to sell of these assets to the extent this does not exceed the cumulative write down is recognized in profit or loss. Gains or losses on disposal are recognized in profit or loss.

4.23 Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as real estate, vehicles. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Non-financial collateral, such as real estate and vehicles are valued based on data provided by third parties such as professional valuators or based on housing price indices.

4.24 Collateral repossessed

The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold.

Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Group's policy.

4.25 Net servicing asset or liability

Servicing asset or liabilities are initially recognized as either a net servicing asset or a net servicing liability for that servicing contract at its fair value.

The fair value of net servicing asset/liability is determined based on the present value of estimated future cash flows related to contractually specify servicing fees less servicing costs. The primary determinants of the fair value of net servicing asset/liability are discount rates, estimates of servicing costs and the fixed servicing fees.

Discount rates

Discount rate represents the current market assessment of the risks specific to the Group, taking into consideration the expectation of an investor's return and the individual risks of the underlying assets.

(All amounts in Saudi Riyals unless otherwise stated)

4 Material accounting policy information (continued)

4.25 Net servicing asset or liability (continued)

Servicing costs

The management assesses the cost of servicing including salaries and other direct costs. The annual change in the servicing cost represents the increment to the servicing cost as a result of inflation. Also, the calculation of discount rate and servicing cost is sensitive to the expected default rate and prepayment risk, which are expected to be minimal.

Variations in one or a combination of these assumptions could materially affect the estimated values of net servicing assets. Evaluation of impairment is performed on periodic basis taking into consideration historical trends, past experience and forecasts of defaults and prepayments.

5 Cash at banks and short term deposit

Cash at banks and short term deposit

	As at December 31,	
	2025	**2024**
Cash at banks	56,509,798	48,161,424
Short term deposit	60,000,000	-
	116,509,798	48,161,424

During the year, the Group placed a short-term deposit of SR 60 million with Arab National Bank with 7 days maturity. The deposit has matured and been renewed subsequent to the year.

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 statement of cash flows:

	As at December 31,	
	2025	**2024**
Cash at banks	56,509,798	48,161,424
Short term deposit	60,000,000	-
Less: bank overdrafts (note 18)	-	(28,052,229)
	116,509,798	20,109,195

6 Margin deposit – restricted

		As at December 31,	
	Notes	**2025**	**2024**
Margin deposit with bank	6.1	-	7,271,634
Less: Effect of discounting	6.2	-	(30,878)
		-	7,240,756

6.1 This amount represents the margin deposit placed by the Group according to certain securitization and agency agreements entered into with a bank as borrowings (note 18) amounting SR nil as at December 31, 2025 (2024: SR 7.2 million).

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

		As at December 31,	
	Note	**2025**	**2024**
Opening balance		30,878	30,878
Income during the year	22	(30,878)	-
		-	30,878

(All amounts in Saudi Riyals unless otherwise stated)

7 Prepayments, advances and other receivables, net

		As at December 31,	
	Note	**2025**	**2024**
Other receivables from customers	7.1	89,788,995	88,279,900
Court award receivable	7.2	-	40,920,517
Insurance receivables		3,446,188	3,615,381
VAT receivable		6,078,504	8,192,981
Advances to employees		520,269	183,612
Prepaid rentals		472,019	524,982
Prepaid insurance		504,335	2,554,785
Other prepayments and receivables		14,230,612	14,802,540
		115,040,922	159,074,698
Less: ECL allowance on other receivables from customers	7.1	(47,244,722)	(47,244,722)
Total		**67,796,200**	**111,829,976**

7.1 Receivables from customers represent receivables against additional services provided by the Group to its customers such as payment of legal charges, traffic violations, extra mileage, insurance on expired financing etc. on their behalf. Based on the aging of the other receivables from customers and their respective ECL staging classification, the Group provides for ECL allowance on these balances. The ECL against the receivables from customers is SR 47.24 million as at December 31, 2025 (2024: SR 47.24 million).

7.2 On October 28, 2024, the first circuit of the Appeal Committee for Adjudicating Violations and Financial Disputes ruled in favor of the Group, ordering the liquidation of a property, valued at SR 40.92 million, mortgaged by Bassim Al Qassim in favor of the Group following his default on an Islamic financing facility. The proceeds from the liquidation of property are currently held by the court and the Group is awaiting payment.

On October 16, 2025, the Group has sold this receivable to Abdullatif Alissa Group Holding Company (the "Parent Company").

(All amounts in Saudi Riyals unless otherwise stated)

8 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.

8.1 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 at the years ended December 31, 2025 and 2024 in relation to transactions with related parties:

	Notes	Nature of relationship	As at December 31, 2025	As at December 31, 2024
8.1.1 Due from related parties				
Abdullatif Alissa Group Holding Company	8.2	Parent Company	773,226,496	492,801,631
National Automotive Trading Company		Affiliate	264,651	264,651
Alissa Universal Motor Company		Affiliate	68,184,488	75,898,507
General Automotive Company (GACO)		Affiliate	1,491,032	1,491,032
			843,166,667	570,455,821
Expected credit losses on due from related parties			(2,355,683)	(2,355,683)
			840,810,984	568,100,138
8.1.2 Due to related parties				
Abdullatif Alissa Group Holding Company		Parent Company	26,108,262	1,218,519
Aqar and Memar Real Estate Company		Affiliate	470,664	470,664
			26,578,926	1,689,183
8.1.3 Key management personnel (KMP)*				
(No. of KMP in 2025: 11 (2024: 12))				
Accruals and other liabilities		Accrued directors' meeting attendance fee	2,935,000	-
EOSB Obligation		EOSB Obligation	1,080,182	1,929,232

(All amounts in Saudi Riyals unless otherwise stated)

8 Related parties' balances and transactions (continued)

8.2 Related parties' transactions made during the year

Name of related party	Nature of relationship	Nature of transaction	For the year ended December 31, 2025	2024
Abdullatif Alissa Group Holding Company	Parent Company	Portfolio sold to Parent Company (note 8.2.1c)	304,636,022	120,362,243
		Net collections against the portfolio sold to Parent Company	77,477,263	56,037,656
		IT cost recharged by Parent Company	19,500,000	11,393,104
		Instalment repaid by Parent Company	28,829,341	45,919,591
		Finance income on sold portfolio	24,211,710	15,844,602
		Expense recharged to Parent Company	5,664,690	9,860,098
		Rent recharged to Parent Company	500,000	1,209,589
		Expenses settled by Parent Company	-	10,722,302
Alissa Universal Motor Company	Affiliate	Principal received	9,233,391	12,466,782
		Finance income earned	1,519,371	1,765,527
Best Trading Company	Affiliate	Settlement with respect to the affiliate payable	-	2,563,591
Key management personnel*		Salaries and other short-term employee benefits	8,350,209	7,794,206
		End of service benefits charged to profit or loss	222,801	474,613
		Directors' meeting attendance fee (note 23)	3,406,405	5,389,030

* Key management personnel of the Group include all members of the board of directors, chief executive officer 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 General Organization for Social Insurance.

(All amounts in Saudi Riyals unless otherwise stated)

8 Related parties' balances and transactions (continued)

8.2 Related parties' transactions made during the year (continued)

8.2.1 Portfolio sold to Parent Company

a) During the year ended December 31, 2020, the Company sold Islamic financing receivables with no recourse to Abdullatif Alissa Group Holding Company (the "Parent Company") amounting to the net of SR 536 million (gross receivables sold amounted to SR 903 million less provision of ECL allowance against the sold portfolio of SR 362 million). As per the initial agreement, the Parent Company was required to settle SR 536 million over ten monthly instalments starting from March 2021 over a period of five years. On March 26, 2025, the Group rescheduled this agreement by modifying the repayment terms and deferring a portion of the earlier payments to later periods while keeping the overall loan tenure unchanged. This restructuring resulted in an increase in the Group's expected future profits by SR 9.3 million with no significant impact on the modification results.

b) On February 4, 2024, the Group entered into agreement with Parent Company to sell the investment in Islamic financing 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 initial agreement, Parent Company was 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 profit rate of 7% per annum. On March 26, 2025, the Group rescheduled this agreement by modifying the repayment terms and deferring a portion of the earlier payments to later periods while keeping the overall loan tenure unchanged. This restructuring resulted in an increase in the Group's expected future profits by SR 11.3 million with no significant impact on the modification results.

c) On September 30, 2025, the Board of Directors approved the sale of investment in Islamic financing with no recourse to the Parent Company amounting to SR 304.6 million (gross Islamic financing receivables amounting to SR 771.3 million less portfolio written off SR 312.1 less ECL provision amounting to SR 97.70 million and unearned income amounting to SR 56.88 million). The Group obtained no objection certificate from SAMA on October 16, 2025 and entered into agreement with the Parent Company to sell the above portfolio against purchase consideration of SR 304.6 million. As per the agreement, the Parent Company is required to settle SR 304.6 million over 16 semi-annual instalments starting from March 2026 over a period of eight years at 7% per annum.

9 Investment in Islamic financing, net

	Note	As at December 31, 2025	As at December 31, 2024
Gross investment in Islamic financing		2,135,919,314	2,631,345,162
Unearned Islamic financing income		(561,562,410)	(679,350,728)
Deferred origination expenses net of unearned origination fee		14,584,657	19,758,403
	9.1	1,588,941,561	1,971,752,837
Less: Provision for ECL allowance		(34,327,161)	(127,470,446)
		1,554,614,400	1,844,282,391

9.1 Product-wise classification of investment in Islamic financing

	As at December 31, 2025	As at December 31, 2024
Financial assets carried at amortized cost		
Murabaha	110,931	111,062,151
Tawarruq	1,581,962,751	1,770,436,444
Ijara	6,867,879	90,254,242
	1,588,941,561	1,971,752,837

(All amounts in Saudi Riyals unless otherwise stated)

9 Investment in Islamic financing, net (continued)

9.2 Details of investment in Islamic financing, net

	Murabaha		Tawarruq		Ijara		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Gross investment in Islamic financing	147,162	112,989,867	2,127,371,173	2,424,150,167	8,400,979	94,205,128	2,135,919,314	2,631,345,162
Unearned Islamic financing income	(36,231)	(1,927,716)	(559,993,079)	(673,039,835)	(1,533,100)	(4,383,177)	(561,562,410)	(679,350,728)
	110,931	111,062,151	1,567,378,094	1,751,110,332	6,867,879	89,821,951	1,574,356,904	1,951,994,434
Deferred origination expenses net of unearned origination fee	-	-	14,584,657	19,326,112	-	432,291	14,584,657	19,758,403
Total	110,931	111,062,151	1,581,962,751	1,770,436,444	6,867,879	90,254,242	1,588,941,561	1,971,752,837
Provision for ECL							(34,327,161)	(127,470,446)
Investment in Islamic financing, net							**1,554,614,400**	**1,844,282,391**
Current portion							406,067,010	642,112,818
Non-current portion							1,148,547,390	1,202,169,573
							1,554,614,400	1,844,282,391

(All amounts in Saudi Riyals unless otherwise stated)

9 Investment in Islamic financing, net (continued)

9.3 The maturity of the investment classified as an Ijara (lease receivable) is as follows:

	As at December 31, 2025	2024
Year 1	5,579,034	78,189,538
Year 2	1,844,135	7,699,773
Year 3	697,219	3,266,204
Year 4	259,258	1,536,417
Year 5 onwards	21,333	3,513,196
Gross investment in Ijara	**8,400,979**	**94,205,128**
Less: unearned income	(1,533,100)	(4,383,177)
Less: Deferred origination expenses net of unearned origination fee	-	432,291
Net investment in Ijara	**6,867,879**	**90,254,242**

9.4 Portfolio provision analysis for gross investment in Islamic financing:

December 31, 2025	Investment in Islamic financing	Expected credit losses	Expected loss rates
Not yet due	1,420,032,465	10,768,064	0.76%
1-90 days	141,913,182	13,489,857	9.51%
91-180 days	26,995,914	10,069,240	37.30%
	1,588,941,561	34,327,161	2.16%

December 31, 2024	Investment in Islamic financing	Expected credit losses	Expected loss rates
Not yet due	1,578,442,831	15,419,018	1%
1-90 days	153,148,127	18,109,868	12%
91-180 days	37,013,246	13,471,677	36%
181-365 days	67,229,264	25,752,358	38%
Above 365 days	135,919,369	54,717,525	40%
	1,971,752,837	127,470,446	6%

9.5 Stage wise analysis of Islamic financing for each product is as follows:

9.5.1 Murabaha:

December 31, 2025	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
Investment in Islamic financing	110,931	-	-	110,931
Less: Provision for ECL Allowance	(1,264)	-	-	(1,264)
Investment in Islamic financing, net	109,667	-	-	109,667

December 31, 2024	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
Investment in Islamic financing	59,007,765	41	52,054,345	111,062,151
Less: Provision for ECL Allowance	(1,413,289)	(4)	(24,094,185)	(25,507,478)
Investment in Islamic financing, net	57,594,476	37	27,960,160	85,554,673

(All amounts in Saudi Riyals unless otherwise stated)

9 Investment in Islamic financing, net (continued)

9.5 Stage wise analysis of Islamic financing for each product is as follows: (continued)

9.5.2 Tawarruq:

December 31, 2025	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
Investment in Islamic financing	1,487,628,795	67,505,290	26,828,666	1,581,962,751
Less: Provision for ECL allowance	(13,610,769)	(10,591,550)	(10,048,566)	(34,250,885)
Investment in Islamic financing, net	1,474,018,026	56,913,740	16,780,100	1,547,711,866

December 31, 2024	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
Investment in Islamic financing	1,578,674,218	55,295,587	136,466,639	1,770,436,444
Less: Provision for ECL allowance	(17,228,389)	(14,434,877)	(53,026,223)	(84,689,489)
Investment in Islamic financing, net	1,561,445,829	40,860,710	83,440,416	1,685,746,955

9.5.3 Ijara finance lease:

December 31, 2025	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
Investment in Islamic financing receivables	6,290,296	410,335	167,248	6,867,879
Less: Provision for ECL Allowance	(44,074)	(10,264)	(20,674)	(75,012)
Investment in Islamic financing receivables, net	6,246,222	400,071	146,574	6,792,867

December 31, 2024	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
Investment in Islamic financing receivables	36,469,472	2,143,875	51,640,895	90,254,242
Less: Provision for ECL allowance	(350,161)	(102,166)	(16,821,153)	(17,273,480)
Investment in Islamic financing receivables	36,119,311	2,041,709	34,819,742	72,980,762

(All amounts in Saudi Riyals unless otherwise stated)

9 Investment in Islamic financing, net (continued)

9.6.1 The movement in investment in Islamic financing is as follows:

	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
As at January 1, 2025	**1,674,151,455**	**57,439,503**	**240,161,879**	**1,971,752,837**
Transfers from performing	(143,972,258)	20,698,149	123,274,109	-
Transfers from under- performing	2,519,854	(2,618,318)	98,464	-
Transfer from non-performing	846,330	214,097	(1,060,427)	-
Financial assets settled	(679,829,026)	(39,749,229)	(1,716,617)	(721,294,872)
Financial assets originated	786,898,571	-	-	786,898,571
Transfers from financial assets originated	(72,639,035)	49,548,203	23,090,832	-
Financial assets derecognized	(73,945,869)	(17,616,780)	(310,771,300)	(402,333,949)
Financial assets - written off	-	-	(46,081,026)	(46,081,026)
As at December 31, 2025	**1,494,030,022**	**67,915,625**	**26,995,914**	**1,588,941,561**

	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	(99,414,805)	23,004,345	76,410,460	-
Transfers from under- performing	15,242,193	(37,254,553)	22,012,360	-
Transfer from non-performing	4,346,424	512,956	(4,859,380)	-
Financial assets settled	(925,124,505)	(59,788,718)	(68,334,811)	(1,053,248,034)
Financial assets originated	850,674,883	-	-	850,674,883
Transfers from financial assets originated	(63,276,166)	38,890,971	24,385,195	-
Financial assets - written off	-	-	(197,652,453)	(197,652,453)
As at January 1, 2024	**1,674,151,455**	**57,439,503**	**240,161,879**	**1,971,752,837**

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

	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
As at January 1, 2025	**18,991,839**	**14,537,047**	**93,941,560**	**127,470,446**
Transfer from performing	(383,052)	238,925	144,127	-
Transfer from under-performing	552,589	(568,619)	16,030	-
Transfer from non-performing	318,825	77,158	(395,983)	-
Financial assets – settled	(5,822,407)	(10,460,940)	(8,000,972)	(24,284,319)
Financial assets originated	22,549,533	-	-	22,549,533
Transfers from financial assets originated	(15,592,982)	7,000,028	8,592,954	-
Changes in PDs/LGDs/EADs	5,366,659	1,176,662	19,290,459	25,833,780
Financial assets – written off	-	-	(46,081,026)	(46,081,026)
Additional ECL on financial assets written-off	-	-	27,338,348	27,338,348
Financial assets derecognized	(12,324,897)	(1,398,447)	(83,974,583)	(97,697,927)
ECL on income in suspense	-	-	(801,674)	(801,674)
As at December 31, 2025	**13,656,107**	**10,601,814**	**10,069,240**	**34,327,161**

(All amounts in Saudi Riyals unless otherwise stated)

9 Investment in Islamic financing, net (continued)

9.6.2 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, 2024	**29,291,234**	**28,409,870**	**122,115,462**	**179,816,566**
Transfer from performing	(1,779,298)	298,349	1,480,949	-
Transfer from under-performing	3,520,716	(12,166,431)	8,645,715	-
Transfer from non-performing	1,895,503	202,440	(2,097,943)	-
Financial assets - settled	(8,229,354)	(16,073,443)	(10,894,240)	(35,197,037)
Financial assets originated	29,607,838	-	-	29,607,838
Transfers from financial assets originated	(20,222,913)	10,877,978	9,344,935	-
Changes in PDs/LGDs/EADs	(15,091,887)	2,988,284	39,194,260	27,090,657
Financial assets – written off	-	-	(197,652,453)	(197,652,453)
Additional ECL on financial assets written-off	-	-	123,755,385	123,755,385
ECL on income in suspense	-	-	49,491	49,491
As at December 31, 2024	**18,991,839**	**14,537,047**	**93,941,560**	**127,470,446**

9.7 Charge for ECL allowance on financial assets during the year, net

	Notes	For the year ended December 31, 2025	For the year ended December 31, 2024
Charge for ECL allowance - investment in Islamic financing		(20,176,294)	(19,394,919)
Additional ECL on financial assets written-off		(27,338,348)	(123,755,385)
Charge for the year		**(47,514,642)**	**(143,150,304)**
Recoveries from written off loans	9.7.1	42,890,061	42,625,419
Net charge for the year		**(4,624,581)**	**(100,524,885)**

9.7.1 This includes recoveries from written-off balances in the previous years. The effect of 'recoveries after write-off', on calculating the LGD and consequently on the loss factor, has been considered consistently in the expected credit loss model.

9.8 Assignment of Islamic financing receivables

The Group assigned Islamic financing receivables amounting to SR 1,950 million (December 31, 2024: SR 1,840 million) to local commercial banks for obtaining Islamic bank financing. The carrying amount of associated Islamic bank financing amounts to SR 1,612 million (December 31, 2024: SR 1,497 million). These Islamic financing receivables have not been derecognized from the 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. The amount received on assignment of Islamic financing receivables has been recognized as borrowing in the statement of financial position.

Pursuant to the terms of the transfer agreement, the Group is not allowed to repledge those receivable 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 liability ("the related liability") approximate their fair value.

9.9 Amounts written off still subject to enforcement activity

During the year ended December 31, 2025, the receivables amounting to SR 46.08 million (2024: SR 197.65 million) have been written off which are still subject to enforcement activity. These written off were approved by the Board of Directors.

(All amounts in Saudi Riyals unless otherwise stated)

9 Investment in Islamic financing, net (continued)

9.10 Reconciliation of gross receivables:

The movement in gross receivables for Islamic financing receivables is as follows:

	2025	2024
Gross carrying amount as at January 1	**2,631,345,162**	**3,165,472,113**
Financial assets originated during the year (all stage 1)	893,839,038	817,038,944
Financial assets collections	(877,865,498)	(1,132,372,642)
Financial assets sold to Parent company during the year	(459,222,186)	-
Written off during the year	(52,177,202)	(218,793,253)
Gross carrying amount as at December 31	**2,135,919,314**	**2,631,345,162**

9.11 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 Government revenue and crude oil as key economic factors with weightages as follows:

Key macroeconomic factors	**Weightage**	
	2025	**2024**
Old retail portfolio		
Government revenue	**58%**	**58%**
Crude oil	42%	42%
New retail portfolio		
Government revenue	**45%**	**45%**
Crude oil	55%	55%
Old non-retail portfolio		
Government revenue	**40%**	**40%**
Crude oil	60%	60%
New non-retail portfolio		
Government revenue	**56%**	**56%**
Crude oil	44%	44%

The macroeconomic factors have been updated based on the latest available information (as issued by IMF October 2025 forecasts).

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 SR 3.68 million (2024: SR 0.67 million) decrease or SR 3.83 million (2024: SR 7.23 million) increase in the ECL provision.

The increase or decrease of 10% change in loss rates (PDs and LGDs) assuming macroeconomic factors remain the same will result in SR 1.59 million (2024: 9.57 million) increase or SR 2.28 million (2024: SR 9.37 million) decrease in the ECL provision.

The sensitivity analysis has been conducted by changing macroeconomic factors/PD's/LGD's and analyzing the impact on the baseline ECL of SR 33.23 million (2024: SR 99.93 million).

9.12 Collateral

The Group in the ordinary course of its business holds collateral in respect of the Islamic financing (being the title of assets leased out) to mitigate the credit risk associated with them. These collaterals are not readily convertible into cash and are intended to be repossessed and disposed of in case the customer defaults. As at December 31, 2025, the Group held vehicles as collateral amounting to SR 8.74 million (2024: SR 56.7 million) and real estate collateral of SR 9.74 million (2024: SR 163.6 million).

(All amounts in Saudi Riyals unless otherwise stated)

9 Investment in Islamic financing, net (continued)

9.13 Finance leases agreements

The title of the assets sold under finance leases agreements is held in the name of the Group. Further, all investments in finance leases are secured through personal guarantees.

10 Repossessed vehicles held for sale

	As at December 31, 2025	As at December 31, 2024
Vehicles repossessed against investment in Islamic financing (Ijarah)	-	90,000

11 Investment in equity instruments carried at FVOCI

	As at December 31,	
Name of the equity investments	**2025**	**2024**
Saudi Financial Lease Contract Registry Company	892,875	892,875
HyperPay Inc.	39,743,686	33,883,695
Car Switch Ltd.	199,073	199,073
	40,835,634	34,975,643

11.1 These investments are not held for trading instead, these are held for medium-to-term purposes. Accordingly, the Group has elected to designate these investments in equity instruments at FVOCI.

11.2 The movement of investment in equity instruments carried at FVOCI is as follows:

	Investments			
	Saudi Financial Lease Contract Registry Company	**HyperPay Inc.**	**Car Switch Ltd.**	**Total**
Balance as of January 1, 2024	892,875	6,508,688	-	7,401,563
Investments made during the year	-	19,741,350	1,875,000	21,616,350
Fair value gain / (loss) during the year	-	7,633,657	(1,675,927)	5,957,730
Balance as at December 31, 2024	**892,875**	**33,883,695**	**199,073**	**34,975,643**
Fair value gain during the year	-	5,859,991	-	5,859,991
Balance as at December 31, 2025	**892,875**	**39,743,686**	**199,073**	**40,835,634**

12 Right-of-use assets and lease liabilities

12.1 Right-of-use assets, net

	Note	Buildings
Cost		
Balance as at January 1, 2024		43,394,464
Right-of-use assets derecognized		369,012
Balance as at December 31, 2024		**43,763,476**
Addition to right-of-use assets		1,217,185
Balance as at December 31, 2025		**44,980,661**
Accumulated amortization		
Balance as at January 1, 2024		**(25,510,371)**
Amortization charge for the year	24	(3,116,577)
Balance as at December 31, 2024		**(28,626,948)**
Amortization charge for the year	24	(3,033,491)
Balance as at December 31, 2025		**(31,660,439)**
Net book value as at December 31, 2024		**15,136,528**
Net book value as at December 31, 2025		**13,320,222**

(All amounts in Saudi Riyals unless otherwise stated)

12 Right-of-use assets and lease liabilities (continued)

12.2 Lease liabilities

The following table set outs the carrying amounts of lease liabilities and the movements during the year including changes arising from financing activities:

	2025	2024
Balance as at January 1	**14,676,510**	**17,530,905**
Additions	1,207,468	369,012
Interest on lease liabilities	484,361	606,592
Payments against lease liabilities (principal)	(3,169,798)	(3,223,407)
Payments against lease liabilities (interest)	(484,362)	(606,592)
Balance as at December 31	**12,714,179**	**14,676,510**

The liabilities and deferred financing cost resulting from these contracts is as follows:

	As at December 31, 2025		
	Current	Non-current	Total
Lease contracts obligations	3,039,840	10,840,000	13,879,840
Deferred finance cost	(421,998)	(743,663)	(1,165,661)
	2,617,842	10,096,337	12,714,179

	As at December 31, 2024		
	Current	Non-current	Total
Lease contracts obligations	3,504,000	12,630,000	16,134,000
Deferred finance cost	(485,257)	(972,233)	(1,457,490)
	3,018,743	11,657,767	14,676,510

The minimum future lease payments as at the date of the statement of financial position as a whole are as follows:

	2025	2024
Minimum lease payments		
Year		
Year 1	3,039,840	3,504,000
Year 2	2,780,000	2,630,000
Year 3	2,780,000	2,500,000
Year 4	2,780,000	2,500,000
Year 5 and onwards	2,500,000	5,000,000
Finance cost	(1,165,661)	(1,457,490)
	12,714,179	14,676,510

12.3 The Group has charged short-term and low values leases amounted to SR 1.3 million as lease expenses directly to the statement of profit or loss and other comprehensive income during the year ended December 31, 2025 (2024: SR 2 million).

(All amounts in Saudi Riyals unless otherwise stated)

13 Intangible assets, net

	Note	Computer software
Cost		
Balance as at January 1, 2024		35,472,254
Additions		6,031,585
Balance as of December 31, 2024		**41,503,839**
Additions		2,860,548
Balance as of December 31, 2025		**44,364,387**
Accumulated amortization		
Balance as at January 1, 2024		**(17,807,938)**
Charge for the year	24	(4,858,840)
Balance as of December 31, 2024		**(22,666,778)**
Charge for the year	24	(5,936,541)
Balance as of December 31, 2025		**(28,603,319)**
Net book value as at December 31, 2024		**18,837,061**
Net book value as at December 31, 2025		**15,761,068**

(All amounts in Saudi Riyals unless otherwise stated)

14 Property and equipment, net

	Note	Furniture & fixture	Office equipment	Leasehold improvements	Office equipment – IT	Vehicles	Total
Cost							
Balance as at January 1, 2024		8,189,585	8,441,069	11,221,901	15,089,247	198,690	43,140,492
Additions during the year		101,756	231,399	1,390,816	441,318	-	2,165,289
Balance as of December 31, 2024		**8,291,341**	**8,672,468**	**12,612,717**	**15,530,565**	**198,690**	**45,305,781**
Additions during the year		31,650	112,197	575,477	104,443	-	823,767
Disposals during the year		(750,994)	-	-	(766,286)	-	(1,517,280)
Balance as of December 31, 2025		**7,571,997**	**8,784,665**	**13,188,194**	**14,868,722**	**198,690**	**44,612,268**
Accumulated depreciation							
Balance as at January 1, 2024		**(8,010,241)**	**(7,485,531)**	**(10,287,323)**	**(13,573,024)**	**(198,690)**	**(39,554,809)**
Charge for the year	24	(77,613)	(283,765)	(318,997)	(916,224)	-	(1,596,599)
Balance as of December 31, 2024		**(8,087,854)**	**(7,769,296)**	**(10,606,320)**	**(14,489,248)**	**(198,690)**	**(41,151,408)**
Charge for the year	24	(76,202)	(315,820)	(536,425)	(570,615)	-	(1,499,062)
Disposals during the year		750,994	-	-	766,286	-	1,517,280
Balance as of December 31, 2025		**(7,413,062)**	**(8,085,116)**	**(11,142,745)**	**(14,293,577)**	**(198,690)**	**(41,133,190)**
Net book value:							
As at December 31, 2024		**203,487**	**903,172**	**2,006,397**	**1,041,317**	**-**	**4,154,373**
As at December 31, 2025		**158,935**	**699,549**	**2,045,449**	**575,145**	**-**	**3,479,078**

(All amounts in Saudi Riyals unless otherwise stated)

15 Accruals, provisions and other liabilities

	Notes	As at December 31, 2025	2024
Liabilities related to customers	15.1	15,150,150	23,507,664
Accrued salaries, wages and other benefits		2,378,779	2,940,384
VAT accrual		591,310	765,080
Accrued key management bonus and board remuneration	8.1.3	2,935,000	-
Other accruals, provisions and liabilities	15.2	13,758,967	17,712,238
		34,814,206	44,925,366

15.1 'Liabilities related to customers' include unclaimed recoveries against insurance, advances from customers as well as unidentified deposits from customers. The Group recognized balances outstanding for a long period of time to other income amounting to SR 8.4 million during the year ended December 31, 2025 (2024: nil).

15.2 These include legal provision of SR 0.1 million as at December 31, 2025 (2024: SR 0.98 million) made against the legal cases filed against the Group.

16 Zakat payable

Zakat is calculated at 2.5% on the higher of approximate zakat base or adjusted net income. Zakat is calculated based on the consolidated financial statements of the Group.

16.1 Component of zakat base

The components of the zakat base of the Group under zakat regulations are as follows:

	As at December 31, 2025	2024
***Balance at beginning of the year*:**		
Share capital	500,000,000	500,000,000
Equity and its equivalent and internal fund sources	370,611,930	341,434,366
Long-term loans and its equivalent	1,039,667,531	1,027,586,788
Sources of funds	**1,910,279,461**	**1,869,021,154**
Deductions- balances at the end of the year	-	
Property and equipment	3,479,078	4,154,373
Intangible assets	15,761,068	18,837,061
Investments properties	-	-
Right-of-use assets	13,320,222	15,136,528
Long-term debts and its equivalent	1,775,492,345	1,687,492,347
Non-zakatable assets	1,808,052,713	1,725,620,309
Total assets	2,653,127,384	2,652,808,290
Zakatable assets ("total assets" less "non-zakatable assets")	845,074,671	927,187,981
Zakat base (sources of funds * zakatable assets / total assets)	608,462,600	653,245,075
Zakat due at 2.578% "Provision for zakat during the year"	15,686,166	-
Minimum Cap (4 times of the net profit)	100,802,628	-
Maximum Cap (8 times of the net profit)	201,605,256	-
Minimum Zakat (Minimum Cap * 2.578%)	2,598,692	-
Maximum Zakat (Maximum Cap * 2.578%)	5,197,383	-

In accordance with zakat regulations applicable to zakat years starting from January 1, 2019, zakat base, excluding the adjusted net income element, is subject to zakat at 2.5% adjusted by ratio of Gregorian to Hijri year number of days (e.g., 2.5% * 365/354). Zakat is calculated at 2.5% on the adjusted net income element.

16.2 The movement in the zakat provision for the year is as follows:

	As at December 31, 2025	2024
Balance at the beginning of the year	15,301,665	23,693,039
Zakat expense for the year	5,203,219	-
Payment during the year	(1,901,084)	(8,391,374)
Balance at the end of the year	18,603,800	15,301,665

(All amounts in Saudi Riyals unless otherwise stated)

16 Zakat payable (continued)

16.3 Status of zakat assessments

The Zakat, Tax and Customs Authority ("ZATCA") has finalized the assessments for the years till 2019.

The Company has filed the zakat return with ZATCA for the year ended December 31, 2024, on April 30, 2025, and has received zakat certificate for the year 2024 on April 30, 2025.

17 End of service benefits obligation

The Group operates a termination benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia for each of the respective subsidiary entities. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labor Laws of the Kingdom of Saudi Arabia. Employees' end of service benefit plans are unfunded plans and the benefit payment obligations are met when they are due.

17.1 Amounts recognized in the statement of financial position

The amounts recognized in the statement of financial position and the movements in the employees' end of service benefits obligation over the year are as follows:

	2025	2024
As at January 1	**9,712,000**	**10,955,000**
Current service cost	1,350,000	1,547,000
Finance cost	529,000	522,000
Total amount recognized in profit or loss	**1,879,000**	**2,069,000**
Loss / (gain) from change in financial assumptions	137,000	(497,000)
Loss resulting from experience adjustments	881,071	441,345
Loss / (gain) attributable to the re-measurements of employees' end of service termination benefits obligation	1,018,071	(55,655)
Settlements during the year	(2,879,071)	(3,256,345)
As at December 31	**9,730,000**	**9,712,000**

17.2 Amount recognized in the statement of other comprehensive income

	Year ended December 31, 2025	Year ended December 31, 2024
Loss / (gain) attributable to the re-measurements of employees' end of service benefits obligation	1,018,071	(55,655)

(All amounts in Saudi Riyals unless otherwise stated)

17 End of service benefits obligation (continued)

17.3 Significant actuarial assumptions

The significant actuarial assumptions used in determining employees' end of service benefits obligation were as follows:

	December 31, 2025	December 31, 2024
Discount rate	**5.30%**	5.50%
Salary increase rate	**2.00%**	2.00%
Mortality table	**Saudi life Table**	Saudi life table
Mortality rate	**0.31%**	0.36%
Average employee turnover rate	**18.98%**	19.70%

17.4 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Sensitivity level % increase	Impact on EOSB obligation	Sensitivity level % decrease	Impact on EOSB obligation
December 31, 2025				
Discount rate	**1%**	**9,076,000**	**1%**	**10,482,000**
Salary increase rate	**1%**	**10,500,000**	**1%**	**9,050,000**
Mortality rate	**+ 1 year**	**3,100**	**- 1 year**	**3,100**
Employee turnover rate	**1%**	**9,843,000**	**1%**	**9,601,000**
December 31, 2024				
Discount rate	1%	(638,000)	1%	732,000
Salary increase rate	1%	751,000	1%	(664,000)
Mortality rate	+ 1 year	3,000	- 1 year	3,000
Employee turnover rate	1%	118,000	1%	(136,000)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the employees' end of service termination benefit obligation to significant actuarial assumptions the same method (present value of the employees' end of service benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the employees' end of service benefit obligation recognized in the statement of financial position.

17.5 Effect of employees' end of service benefits obligation on entity's future cash flows

The weighted average duration of the employees' end of service termination benefits obligation is 7 years. The expected maturity analysis of undiscounted employees' end of service termination benefits obligation is as follows:

	December 31, 2025	December 31, 2024
Year 1	1,348,000	1,400,000
Year 2	1,210,000	1,268,000
Year 3	1,498,000	1,294,000
Year 4	1,277,000	1,510,000
Year 5	1,248,000	1,374,000
Year 6 and thereafter	28,352,000	28,277,000
Total	**34,933,000**	**35,123,000**

(All amounts in Saudi Riyals unless otherwise stated)

18 Borrowings

	Note	As at December 31, 2025	2024
Bank borrowings		1,689,368,800	1,694,045,019
Bank overdrafts		-	28,052,229
Accrued finance cost		7,284,013	8,016,291
Present value gain on profit free borrowings	18.4	(78,465)	(3,305,581)
		1,696,574,348	1,726,807,958
Current portion		667,003,099	710,878,937
Non-current portion		1,029,571,249	1,015,929,021
Total borrowings		1,696,574,348	1,726,807,958

The Group has long-term financing facilities with banks to finance current and long-term funding needs, primarily to finance Islamic finance receivables, amounting to SR 2,648 million (2024 SR 2,699 million) of which SR 1,689 million was utilized as of December 31, 2025 (December 31, 2024: SR 1,694 million). These financing facilities, the majority of these financing facilities are repayable in three to four years in monthly, quarterly or six-monthly installments. These bank facilities bear finance costs at market prevailing rates ranging from 3.4% to 10% per annum.

18.1 The movement schedule of borrowings is as follows:

	2025	2024
Borrowings balance as at January 1	1,726,807,958	1,979,277,639
Additions to bank borrowings during the year	739,080,002	543,543,940
Payments made during the year	(771,808,450)	(802,748,069)
Additional accrued finance costs during the year	140,606,811	146,029,676
Finance costs paid during the year	(141,339,090)	(146,948,009)
Finance costs on profit free borrowings	3,227,117	7,652,781
Borrowings balance as at December 31	1,696,574,348	1,726,807,958

18.2 Maturity profile

	As at December 31, 2025	2024
Year 1	674,962,508	710,878,937
Year 2	690,927,991	504,462,798
Year 3	256,750,756	380,437,659
Year 4	70,234,168	130,195,231
Year 5 and onwards	3,698,925	833,333
	1,696,574,348	1,726,807,958

18.3 Profit free borrowings – Unsecured

	Notes	As at December 31, 2025	2024
Opening balance		**75,088,892**	**164,668,024**
Less: Principal repayments during the year		(71,688,892)	(89,579,132)
Closing balance		3,400,000	75,088,892
Effect of net present value on profit free borrowings	18.4	(78,465)	(3,305,581)
Net amount		**3,321,535**	**71,783,311**

These represent the borrowings from SAMA and Social Development Bank as profit free to provide necessary support to Micro Small and Medium Enterprises ("MSME").

(All amounts in Saudi Riyals unless otherwise stated)

18 Borrowings (continued)

18.4 Present value gain on profit free borrowings

	2025	2024
As at January 1	**3,305,581**	10,958,363
Finance costs incurred during the period	**(3,227,116)**	(7,652,782)
As at December 31	**78,465**	3,305,581

18.5 These facilities are collateralized against the guarantees of Abdullatif Alissa Group Holding Group.

19 Share capital

The Group's subscribed, issued and paid-up share capital of SR 500,000,000 is divided into 50,000,000 equity shares of SR 10 each which are fully subscribed, issued and paid, and are distributed among shareholders as follows:

	2025			2024		
	Holding %	No. of shares	Amount	Holding %	No. of shares	Amount
Abdullatif Alissa Group Holding Company ("Parent Company")	**99.8%**	**49,900,000**	**499,000,000**	99.8%	49,900,000	499,000,000
Gulf Development Company	**0.2%**	**100,000**	**1,000,000**	0.2%	100,000	1,000,000
Total	**100%**	**50,000,000**	**500,000,000**	100%	50,000,000	500,000,000

20 Statutory reserve

As per article 47 of the articles of association of the Group, the Group is required to transfer 10% of its net income to a statutory reserve until such reserve equals to 30% of its share capital. Accordingly, SR 2 million (2024: nil) has been transferred from the net income for the year to the statutory reserve. This reserve is currently not available for distribution to the shareholders of the Group.

21 Income from Islamic financing

	For the year ended December 31,	
	2025	2024
Income from Murabaha	749,637	4,124,987
Income from Ijara	1,163,449	11,712,374
Income from Tawarruq	295,758,355	336,694,340
Finance income on due from related parties	24,211,710	15,844,602
	321,883,151	368,376,303

22 Other income

		For the year ended December 31,	
	Notes	2025	2024
Servicing fees *		13,494,092	20,924,534
Recovery against legal expenses and charges, net		2,424,734	6,941,162
Commission on transfer of vehicles ownership		3,337,310	3,790,941
Administration fee on additional services to customers, net		224,079	477,676
Income from margin deposit	6.2	30,878	-
Rental income		550,000	1,209,589
Long outstanding unidentified deposits	15.1	8,357,514	(1,300,000)
Additional other insurance income / (cost), net of collections		1,818,299	18,215,105
		30,236,906	50,259,007

* Servicing fees income such as vehicles valuation fees, vehicles ownership transfer fees and portfolio management fees.

(All amounts in Saudi Riyals unless otherwise stated)

23 Salaries, wages and other employee related costs

	Note	For the year ended December 31, 2025	2024
Salaries, wages and other employee related costs		96,093,139	108,034,537
Chairman, Directors and Board committee fees	8.2	3,406,405	5,389,030
		99,499,544	113,423,567

24 Depreciation and amortization

	Notes	For the year ended December 31, 2025	2024
Depreciation of property and equipment	14	1,499,061	1,596,599
Amortization of right-of-use assets	12.1	3,033,491	3,116,577
Amortization of intangible assets	13	5,936,542	4,858,840
		10,469,094	9,572,016

25 Other operating expenses

	For the year ended December 31, 2025	2024
Insurance cost, net	5,456,974	6,336,154
Repair and maintenance	5,656,008	9,229,471
Legal, VAT and consultancy fees, net	10,925,611	5,875,300
Audit fee	1,219,857	943,333
Telephone and postage	4,500,463	6,080,654
Professional expenses	6,012,707	12,019,986
Outsourcing - security & others	1,677,112	1,660,422
IT cost allocation	19,500,000	11,393,104
Rent expense	1,327,961	1,983,197
Advertising expenses	5,119,078	2,493,198
Stationery and printing	405,772	342,260
Donations	1,284,342	2,034,149
Other operating expenses*	8,633,486	8,379,503
	71,719,371	68,770,731

* Other operating expenses represent towing charges and other miscellaneous expenses.

26 Impairment on financial assets

	For the year ended December 31, 2025	2024
Charge for ECL allowance - investment in Islamic financing	(47,514,642)	(143,150,304)
Recoveries from written-off customers	42,890,061	42,625,419
Net charge for ECL allowance	(4,624,581)	(100,524,885)

(All amounts in Saudi Riyals unless otherwise stated)

27 Finance costs, net

		For the year ended December 31,	
	Notes	**2025**	**2024**
Finance costs on borrowings		136,080,837	144,854,935
Finance charges on overdraft		581,541	1,174,741
Accretion of finance cost on lease liabilities	12.2	484,362	606,592
Finance cost on end of service benefits' obligations	17.1	529,000	522,000
Other finance cost		(296,046)	-
Finance costs on profit free deposits		3,227,117	7,652,782
		140,606,811	154,811,050

28 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 0.10 million as at December 31, 2025 (December 31, 2024 SR 0.98 million) is sufficient to cover any future liabilities that might result from legal cases.

Operating leases commitments

The Group's operating leases commitments are only for branches office premises and are not considered as significant. Commitments for short term leases amounts to SR 1.2 million (2024: SR 2 million).

29 Fair values of financial assets and financial liabilities

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

a) In the principal market for the asset or liability, or

b) 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 by the Group. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair value.

29.1 Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

29.2 Fair value hierarchy of financial assets and liabilities

All financial assets and liabilities of the Group, except investment in equity instruments carried at FVOCI which is carried at fair value are categorized as held at amortized cost, approximate their fair values. The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(All amounts in Saudi Riyals unless otherwise stated)

29 Fair values of financial assets and financial liabilities (continued)

29.2 Fair value hierarchy of financial assets and liabilities (continued)

	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
December 31, 2025					
Financial assets at amortized cost:					
Cash at banks and short term deposit	116,509,798	-	-	116,509,798	116,509,798
Other receivables	67,796,200	-	-	67,796,200	67,796,200
Due from related parties	840,810,984	-	-	840,810,984	840,810,984
Investment in Islamic financing, net	1,554,614,400	-	-	1,554,614,400	1,554,614,400
Financial assets at fair value:					
Investment in equity instruments carried at FVOCI	40,835,634	-	-	40,835,634	40,835,634
	2,620,567,016	-	-	2,620,567,016	2,620,567,016
Financial liabilities at amortized cost:					
Trade payables	6,446,139	-	-	6,446,139	6,446,139
Accruals and other liabilities	34,814,206	-	-	34,814,206	34,814,206
Due to related parties	26,578,926	-	-	26,578,926	26,578,926
Lease liabilities	12,714,179	-	-	12,714,179	12,714,179
Borrowings	1,696,574,348	-	-	1,696,574,348	1,696,574,348
	1,777,127,798	-	-	1,777,127,798	1,777,127,798

	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
December 31, 2024					
Financial assets at amortized cost:					
Cash at banks and short term deposit	48,161,424	-	-	48,161,424	48,161,424
Margin deposit – restricted	7,240,756	-	-	7,240,756	7,240,756
Other receivables	111,829,976	-	-	111,829,976	111,829,976
Due from related parties	568,100,138	-	-	568,100,138	568,100,138
Investment in Islamic financing, net	1,844,282,391	-	-	1,844,282,391	1,844,282,391
Financial assets at fair value:					
Investment in equity instruments carried at FVOCI	34,975,643	-	-	34,975,643	34,975,643
	2,614,590,328	-	-	2,614,590,328	2,614,590,328
Financial liabilities at amortized cost:					
Trade payables	16,869,179	-	-	16,869,179	16,869,179
Accruals and other liabilities	44,925,366	-	-	44,925,366	44,925,366
Due to related parties	1,689,183	-	-	1,689,183	1,689,183
Lease liabilities	14,676,510	-	-	14,676,510	14,676,510
Borrowings	1,726,807,958	-	-	1,726,807,958	1,726,807,958
	1,804,968,196	-	-	1,804,968,196	1,804,968,196

(All amounts in Saudi Riyals unless otherwise stated)

29 Fair values of financial assets and financial liabilities (continued)

29.3 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.

Unobservable Inputs

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.

29.4 Sensitivity analysis

Key assumption	**Change**	**Impact on fair value for the year ended December 31,**	
		2025	**2024**
Discount rate and terminal growth rate	**+1% and -0.5%**	**(4,300,157)**	**2,677,076**
	-1% and +0.5%	**5,517,760**	**3,492,660**

29.5 Fair value hierarchy of non - financial assets

Investment properties are carried at fair value through profit or loss and repossessed vehicles held for sale are carried at fair value less cost to sell.

As at December 31, 2025	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Repossessed vehicles held for sale	-	-	-	-	-
As at December 31, 2024		**Level 1**	**Level 2**	**Level 3**	**Total**
Repossessed vehicles held for sale	90,000	-	-	90,000	90,000

30 Financial risk management

The Group's activities are exposed to a variety of financial risks which mainly include market risk (including foreign exchange risk, profit rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the consolidated financial statements. The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors is also responsible for developing and monitoring the Group's risk management policies.

30 Financial risk management (continued)

30.1 Risk management structure

30.1.1 Board of Directors

The Board of Directors (the “Board”) is responsible for establishing the Group's policies, including risk management framework, and to review the performance of the Group to ensure compliance with these policies.

30.1.2 Credit and risk management committee

The Group’s Board has established a Credit and Risk Management Committee (the “CRMC”), to oversee the development and maintenance of risk management processes, policies, strategies, risk methodologies and reporting them to the Board. The CRMC assists the Board in reviewing overall risks which the Group faces, evaluates and reviews operational and non-operational risks and decides on mitigating factors related therewith. The CRMC oversees the Group’s risks and report to the Board.

30.1.3 Audit committee

The audit committee is also appointed by the Group’s Board. The audit committee assists the Board in carrying out its responsibilities with respect to assessing the quality and integrity of financial reporting, the audit thereof and the soundness of the internal controls of the Group. In addition, the Audit Committee of the Group also reviews the internal audit risk assessment, discusses the Group's policy with respect to risk assessment and risk management. The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

30.2 Market risk

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

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

30.2.1 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group did not undertake significant transactions in currencies other than Saudi Riyals during the year. Accordingly, the Group is not exposed to any significant currency risk.

30.2.2 Profit rate risk

Profit rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Profit rate risk is the impact on future earnings of the Group resulting from change in the market profit rates. The risk arises when there is a mismatch in the assets and liabilities, which are subject to profit rate adjustment within a specified period. The most important source of such risk is the Group's receivables related to investment in Islamic financing and borrowings arrangements. The Group is not exposed to significant long term obligations with floating profit rates therefore, the Group is not exposed to any significant profit rate risk.

Financial liabilities of SR 1,208 million (2024: SR 1,126 million) are based on floating rates and not subject to profit rate swap and thus, a 100 basis points increase in profit rates could have approximately a SR 9 million (2024: SR 7 million) annual effect on the Group's profitability and equity. Similar decrease in profit rates will have an opposite impact on the Group’s profitability and equity. The Group's management, through the CRMC, monitors the fluctuations in profit rates on a regular basis and takes appropriate measures to minimize the profit rates risk by adjusting lending rate for future contracts.

(All amounts in Saudi Riyals unless otherwise stated)

30 Financial risk management (continued)

30.2 Market risk (continued)

30.2.3 Price risk

Price risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The senstivity of the change in market prices is as follows:

	31 December 2025		31 December 2024	
	Reasonably possible change %	**Effect on equity**	**Reasonably possible change %**	**Effect on equity**
Investment in equity instruments carried at FVOCI	**+/-1**	**408,3563**	+/-1	349,756

30.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The risk is generally limited to principal amounts and accrued profit thereon if any. The Group has established procedures to manage credit exposure including credit approvals, credit limits, collateral and guarantee requirements. The Group also manages risk through a credit department that evaluates customers' creditworthiness and obtains adequate securities where applicable. The Group's policy is to enter into a financial instrument contract by following internal guidelines such as approving counterparties and approving credit.

Credit quality analysis

The Group monitors the credit quality of the Islamic financing receivables through diversification of activities to avoid undue concentration of risks within the individuals or groups. For such purpose, the Group has established exposure limits for each customer and business sectors. The Group has an effective monitoring system which allows it to evaluate customers' creditworthiness and identify potential problem accounts.

An allowance for potential investment in Islamic financing losses is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on Islamic financing installment that can be reasonably anticipated. The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history. However, the rating for the quality of the Group's investments cannot be determined because the customer base of the Group consist of small business for which such data is not readily available. The concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The concentration of credit risk indicates the relative sensitivity of the Group's performance to the developments affecting a particular industry or geographic location. The Group's ten largest customers account form 1.3% (2024: 6.50%) of the outstanding balance of investment in Islamic financing as of December 31, 2025.

The maximum exposure to credit risk at the reporting date is as follow:

		As at December 31	
	Classification	**2025**	**2024**
Cash at banks	Amortized cost	116,509,798	48,161,424
Margin deposits – restricted	Amortized cost	-	7,240,756
Other receivables	Amortized cost	67,796,200	111,829,976
Due from related parties	Amortized cost	840,810,984	568,100,138
Investment in Islamic financing, net	Amortized cost	1,554,614,400	1,844,282,391
		2,579,731,382	2,579,614,685

30 Financial risk management (continued)

30.3 Credit risk (continued)

The Group's management analyses credit risk in the following categories:

30.3.1 Investment in Islamic financing

Investment in Islamic financing (IIF) are exposed to significant credit risk. The Group has established procedures to manage credit exposure including evaluation of credit worthiness, formal credit approvals, assigning credit limits, and obtaining collateral. The overall underwriting decision is based on the following key parameters:

- Dual credit score i.e. SIMAH and application scoring system
- Minimum income level and maximum debt burden of the borrower
- Loan repayment history with other financial institutions sourced from SIMAH
- Salary certificate from the employer and last three months bank statement where the customer's monthly salary is credited.

A significant number of the customers are Government sector employees. Customers are requested to provide standing instructions to credit the Group’s account towards monthly installments. In addition, the customers may provide direct debit mandate as a stand by repayment mode. The Group generally receives repayments through variable channels such as SADAD, bank transfers and direct collections. The Group has an approved collection policy and procedure manual establishing a collection strategy to follow up with delinquent customers. In order to monitor exposure to credit risk, reports are produced by the Management Information System (MIS) and are reviewed by credit committee on quarterly basis. These reports show the collection and delinquent status of the customers. The Group has strengthened its legal department in order to be actively involved in the collection process of delinquent customers.

Staging categorization of financial assets

The Group categorizes its investment in Islamic financing into Stage 1, Stage 2, Stage 3, as described below:

Stage 1: When lease receivables are first recognized, the Group recognizes an allowance based on 12 months ECLs. Stage 1 receivables also include facilities where the credit risk has improved and the receivable has been reclassified from Stage 2.

Stage 2: When a receivable has shown a significant increase in credit risk since origination, the Group records an allowance for the Lifetime ECL. Stage 2 receivables also include facilities, where the credit risk has improved and the receivable has been reclassified from Stage 3.

Stage 3: Receivable considered credit-impaired. The Group records an allowance for the lifetime ECL.

POCI: Purchased or originated credit-impaired (“POCI”) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and income is subsequently recognized based on a credit-adjusted EPR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

The assessment of credit risk of IIF also requires further estimations of credit risk using ECL which is derived by PD, EAD and LGD. The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (“PD”);
- loss given default (“LGD”);
- exposure at default (“EAD”).

Generating the term structure of PD

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. PD term structures are based on the default probability calculated on forward flow rates of past thirty-six months, adjusted by the outlook of the economy. The Group employs various techniques to develop business sector PD models. In this process, the dependent variable is the default rate and the independent variables are the macro variables. The macro variable inflation rate was selected based on business intuition and statistical analysis performed.

30 Financial risk management (continued)

30.3 Credit risk (continued)

30.3.1 Investment in Islamic financing (continued)

Based on advice from the Group's CRMC and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of macro-economic variable as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts to adjust its estimates of PDs.

Definition of default:

The Group considers a financial asset to be in default when:

- the customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or

- the customer is past due more than 90 days.

In assessing whether a customer is in default, the Group also considers indicators that are:

- qualitative - e.g. breaches of lease contract;
- quantitative- e.g. overdue status and non-payment; and
- based on data developed internally.

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

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large non-retail counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

Generating the term structure of LGD

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the legal standing against the defaulting counterparties. The LGD models also consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the lease receivable.

Generating the term structure of EAD

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current IIF receivables from the customer and potential changes to the current amount allowed under the lease contract including amortization. The EAD of a IIF receivable is its carrying amount before allowance for impairment.

As described above, and subject to using a maximum of a 12-month PD for the receivables for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require installment.

Where modeling of a parameter is carried out on a collective basis, the financial instruments are ranked based on shared risk characteristics that include:

- the business sector of the customers;
- collateral type;
- date of initial recognition;
- remaining term to maturity;

Significant increase in credit risk (SICR)

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

30 Financial risk management (continued)

30.3 Credit risk (continued)

30.3.1 Investment in Islamic financing (continued)

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

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

Determining whether credit risk has increased significantly:

In determining whether credit risk has increased significantly since initial recognition, the Group uses its quantitative changes in PDs, delinquency status of accounts and, where possible, relevant historical experience. Considering the huge portfolio of individual customers, the management believes that past-due information is the most appropriate method to assess the SICR without the undue cost and efforts. Accordingly, based on instalment collection history, the management believes that thee instance of significant increase in credit risk arise only when the installment is past due by for more than 60 days and is classified as underperforming (i.e. in stage 2) and, if it is past due by more than 90 days, it is classified as non-performing (i.e. stage 3). The management activates the recovery team for the purposes of collection of outstanding balance as the receivable entered the non-performing stage.

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

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's quantitative modeling, the remaining lifetime PD is determined to have increased significantly.

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

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

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before the exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of a receivable has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the Group's credit risk committee and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by global monetary authorities and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

30 Financial risk management (continued)

30.3 Credit risk (continued)

30.3.1 Investment in Islamic financing (continued)

Incorporation of forward-looking information (continued)

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The management has used inflation rates as the key macro-economic variable as of December 31, 2022 and January 1, 2023 to develop the base case scenario which the management estimates are the best estimate of the forecasted macro-economic variable for determination of the PD. Predicted relationships between the key indicators and default and loss rates on various business sectors of the receivables have been developed based on analysing historical data over the past 10 to 15 years.

Modified financial assets

The contractual terms of a investment in Islamic financing receivable are mainly modified at the request of the customer. An existing Islamic financing receivable whose terms have been modified may be derecognized and the renegotiated lease receivable recognized as a new investment in Islamic financing at fair value.

When the terms of a financial asset are modified and the modification does not result in de-recognition, the determination of whether the receivable's credit risk has increased significantly reflects the comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Group renegotiates Islamic financing receivable with customers in financial difficulties (referred to as 'forbearance activities') to maximize collection opportunities and minimize the risk of default. Under the Group's forbearance policy, the receivable forbearance is granted on a selective basis if the customer is currently in default or if there is a high risk of default, there is evidence that the customer has made all reasonable efforts to pay under the original contractual terms and the customer is expected to be able to meet the revised terms. The revised terms usually include extending the maturity and changing the timing of payments. The Group’s credit and risk committee regularly review reports on forbearance activities.

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

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

Measurement of ECL

The Group measures an ECL at an account level considering the EAD, PD, LGD and discount rate. PD estimates are estimates at a certain date, based on the term structures as provided above. For LGD estimates of retail portfolio, the Group use present value of recoveries for loss accounts adjusted by the forward-looking information. Further for SME contracts, the collateral value after applying the haircut is considered as an LGD. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of an IIF receivable is its gross carrying amount for provisioning calculation purpose. For discounting the Group has used each contract's effective profit rate.

The investment in Islamic financing generally expose to significant credit risk. Therefore, the Group has established a number of procedures to manage credit exposure including evaluation of lessees' creditworthiness, formal credit approvals, assigning credit limits, obtaining collateral and personal guarantees. The Group also follows a credit classification mechanism, primarily driven by days delinquency as a tool to manage the quality of credit risk of the Islamic financing portfolio. The portfolio that is neither past due nor impaired has a satisfactory history of repayment, where applicable. As at the statement of financial position date, the Group has adequate collaterals to cover the overall credit risk exposure after making an impairment provision.

(All amounts in Saudi Riyals unless otherwise stated)

30 Financial risk management (continued)

30.3 Credit risk (continued)

30.3.1 Investment in Islamic financing (continued)

Modified financial assets (continued)

Measurement of ECL (continued)

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

	As at December 31, 2025	2024
Neither past nor due	1,913,695,494	2,136,246,706
Past due 1-30 days	97,794,114	132,707,766
Past due 31-60 days	48,262,046	56,845,582
Past due 61-90 days	40,825,522	21,870,027
Past due 91-180 days	35,342,138	49,685,416
Past due 181-365 days	-	87,390,231
Past due over 365 days	-	146,599,434
	2,135,919,314	2,631,345,162
Less: Unearned / deferred Islamic financing income	(561,562,410)	(679,350,728)
Less: Deferred origination expenses net of unearned origination fee	14,584,657	19,758,403
	1,588,941,561	1,971,752,837
Less: Provision for ECL allowance	(34,327,161)	(127,470,446)
Investment in Islamic financing, net	1,554,614,400	1,844,282,391
Total portfolio coverage ratio (%)	**2.21%**	6.91%

The Group's management believes that adequate provision has been made, where required to address the credit risk. Moreover, the Group in the ordinary course of providing finance receivables are subject to additional personal guarantees for security to mitigate credit risk associated with IIF receivables. For additional credit quality disclosure relating to IFRS, please refer note 9 and note 10 to these consolidated financial statements. The credit quality of non-performing IIF receivables is further explained below:

Investment in Islamic financing, net:

As at December 31, 2025	Non-Performing	Provision for ECL allowance	Net of provision
Aging of Islamic financing receivables (Tawarruq) based on past due days			
90-180 days	26,828,666	10,048,566	16,780,100
180 to 270 days	-	-	-
270 to 360 days	-	-	-
360 to 450 days	-	-	-
450 to 540 days	-	-	-
540 to 630 days	-	-	-
630 and above days	-	-	-
	26,828,666	10,048,566	16,780,100

As at December 31, 2025	Non-Performing	Provision for ECL allowance	Net of provision
Aging of Islamic financing receivables (Murabaha) based on past due days			
90-180 days	-	-	-
180 to 270 days	-	-	-
270 to 360 days	-	-	-
360 to 450 days	-	-	-
450 to 540 days	-	-	-
540 to 630 days	-	-	-
630 and above days	-	-	-
	-	-	-

(All amounts in Saudi Riyals unless otherwise stated)

30 Financial risk management (continued)

30.3 Credit risk (continued)

30.3.1 Investment in Islamic financing (continued)

Investment in Islamic financing, net: (continued)

As at December 31, 2025	**Non-Performing**	**Provision for ECL allowance**	**Net of provision**
Aging of Islamic financing receivables (Ijara) based on past due days			
90-180 days	167,248	20,674	146,574
180 to 270 days	-	-	-
270 to 360 days	-	-	-
360 to 450 days	-	-	-
450 to 540 days	-	-	-
540 to 630 days	-	-	-
630 and above days	-	-	-
	167,248	20,674	146,574

As at December 31, 2024	**Non-Performing**	**Provision for ECL allowance**	**Net of provision**
Aging of Islamic financing receivables (Tawarruq) based on past due days			
90-180 days	34,142,073	13,143,819	20,998,254
180 to 270 days	16,029,832	5,975,830	10,054,002
270 to 360 days	33,666,475	13,233,015	20,433,460
360 to 450 days	37,276,929	14,788,915	22,488,014
450 to 540 days	14,238,398	5,774,126	8,464,272
540 to 630 days	66,815	25,973	40,842
630 and above days	1,046,117	84,545	961,572
	136,466,639	53,026,223	83,440,416

As at December 31, 2024	**Non-Performing**	**Provision for ECL allowance**	**Net of provision**
Aging of Islamic financing receivables (Murabaha) based on past due days			
90-180 days	155	53	102
180 to 270 days	106	36	70
270 to 360 days	8	3	5
360 to 450 days	2,823	961	1,862
450 to 540 days	3,500	1,210	2,290
540 to 630 days	-	-	-
630 and above days	52,047,753	24,091,922	27,955,831
	52,054,345	24,094,185	27,960,160

As at December 31, 2024	**Non-Performing**	**Provision for ECL allowance**	**Net of provision**
Aging of Islamic financing receivables (Ijara) based on past due days			
90-180 days	2,871,018	327,805	2,543,213
180 to 270 days	799,781	165,493	634,288
270 to 360 days	909,457	205,761	703,696
360 to 450 days	1,042,854	254,791	788,063
450 to 540 days	652,522	168,567	483,955
540 to 630 days	284,053	51,277	232,776
630 and above days	45,081,210	15,647,459	29,433,751
	51,640,895	16,821,153	34,819,742

(All amounts in Saudi Riyals unless otherwise stated)

30 Financial risk management (continued)

30.3 Credit risk (continued)

30.3.1 Investment in Islamic financing (continued)

Investment in Islamic financing, net: (continued)

Concentration of credit risk

The concentration of credit risk is the risk that the Group is exposed to if they invested all their assets in one sector or one industry. The Group's IIF receivables constitute Tawarruq personal financing to retail customers and SMEs, Muarabaha financing for SMEs and financial leases to retail customers. Concentrations of credit risk arise when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be affected similarly by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

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

Collateral held as security and other credit enhancements

The credit risks on gross amounts due in relation to the investment in Islamic financing is mitigated by holding collaterals which are either leased vehicles under Ijara financing or real-estate. Further, the gross carrying amount of investment in Islamic financing amounts against which collateral has been obtained amounted to SR 18.4 million as at December 31, 2025 (December 31, 2024: SR 147) million The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee. There have not been any significant changes in the quality of the collateral.

30.3.2 Cash at banks, short term and margin deposits

Cash at banks are placed with banks having sound credit ratings. Cash at banks, restricted deposits with banks are considered to have low credit risk; therefore, 12 months ECL model was used for impairment assessment. Based on management's impairment assessment, there is no provision required in respect of these balances.

Bank credit ratings

The credit quality of the Group's cash at bank is assessed with reference to external credit ratings which, in all cases, are above investment-grade rating. No ECL was taken for restricted cash deposits and bank balances as the impact of the ECL was not material. The bank balances along with credit ratings are tabulated below:

	As at December 31,	
	2025	**2024**
Cash at banks:		
A-	54,634,885	23,412,978
A	1,874,913	600,402
BBB+	-	24,148,044
BBB	-	-
	56,509,798	48,161,424
Short term deposits		
A-	60,000,000	-
- **Restricted:**		
A-	-	7,240,756
BBB+	-	-
	-	7,240,756
Total	**116,509,798**	55,402,180

(All amounts in Saudi Riyals unless otherwise stated)

30 Financial risk management (continued)

30.3 Credit risk (continued)

30.3.3 Other receivables from customers

The Group believes that it has a high credit risk on these financial assets and the loss allowance would be material for the Group. Hence, the Group is currently exposed to significant credit risk. Other receivables from customers are not significant compared to the total IIF, therefore they are exposed to same classification of significant credit risk as they are related to customers' receivables under investment in Islamic financing.

The aging of "other receivables from customers" is as follow:

	As at December 31,	
	2025	**2024**
Neither past nor due	2,627,696	2,164,812
Past due 1-30 days	7,237	52,170
Past due 31-60 days	67,756	26,048
Past due 61-90 days	188,754	31,620
Past due 91-180 days	1,447,856	148,411
Past due over 180 days	85,449,696	85,856,839
	89,788,995	88,279,900
Less: Provision for ECL allowance	(47,244,722)	(47,244,722)
Net other receivables from customers	**42,544,273**	**41,035,178**
Total other receivables coverage ratio (%) against ECL	**52.62%**	53.15%

30.4 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations regarding its financial liabilities when they fall due under normal and stress circumstances. Liquidity risk arises because of the possibility that the Group will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Liquidity risk can also be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available. To mitigate this risk, management manages assets with liquidity in mind, maintaining an appropriate balance of cash and cash equivalents and monitors future cash flows and liquidity on a daily basis to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also has revolving credit facilities from commercial banks that it can access to meet future liquidity needs.

The Group's financial liabilities primarily consist of trade payables, due to related parties, borrowings and other payables and accruals. Trade payables, due to related parties, borrowings, and other payables and accruals aggregating SR 729 million (2024: SR 791 million) have a short-term maturity. The Group expects to have adequate liquid funds to settle its current liabilities through close monitoring of both current assets and current liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring the statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(All amounts in Saudi Riyals unless otherwise stated)

30 Financial risk management (continued)

30.4 Liquidity risk (continued)

	December 31, 2025				
	Carrying amount	**Less than 3 months on demand**	**3-12 months**	**Above 1 year**	**Total**
Financial assets – profit bearing					
Investment in Islamic financing	1,554,614,400	179,415,137	472,660,290	1,483,843,887	2,135,919,314
Due from related parties	840,810,984	11,445,964	97,237,459	880,014,981	988,698,404
	1,554,614,400	179,415,137	472,660,290	1,483,843,887	2,135,919,314
Financial assets – non-profit bearing					
Cash at banks	116,509,798	116,509,798	-	-	116,509,798
Other receivables	49,198,309	49,198,309	-	-	49,198,309
Due from related parties	-	-	-	-	-
Investment in equity instruments carried at FVOCI	40,835,634	-	-	40,835,634	40,835,634
	206,543,741	165,708,107	-	40,835,634	206,543,741
Total financial assets	2,601,969,125	356,569,208	569,897,749	2,404,694,502	3,331,161,459
Financial liabilities – profit bearing	-	-	-	-	-
Lease liabilities	12,714,179	129,840	2,910,000	10,840,000	13,879,840
Borrowings	1,696,574,348	205,562,449	571,246,229	1,104,048,368	1,880,857,046
	1,709,288,527	205,692,289	574,156,229	1,114,888,368	1,894,736,886
Financial liabilities – non-profit bearing					
Trade payables	6,446,138	6,446,138	-	-	6,446,138
Accruals, provisions and other liabilities	16,592,568	16,592,568	-	-	16,592,568
Due to related parties	26,578,926	26,578,926	-	-	26,578,926
	49,617,632	49,617,632	-	-	49,617,632
Total financial liabilities	1,758,906,159	255,309,921	574,156,229	1,114,888,368	1,944,354,518

	December 31, 2025				
	Carrying amount	**Less than 3 months**	**3-12 months**	**Above 1 year**	**Total**
Net financial assets:					
Profit bearing	**686,136,857**	**(14,831,188)**	**(4,258,480)**	**1,248,970,500**	**1,229,880,832**
Non-profit bearing	156,926,109	116,090,475	0	40,835,634	156,926,109
	843,062,966	101,259,287	(4,258,480)	1,289,806,134	1,386,806,941

(All amounts in Saudi Riyals unless otherwise stated)

30 Financial risk management (continued)

30.4 Liquidity risk (continued)

	December 31, 2024				
	Carrying amount	**Less than 3 months on demand**	**3-12 months**	**Above 1 year**	**Total**
Financial assets – profit bearing					
Investment in Islamic Financing	1,844,282,391	297,065,986	638,347,353	1,695,931,823	2,631,345,162
Due from related parties	568,100,138	15,920,044	116,775,512	486,299,593	618,995,149
Margin deposit	7,240,756	-	7,271,634	-	7,271,634
	2,419,623,285	312,986,030	762,394,499	2,182,231,416	3,257,611,945
Financial assets – non-profit bearing					
Cash at banks	48,161,424	48,161,424	-	-	48,161,424
Other receivables	88,493,157	88,493,157	-	-	88,493,157
Due from related parties	-	-	-	-	-
Investment in equity instruments carried at FVOCI	34,975,643	-	-	34,975,643	34,975,643
	171,630,224	136,654,581	-	34,975,643	171,630,224
Total financial assets	2,591,253,509	449,640,611	762,394,499	2,217,207,059	3,429,242,169
Financial liabilities – profit bearing					
Lease liabilities	14,676,510	32,000	3,472,000	12,630,000	16,134,000
Borrowings	1,726,807,958	144,138,988	647,432,844	1,122,485,806	1,914,057,638
	1,741,484,468	144,170,988	650,904,844	1,135,115,806	1,930,191,638
Financial liabilities – non-profit bearing					
Trade payables	16,869,179	16,869,179	-	-	16,869,179
Accruals, provisions and other liabilities	16,586,083	16,586,083	-	-	16,586,083
Due to related parties	1,689,183	1,689,183	-	-	1,689,183
	35,144,445	35,144,445	-	-	35,144,445
Total financial liabilities	1,776,628,913	179,315,433	650,904,844	1,135,115,806	1,965,336,083

	December 31, 2024				
	Carrying amount	**Less than 3 months**	**3-12 months**	**Above 1 year**	**Total**
Net financial assets:					
Profit bearing	678,138,817	168,815,042	111,489,655	1,047,115,610	1,327,420,307
Non-profit bearing	136,485,779	101,510,136	0	34,975,643	136,485,779
	814,624,596	270,325,178	111,489,655	1,082,091,253	1,463,906,086

(All amounts in Saudi Riyals unless otherwise stated)

31 Capital risk management

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern and maintain healthy capital ratios so that it can continue to provide optimal returns to its shareholders and benefits for other stakeholders, and to maintain a strong capital base in order to support the sustainable business development and operational performance.

The Group manages its capital structure and makes adjustments to it in light of the changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2025 and 2024.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of Islamic bank financing and the advantages and security afforded by a sound capital position. The Group monitors aggregate amount of financing offered by the Group based on the regulatory requirements of Regulations for Companies and Saudi Central Bank (SAMA). SAMA requires all the finance companies engaged in business of financing other than real estate, not to exceed the aggregate financing to capital ratio by three times.

	2025	**2024**
Aggregate financing to capital ratio (Net investment in Islamic financing divided by total equity)	**1.83 times**	2.24 times

32 Subsequent events after reporting date

Subsequent to the reporting date, there have been geopolitical developments in the region. Management has assessed the impact of these developments on the Company's operations, financial position and performance and concluded that, as at the date of authorizing these financial statements, they have not had, and are not expected to have any material impact on the Group's operations or consolidated financial statements.

As of the date of approval of these consolidated financial statements, there have been no significant subsequent events requiring disclosure to or adjustment in these consolidated financial statements.

33 Board of Directors' approval

The consolidated financial statements were authorized for issue by the Board of Directors on Ramadan 16, 1447 AH corresponding to March 05, 2026.