

AL YUSR LEASING AND FINANCING COMPANY

(A Saudi Closed Joint Stock Company)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024 (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

AL YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Condensed interim consolidated financial statements (Unaudited)
For the three-month period ended March 31, 2024

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Report on review of condensed interim consolidated financial statements (Unaudited)

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

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Al Yusr Leasing and Financing Company (A Saudi Closed Joint Stock Company) (the “Company”) and its subsidiary (together the “Group”) as of 31 March 2024 and the related condensed interim consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. The Board of Director is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.


Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers


Ali H. Al Basri
License Number 409



5 May 2024

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

	Notes	As at March 31, 2024 Unaudited	As at December 31, 2023 Audited
ASSETS			
Cash at banks	5	32,689,864	3,691,105
Prepayments, advances and other receivables		78,559,639	76,676,612
Investment in Islamic financing held for sale	7.2.1	-	120,362,243
Repossessed assets held for sale		2,409,761	2,469,761
Margin deposits – restricted	6	7,240,756	7,240,756
Due from related parties	7	598,903,076	500,697,022
Investment in Islamic financings, net	8	2,029,900,707	2,192,161,875
Investment in equity instruments carried at fair value through other comprehensive income ("FVOCI")	9	29,017,913	7,401,563
Intangible assets		16,466,292	17,664,316
Right-of-use assets		17,109,012	17,884,093
Investment properties		6,000,000	6,000,000
Property and equipment		3,503,639	3,585,683
Total assets		2,821,800,659	2,955,835,029
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable		27,748,738	21,351,374
Accruals, provisions and other liabilities		53,933,697	52,712,834
Due to related parties	7	3,034,255	3,034,255
Zakat payable	10	17,142,695	23,693,039
Lease liabilities		17,299,977	17,530,905
Employees' end of service benefits		10,727,492	10,955,000
Borrowings	11	1,849,412,827	1,979,277,639
Total liabilities		1,979,299,681	2,108,555,046
Equity			
Share capital		500,000,000	500,000,000
Statutory reserve		123,715,275	123,715,275
Retained earnings		212,435,633	217,214,638
Employees' end of service benefits reserve		6,350,070	6,350,070
Total equity		842,500,978	847,279,983
Total liabilities and equity		2,821,800,659	2,955,835,029

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

Eng. Abdulmohsen Abdullatif Alisa
Chairman

Mr. Mohammed Saleh
AlDowesh
Chief Executive Officer

Mr. Ahmed Darwish
Chief Financial Officer

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

	Notes	For the three-month period ended March 31,	
		2024	2023
PROFIT OR LOSS			
Revenue			
Income from investment in Islamic financings, net	12	93,926,550	62,600,697
Other income, net	13	8,618,712	8,906,554
Total revenue		102,545,262	71,507,251
Operating expenses			
Salaries, wages and other employee related costs		(24,840,410)	(27,316,374)
Depreciation and amortisation		(2,392,440)	(2,589,163)
Other operating expenses	14	(11,411,260)	(15,683,568)
Provision for expected credit losses on financial assets, net	8.6	(31,347,917)	(6,095,021)
Total operating expenses		(69,992,027)	(51,684,126)
Operating profit		32,553,235	19,823,125
Finance costs, net		(37,332,240)	(15,320,661)
(Loss) / profit before zakat		(4,779,005)	4,502,464
Zakat expense	10	-	(928,588)
Net (loss) / profit for the period		(4,779,005)	3,573,876
OTHER COMPREHENSIVE INCOME			
Other comprehensive income for the period		-	-
Total comprehensive (loss) / income for the period		(4,779,005)	3,573,876

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Employees' end of service benefits reserve	Total Equity
Balance as at January 1, 2023 (Audited)	500,000,000	122,906,896	209,939,224	5,788,242	838,634,362
Net profit for the period	-	-	3,573,876	-	3,573,876
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	3,573,876	-	3,573,876
Balance as at March 31, 2023 (Unaudited)	500,000,000	122,906,896	213,513,100	5,788,242	842,208,238
Balance as at January 1, 2024 (Audited)	500,000,000	123,715,275	217,214,638	6,350,070	847,279,983
Net loss for the period	-	-	(4,779,005)	-	(4,779,005)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	(4,779,005)	-	(4,779,005)
Balance as at March 31, 2024 (Unaudited)	500,000,000	123,715,275	212,435,633	6,350,070	842,500,978

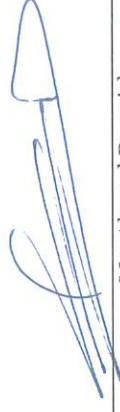
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Eng. Abdulmohsen Abdullatif Alisa
Chairman



Mr. Mohammed Saleh AlDowesh
Chief Executive Officer



Mr. Ahmed Darwish
Chief Financial Officer

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

	Notes	For the three-month period ended March 31,	
		2024	2023
Cash flows from operating activities			
(Loss) / profit before zakat		(4,779,005)	4,502,464
Adjustments to reconcile (loss) / profit before zakat to net cash flows generated from / (used in) operating activities:			
Depreciation and amortisation		2,392,440	2,589,163
Charge for expected credit losses on financial assets	8.6	44,488,230	24,019,578
Finance income on fair value of margin deposits	6.2	-	(21,009)
Finance income on due from related parties	13	(684,993)	(3,694,768)
Finance costs, net		37,332,240	15,320,661
Provision for employees' end of service benefits		525,250	605,750
		79,274,162	43,321,839
<i>Change in operating assets and liabilities</i>			
Prepayments, advances and other receivables		(1,883,027)	(20,899,131)
Repossessed assets held for sale		60,000	1,023,650
Due from related parties		22,841,182	13,651,816
Investment in Islamic financings, net		117,772,938	(220,983,300)
Accounts payable		6,397,367	10,418,565
Accruals, provisions and other liabilities		1,220,863	29,761,886
Due to related parties		-	(7,311,129)
Cash generated from / (used in) operating activities before zakat and employees' end of service benefits paid		225,683,485	(150,952,804)
Zakat paid		(6,550,344)	-
End of service benefits paid		(752,758)	(374,387)
Net cash generated from / (used in) operating activities		218,380,383	(151,327,191)
Cash flows from investing activities			
Investment in equity instruments carried at FVOCI	9	(21,616,350)	-
Payments for purchase of property and equipment		(337,296)	(83,169)
Payments for purchase of intangible assets		-	(312,628)
Net cash used in investing activities		(21,953,646)	(395,797)
Cash flows from financing activities			
Proceeds from borrowings		26,800,000	236,200,000
Repayments of borrowings		(155,043,170)	(145,278,811)
Repayments of lease liabilities		(230,928)	(2,915,217)
Finance costs paid		(38,902,883)	(25,236,116)
Net cash (used in) / generated from financing activities		(167,376,981)	62,769,856
Net change in cash and cash equivalents		29,049,756	(88,953,132)
Cash and cash equivalents at beginning of the period		(24,431,383)	176,937,976
Cash and cash equivalents at end of the period	5	4,618,373	87,984,844
Non-cash transaction			
Investment in Islamic financing held for sale		120,362,243	-
Due from related parties		(120,362,243)	-

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

AL YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024
(All amounts in Saudi Riyals unless otherwise stated)

1 Legal status and operations

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

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

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

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

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

The Subsidiary is licensed to involve in

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

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

These condensed interim consolidated financial statements were authorized for issue by the Group’s board of directors on May 5, 2024.

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

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

2 Basis of preparation

2.1 Statement of compliance

These condensed interim consolidated financial statements of the Group as at and for the three-month period ended March 31, 2024 have been prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting” (“IAS-34”), as endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IAS-34 as endorsed in KSA”).

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

These condensed interim consolidated financial statements do not include all the notes, information and disclosures of the type normally required and included in the annual audited consolidated financial statements. Accordingly,

AL YUSR LEASING AND FINANCING COMPANY
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(UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024
(All amounts in Saudi Riyals unless otherwise stated)

2 Basis of preparation (continued)

2.1 Statement of compliance (continued)

these condensed interim consolidated financial statements are to be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2023.

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

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Going concern

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

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

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

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

3 Consistent application of accounting policies

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

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

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(All amounts in Saudi Riyals unless otherwise stated)

3 Consistent application of accounting policies (continued)

New standards, interpretations and amendments adopted by the Group

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

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

New standards, interpretations and amendments issued but not yet effective

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

Standards, interpretations, amendments	Description	Effective date
Amendment to IFRS 21 – Lack of exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations	January 1, 2025
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures.	Available for optional adoption/effective date deferred indefinitely
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

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3 Consistent application of accounting policies (continued)

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

4 Critical accounting judgments, estimates and assumptions

The preparation of these condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The actual results may differ from these estimates. It also requires management to exercise its 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 interim results may not represent a fully accurate indication of the annual results of operations. In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited consolidated financial statements as at and for the year ended December 31, 2023 including the new critical accounting judgement the management applied during current quarter.

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 derecognise the financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset or in case of partial derecognition where it retains control of the financial asset and accounts for its continuing involvement in the derecognised financial asset. The management exert judgment in assessing the above derecognition criteria.

5 Cash at banks

	As at March 31, 2024	As at December 31, 2023
	Unaudited	Audited
Cash at banks	32,689,864	3,691,105

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

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

	As at March 31, 2024	As at March 31, 2023
	Unaudited	Unaudited
Cash and balances with banks	32,689,864	101,616,875
Less: bank overdrafts (note 11)	(28,071,491)	(13,632,031)
	4,618,373	87,984,844

AL YUSR LEASING AND FINANCING COMPANY
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(All amounts in Saudi Riyals unless otherwise stated)

6 Margin deposits – restricted

	Notes	As at March 31, 2024 Unaudited	As at December 31, 2023 Audited
Margin deposits with banks	6.1	7,271,634	7,271,634
Less: Effect of discounting	6.2	(30,878)	(30,878)
		7,240,756	7,240,756
6.1 This amount represents the margin deposits placed by the Group according to certain securitisation and agency agreements entered into with banks as borrowings amounted to SR 7.2 million as at March 31, 2024 (2023: 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 March 31, 2024 Unaudited	As at December 31, 2023 Audited
Opening balance		30,878	51,887
Finance income during the period / year		-	(21,009)
Ending balance		30,878	30,878

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
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(All amounts in Saudi Riyals unless otherwise stated)

7 Related parties' balances and transactions

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

7.1 Related parties' balances

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

	Nature of relationship	As at March 31, 2024	As at December 31, 2023
		Unaudited	Audited
7.1.1 Due from related parties			
- Abdullatif Alissa Group Holding Company	Parent Company	512,089,035	412,341,577
- National Automotive Trading Company	Affiliate	264,651	264,651
- Alissa Universal Motor Company	Affiliate	85,058,358	86,599,762
- General Automotive Company (GACO)	Affiliate	1,491,032	1,491,032
		598,903,076	500,697,022
7.1.2 Due to related parties			
- Abdullatif Alissa Group Holding Company	Parent Company		-
- Best Trading Company	Affiliate	2,563,591	2,563,591
- Aqar and Memar Real Estate Company	Affiliate	470,664	470,664
		3,034,255	3,034,255
7.1.3 Key management personnel (KMP)*			
<i>(No. of KMP during the three-month period ended March 31, 2024: 12 ; 31 December 31, 2023: 15)</i>			
Accruals, provisions, and other liabilities	Accrued directors' meeting attendance fee	600,000	453,040
Long term benefits payables	Key management personnel's post-employment benefits	1,879,043	1,698,071

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FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024
(All amounts in Saudi Riyals unless otherwise stated)

7 Related parties' balances and transactions (continued)

7.2 Related parties' transactions made during the period

Name of related party	Nature of relationship	Nature of transaction	For the three-month period ended March 31,	
			2024	2023
			Unaudited	Unaudited
Abdullatif Alissa Group Holding Company	Parent Company	Collections against the portfolio sold to Parent Company	15,428,926	16,138,841
		Portfolio sold to Parent Company during the period	120,362,243	-
		Principal repaid	12,000,000	-
		Finance cost paid	7,734,272	-
		Expense charged by Parent Company	1,950,000	2,186,778
		Finance income on sold portfolio	2,859,048	2,341,228
Alissa Universal Motor Company	Affiliate	Finance income earned	458,598	516,762
		Principal repaid	2,000,000	-
Key management personnel*	-	Directors' meeting attendance fee	600,000	511,000
		Salaries and other benefits	2,172,824	2,452,837

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

7.2.1 Portfolio sold to Parent Company

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

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8 Investment in Islamic financings, net

	Note	As at March 31, 2024 Unaudited	As at December 31, 2023 Audited
Gross investment in Islamic financings		2,953,622,909	3,165,472,113
Unearned Islamic financing income		(715,725,950)	(798,971,284)
Unearned origination expense net of unearned origination fee		6,609,525	5,477,612
	8.1	2,244,506,484	2,371,978,441
Less: Provision for ECL allowance		(214,605,777)	(179,816,566)
		2,029,900,707	2,192,161,875

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

March 31, 2024 – Unaudited	Investment in Islamic financings	Provision for ECL allowance	Expected loss rates
Not yet due	1,386,210,702	18,517,195	1%
1-90 days	410,596,972	52,841,795	13%
91-180 days	93,359,615	46,454,199	50%
181-365 days	64,491,335	27,024,869	42%
Above 365 days	289,847,860	69,767,719	24%
	2,244,506,484	214,605,777	10%
December 31, 2023 – Audited	Investment in Islamic financings	Provision for ECL allowance	Expected loss rates
Not yet due	1,636,069,852	19,254,439	1%
1-90 days	347,708,081	38,446,665	11%
91-180 days	44,558,493	19,340,644	43%
181-365 days	55,738,739	26,524,620	48%
Above 365 days	287,903,276	76,250,198	26%
	2,371,978,441	179,816,566	8%

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

	As at March 31, 2024 Unaudited	As at December 31, 2023 Audited
Performing (stage 1)	1,636,362,930	1,891,703,431
Under-performing (stage 2)	160,444,745	92,074,502
Non-performing (stage 3)	447,698,809	388,200,508
	2,244,506,484	2,371,978,441

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8 Investment in Islamic financings, net (continued)

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

	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
As at January 1, 2024	1,891,703,431	92,074,502	388,200,508	2,371,978,441
Transfers from performing	(175,894,592)	147,270,136	28,624,456	-
Transfers from under – performing	14,991,336	(72,323,265)	57,331,929	-
Transfer from non-performing	3,558,831	1,317,886	(4,876,717)	-
Financial assets settled	(172,804,226)	(7,894,514)	(9,838,308)	(190,537,048)
Financial assets originated	74,808,150	-	-	74,808,150
Financial assets written-off	-	-	(11,743,059)	(11,743,059)
As at March 31, 2024 – Unaudited	1,636,362,930	160,444,745	447,698,809	2,244,506,484
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
As at January 1, 2023	1,236,572,355	138,829,843	617,552,823	1,992,955,021
Transfers from performing	(59,865,370)	23,241,618	36,623,752	-
Transfers from under – Performing	61,409,833	(84,287,823)	22,877,990	-
Transfer from non-performing	26,549,323	4,467,064	(31,016,387)	-
Financial assets settled	(519,778,308)	(54,099,800)	(431,614,697)	(1,005,492,805)
Financial assets originated	1,255,784,021	-	-	1,255,784,021
Transfers from financial assets originated	(108,968,423)	63,923,600	45,044,823	-
Financial assets written - off	-	-	(71,299,553)	(71,299,553)
Financial assets held for sale	-	-	200,031,757	200,031,757
As at December 31, 2023 – Audited	1,891,703,431	92,074,502	388,200,508	2,371,978,441

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

	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
As at January 1, 2024	29,291,234	28,409,870	122,115,462	179,816,566
Transfer from performing	(5,704,840)	4,617,747	1,087,093	-
Transfer from under-performing	3,311,518	(23,470,503)	20,158,985	-
Transfer from non-performing	1,470,746	610,918	(2,081,664)	-
Financial assets settled	(769,111)	(2,344,844)	(832,457)	(3,946,412)
Financial assets written - off	-	-	(11,743,058)	(11,743,058)
Additional ECL on financial assets written-off	-	-	3,768,688	3,768,688
Financial assets originated	1,101,506	-	-	1,101,506
Changes in PDs/LGDs/EADs	(2,824,186)	37,658,934	12,214,115	47,048,863
Reversal of ECL on income in suspense	-	-	(1,440,376)	(1,440,376)
As at March 31, 2024 – Unaudited	25,876,867	45,482,122	143,246,788	214,605,777

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8 Investment in Islamic financings, net (continued)

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

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

8.5 Write-offs

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

During the period, the board of directors has approved the write off of investment in Islamic financings amounting to SR 11.7 million (three-month period ended March 31, 2023: SR 13.4 million).

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

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2023
	Unaudited	Unaudited
Charge for ECL allowance - investment in Islamic financings	(40,719,542)	(24,019,578)
Additional ECL on Islamic financings written-off	(3,768,688)	-
Recoveries from written-off customers	13,140,313	17,924,557
Net charge for the period	(31,347,917)	(6,095,021)

8.7 Assignment of Islamic financing receivables

The Group assigned Islamic financing receivables amounting to SR 1,881 million as of March 31, 2024 (December 31, 2023: SR 1,958 million) to local commercial banks for obtaining Islamic bank financing. These Islamic financing receivables have not been derecognised from the consolidated statement of financial position as the Group retains substantially all the risks and rewards, primarily credit risk. The Group is liable to the repayments of its assigned receivables to local commercial banks in case of customers' default. The amount received on assignment of Islamic financing receivables has been recognised as Islamic bank financing in the consolidated statement of financial position.

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

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8 Investment in Islamic financings, net (continued)

8.8 Changes in assumptions including incorporation of forward-looking information

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

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

Sensitivity analysis:

The increase or decrease of 10% change in macroeconomic factors will result in decrease of SR 1.82 million (March 31, 2023: SR 11.8 million) or increase of SR 6.72 million (March 31, 2023: SR 24.90 million) in the ECL provision, respectively.

The increase or decrease of 10% change in loss rates (PDs and LGDs) assuming macroeconomic factors remain the same will result in increase of SR 22.73 million (March 31, 2023: SR 31.77 million) or decrease of SR 24.63 million (March 31, 2023: SR 30.46 million) in the ECL provision, respectively.

9. Investment in equity instruments carried at FVOCI

Name of the equity investments	Notes	As at March 31, 2024	As at December 31, 2023
		Unaudited	Audited
Saudi Financial Lease Contract Registry Company	9.1	892,875	892,875
HyperPay Inc.	9.2	26,250,038	6,508,688
Car Switch Ltd.	9.3	1,875,000	-
		29,017,913	7,401,563

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

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

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

On December 31, 2023, the Subsidiary purchased 5,675 preferred A shares amounting to USD 1.67 million (SR equivalent: 6.5 million) from HyperPay Inc., Abdulrahman Abdulaziz Alali and made a partial purchase from ACP Investment 1 LP.

During current quarter, the Subsidiary has acquired the remaining preferred A and common shares from all the parties at agreed price.

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9. Investment in equity instruments carried at FVOCI (continued)

This investment is not held for trading, instead, it is held for the medium to long-term purposes. Accordingly, the Group has elected to designate this investment in equity instruments as at FVOCI.

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

10 Zakat payable

	As at March 31, 2024 Unaudited	As at December 31, 2023 Audited
Balance at the beginning of the period / year	23,693,039	26,957,665
Charge for the period / year	-	1,841,256
Reversal for prior period / years	-	(997,315)
Zakat expense for the period / year	-	843,941
Payment during the period / year	(6,550,344)	(4,108,567)
Balance at the end of the period / year	17,142,695	23,693,039

10.1 Status of zakat assessments

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

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

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

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11 Borrowings

	As at March 31, 2024	As at December 31, 2023
	Unaudited	Audited
Bank borrowings	1,822,612,760	1,953,178,889
Bank overdrafts (note 5)	28,071,491	28,122,488
Accrued finance costs	7,363,983	8,934,625
Present value gain on profit free borrowings	(8,635,407)	(10,958,363)
	1,849,412,827	1,979,277,639
<i>Borrowings:</i>		
Current portion	753,478,204	741,854,593
Non-current portion	1,095,934,623	1,237,423,046
Total borrowings	1,849,412,827	1,979,277,639

The Group has long-term financing facilities with banks, to finance current and long-term funding needs, primarily to finance Islamic finance receivables, amounting to SR 2,425 million as of March 31, 2024 (December 31, 2023: SR 2,555 million) of which SR 1,822 million was outstanding as of March 31, 2024 (December 31, 2023: SR 1,953 million). The majority of these financing facilities are repayable over a period of three to five years in monthly, quarterly or six-monthly installments. The Group is required to maintain margin deposits (as disclosed in note 6). The margin deposit cannot be withdrawn or used by the Group for liquidity purposes whilst the borrowing is still outstanding.

11.1 Breach of covenants

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

12 Income from investment in Islamic financings, net

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2023
	Unaudited	Unaudited
Income from Murabaha	980,132	3,587,767
Income from Ijara	3,768,875	8,995,241
Income from Tawarruq	86,318,495	50,017,689
Income on receivables against portfolio sold to Parent Company	2,859,048	-
	93,926,550	62,600,697

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13 Other income, net

	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2023
	Unaudited	Unaudited
Finance income on due from related parties	684,993	3,694,768
Income from legal charges, net	1,954,359	2,410,015
Commission on transfer of vehicles ownership	614,817	308,547
Finance income on margin deposits (note 6.2)	-	21,009
Administration fee on additional services to customers, net	69,620	280,618
Others *	5,294,923	2,191,597
	8,618,712	8,906,554

* Others includes miscellaneous fee income such as vehicles valuation fee, vehicle insurance fee and ownership transfer fee.

14 Other operating expenses

		For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2023
	Notes	Unaudited	Unaudited
Insurance (income) / cost, net	14.1	(931,926)	3,030,915
Repair and maintenance		1,737,839	1,584,855
Legal, VAT and consultancy fees, net	14.2	(383,225)	1,896,781
Audit fee		117,000	111,000
Telephone and postage		1,494,322	2,183,752
Professional expenses		3,352,166	2,249,901
Outsourcing - security & others		362,388	574,198
IT cost allocation		1,950,000	1,350,000
Rent expense		362,959	415,014
Advertising expenses		56,340	873,752
Towing charges		1,073,954	498,311
Stationery and printing		46,579	38,478
Donations		1,205,241	676,016
Other operating expenses*		967,623	200,595
		11,411,260	15,683,568

* Others include entertainment expenses and other miscellaneous expenses.

14.1 During the period, the Group reversed SR 6.2 million relating to payable to an insurance broker, which is no longer considered payable.

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

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15 Contingency and commitments

Contingency

The Group has certain legal cases pending in courts against it. However, based on management's best estimate, the recorded provision of SR 7.5 million as at March 31, 2024 (December 31, 2023: SR 11.3 million) is sufficient to cover any future liabilities that might result for the legal cases.

Capital commitments

The Group has commitments for short term leases amounts to SR 2.6 million as at March 31, 2024 (December 31, 2023: SR 3.1 million). There are no other significant capital commitments at the condensed interim consolidated statement of financial position date.

16 Fair value of financial instruments

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

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

Financial instruments comprise financial assets and financial liabilities.

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

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

Fair value hierarchy

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

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

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

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

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

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16 Fair value of financial instruments (continued)

Fair value hierarchy (continued)

	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
March 31, 2024 - Unaudited					
<i>Financial assets at amortised cost:</i>					
Cash at banks	32,689,864	-	-	32,689,864	32,689,864
Other receivables	74,053,863	-	-	74,053,863	74,053,863
Margin deposits – restricted	7,240,756	-	-	7,240,756	7,240,756
Due from related parties	598,903,076	-	-	598,903,076	598,903,076
Investment in Islamic financings, net	2,029,900,707	-	-	2,029,900,707	2,029,900,707
<i>Financial assets at fair value:</i>					
Investment in equity instruments carried at FVOCI	29,017,913	-	-	29,017,913	29,017,913
	2,771,806,179	-	-	2,771,806,179	2,771,806,179
<i>Financial liabilities at amortised cost:</i>					
Accounts payable	27,748,738	-	-	27,748,738	27,748,738
Accruals, and other liabilities	20,193,086	-	-	20,193,086	20,193,086
Due to related parties	3,034,255	-	-	3,034,255	3,034,255
Lease liabilities	17,299,977	-	-	17,299,977	17,299,977
Borrowings	1,849,412,827	-	-	1,849,412,827	1,849,412,827
	1,917,688,883	-	-	1,917,688,883	1,917,688,883

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16 Fair value of financial instruments (continued)

Fair value hierarchy (continued)

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