ABDUL LATIF JAMEEL UNITED FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2025

ABDUL LATIF JAMEEL UNITED FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2025

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Deloitte.

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CR 4030297049

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders
Abdul Latif Jameel United Finance Company
(A Saudi Closed Joint Stock Company)
Jeddah, Saudi Arabia

Introduction:

We have reviewed the accompanying condensed interim statement of financial position of Abdul Latif Jameel United Finance Company (a Saudi Closed Joint Stock Company) ("the Company") as of March 31, 2025 and the related condensed interim 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. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review:

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

Conclusion:

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

Deloitte and Touche & Co.
Chartered Accountants

Waleed Bin Moha'd Sobahi
Certified Public Accountant
License No. 378

30 Shawwal, 1446 AH
April 28, 2025

CR.: 4030297049
Jeddah Branch
Chartered Accountants
Deloitte and Touche & Co.

ABDUL LATIF JAMEEL UNITED FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2025
(Expressed in thousands of Saudi Riyals unless otherwise stated)

ASSETS	Note	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Non-current assets			
Property and equipment		**63,080**	59,017
Intangible assets		**16,399**	17,453
Investment classified at fair value through other comprehensive income		**893**	893
Net investment in finance lease	5	**1,935,462**	1,940,827
Notes receivable carried at fair value through other comprehensive income	6	**10,707**	9,977
Notes receivable carried at amortized cost	6	**28,545**	23,935
Loans and advances to customer, net	7	**823,716**	704,842
Other non-current assets	8	**279,390**	264,444
Total non-current assets		**3,158,192**	3,021,388
Current assets			
Net investment in finance lease	5	**475,903**	477,659
Notes receivable carried at amortized cost	6	**10,500**	9,616
Notes receivables carried at fair value through other comprehensive income	6	**24,571**	21,078
Loans and advances to customer, net	7	**255,874**	228,661
Inventories, net		**87,208**	82,367
Prepayments and other receivables		**492,521**	355,842
Deferred consideration receivable	8	**174,965**	163,833
Due from related parties	9	**14,362**	13,570
Cash and bank balances	10	**1,134,932**	1,060,664
Total current assets		**2,670,836**	2,413,290
TOTAL ASSETS		**5,829,028**	5,434,678
SHAREHOLDERS’ EQUITY AND LIABILITIES			
Shareholders’ equity			
Share capital	1	**1,000,000**	1,000,000
Statutory reserve		**300,000**	300,000
Retained earnings		**1,646,754**	1,524,157
Fair value reserve, net		**524**	449
Hedging reserve	15	**(2,893)**	(2,303)
Actuarial gains, net		**55,398**	55,398
Total shareholders’ equity		**2,999,783**	2,877,701
Non-current liabilities			
Employee benefits liabilities		**84,377**	83,321
Lease liabilities		**1,652**	1,781
Bank borrowings		**93,740**	375,772
Derivative financial instruments	15	**-**	2,303
Other non-current liabilities	11	**260,993**	248,655
Total non-current liabilities		**440,762**	711,832

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION - Continued
AS OF MARCH 31, 2025
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	Note	**March 31, 2025 (Unaudited)**	December 31, 2024 (Audited)
Current liabilities			
Accounts payable, accrued and other liabilities	12	**1,617,694**	1,399,942
Bank borrowings		**485,398**	226,299
Derivative financial instruments	15	**2,893**	-
Due to related parties	9	**282,498**	218,904
Total current liabilities		**2,388,483**	1,845,145
TOTAL LIABILITIES		**2,829,245**	2,556,977
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES		**5,829,028**	5,434,678

ABDUL LATIF JAMEEL UNITED FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2025
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	Note	**Three month period ended March 31 (Unaudited) 2025**	2024
Revenues	13	**205,897**	161,988
Direct costs	14	**(32,884)**	(24,698)
GROSS MARGIN		**173,013**	137,290
Net gain on derecognition of receivables	19	**111,784**	99,829
Net change in present value of assets and liabilities relating to derecognized receivables		**(2,675)**	(3,323)
TOTAL OPERATING INCOME		**282,122**	233,796
Selling and marketing expenses		**(44,856)**	(47,501)
General and administrative expenses		**(62,400)**	(53,104)
Impairment charge on financial assets, net	16	**(52,709)**	(26,463)
Total operating expenses		**(159,965)**	(127,068)
INCOME FROM OPERATIONS, net		**122,157**	106,728
Finance charges		**(10,661)**	(7,226)
Finance income	10	**14,899**	24,611
Other income		**9,164**	12,257
Income before zakat		**135,559**	136,370
Zakat	17	**(12,962)**	(12,085)
NET INCOME FOR THE PERIOD		**122,597**	124,285
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Movement in fair value reserve	6.1	**75**	(439)
Fair value loss on derivative financial instruments	15	**(590)**	(671)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**122,082**	123,175
Basic and diluted earnings per share (expressed in Saudi Riyal per share)	18	**1.23**	1.24

The accompanying notes from 1 to 22 form an integral part of these condensed interim financial statements

ABDUL LATIF JAMEEL UNITED FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
THREE MONTH PERIOD ENDED MARCH 31, 2025
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Retained earnings	Fair value reserve	Hedging reserve	Actuarial gains	Total
January 1, 2024 (audited)		1,000,000	300,000	1,800,742	1,430	-	68,475	3,170,647
Net income for the period		-	-	124,285	-	-	-	124,285
Movement in fair value reserve relating to notes receivable carried at fair value through other comprehensive income	6.1	-	-	-	(439)	-	-	(439)
Movement in fair value of cash flow hedge	15	-	-	-	-	(671)	-	(671)
Total comprehensive income for the period		-	-	124,285	(439)	(671)	-	123,175
March 31, 2024 (unaudited)		1,000,000	300,000	1,925,027	991	(671)	68,475	3,293,822
January 1, 2025 (audited)		**1,000,000**	**300,000**	**1,524,157**	**449**	**(2,303)**	**55,398**	**2,877,701**
Net income for the period		**-**	**-**	**122,597**	**-**	**-**	**-**	**122,597**
Movement in fair value reserve relating to notes receivable carried at fair value through other comprehensive income	6.1	**-**	**-**	**-**	**75**	**-**	**-**	**75**
Movement in fair value of cash flow hedge	15	**-**	**-**	**-**	**-**	**(590)**	**-**	**(590)**
Total comprehensive income for the period				**122,597**	**75**	**(590)**	**-**	**122,082**
March 31, 2025 (unaudited)		**1,000,000**	**300,000**	**1,646,754**	**524**	**(2,893)**	**55,398**	**2,999,783**

ABDUL LATIF JAMEEL UNITED FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF CASH FLOWS
THREE MONTH PERIOD ENDED MARCH 31, 2025
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	For the three month period ended March 31 (Unaudited)	
	2025	2024
OPERATING ACTIVITIES		
Income before zakat	**135,559**	136,370
Adjustments for:		
Depreciation of property and equipment	**2,856**	4,459
Amortization of intangible assets	**2,322**	1,070
Impairment charge on financial assets	**52,709**	26,463
Gain on disposal of property and equipment	**(19)**	(289)
Finance charges	**10,661**	7,226
Finance income	**(14,899)**	(24,611)
Present value loss on receivables under purchase and agency agreements	**(6)**	(501)
Allowance for inventory	**(401)**	(221)
Net gain on derecognition of receivables	**(111,784)**	(99,829)
Net change in present value of assets and liabilities relating to derecognition of receivables	**2,675**	3,323
Provision for employee benefits liabilities	**2,654**	2,589
Provision for onerous contracts	**1,492**	790
	83,819	56,839
Changes in operating assets and liabilities:		
Net investment in finance lease	**74,349**	(122,219)
Notes receivable	**(12,183)**	(6,582)
Loans and advances to customers, net	**(153,558)**	(212,867)
Prepayments, other receivables and other non-current assets	**(164,554)**	(20,206)
Inventories	**(4,440)**	7,381
Due from related parties	**(792)**	4,109
Accounts payable, accrued and other liabilities and other non- current liabilities	**217,081**	61,120
Due to related parties	**63,594**	10,679
Cash generated from / (used in) operations	**103,316**	(221,746)
Employees benefits liabilities paid	**(1,598)**	(965)
Finance charges paid	**(2,262)**	(7,436)
Net cash generated from / (used in) operating activities	**99,456**	(230,147)
INVESTING ACTIVITIES		
Purchase of property and equipment and intangibles	**(8,187)**	(953)
Proceeds from the disposal of property and equipment	**19**	307
Finance income received	**14,899**	24,611
Other deposits	**626,290**	(21,671)
Net cash generated from investing activities	**633,021**	2,294
FINANCING ACTIVITIES		
Finance charges paid	**(8,405)**	(97)
Repayment of lease liabilities	**(581)**	(652)
(Repayments of) / proceeds from bank borrowings, net	**(22,933)**	192,428
Net cash (used in) / generated from financing activities	**(31,919)**	191,679
Net increase / (decrease) in cash and cash equivalents	**700,558**	(36,174)
Cash and cash equivalents at the beginning of the period	**349,934**	309,970
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (note 10)	**1,050,492**	273,796
NON-CASH TRANSACTIONS:		
Movement in fair value reserve	**75**	(439)
Movement in hedging reserve	**(590)**	(671)

The accompanying notes from 1 to 22 form an integral part of these condensed interim financial statements

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION

Abdul Latif Jameel United Finance Company (the "Company") is a Saudi Closed Joint Stock Company, initially registered in the Kingdom of Saudi Arabia as a Limited Liability Company under Commercial Registration number 4030206631, (Unified number 7001715155), issued on 28 Dhul-Hijjah 1431H (corresponding to December 4, 2010).

The Company's head office is in Jeddah. The activities of the Company include real estate financing, financing of productive assets, finance leasing, consumer financing, financing for small and medium companies and microfinance activities in the Kingdom of Saudi Arabia.

On 16 Safar 1436H (corresponding to December 8, 2014), the Company received a license from Saudi Central Bank (SAMA) to undertake activities of finance leasing, financing of productive assets and consumer financing in the Kingdom of Saudi Arabia under license number 28/AU/201412. During the year, the Company renewed its license for another five years until 13 Safar 1451H (corresponding to June 25, 2029).

During 2022, the Company applied for a real-estate and microfinance license, which was granted during the quarter ended December 31, 2022. The Company, upon discussions with SAMA, agreed to execute a business transfer agreement for the transfer of assets and liabilities (including the contract with employees and customers) of Abdul Latif Jameel United Real Estate Finance Company ("ALJUREF") and Bab Rizq Jameel Micro Finance Company ("BRJMF").

The transfer of assets satisfied the definition of "business" transfer between entities under common control and therefore, the transaction was executed at the carrying values in the records of ALJUREF and BRJMF. In accordance with the amended business transfer agreement, the Company settled the amounts due to ALJUREF and BRJMF during 2023. The Company was also required to submit the transfer agreement with SAMA upon its signoff which was duly made on December 26, 2022. The management finalized the addendum to the business transfer agreement.

a) Share capital of the Company

The share capital of the Company is divided into 100,000,000 shares of SR 10 each and is owned as follows:

	March 31, 2025 ***No. of shares of SR 10 each***	**March 31, 2025** **Amount SR'000**	December 31, 2024 Amount SR'000
Abdul Latif Jameel Modern Trading Company Limited	**88,500,000**	**885,000**	885,000
Altawfiq United Company	**10,000,000**	**100,000**	100,000
Taif First United Company Limited	**500,000**	**5,000**	5,000
Bader First United Company Limited	**500,000**	**5,000**	5,000
Najid Al Raeda United Company Limited	**500,000**	**5,000**	5,000
	100,000,000	**1,000,000**	1,000,000

The Ultimate Parent of the Company is Al Mumaizah United Company ("Ultimate Parent"). The Company, the Parent, the Ultimate Parent and other shareholders are wholly owned by Saudi shareholders.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

b) Insurance arrangement

With effect from 1 January 2017, the Company entered into arrangements with Insurers for an initial period of six months, (renewed every six months) for three years. Upon each renewal, the premium rate, insurance charges and profit share was subject to be reviewed for any subsequent renewal period. As a result of this arrangement, the Company does not retain any insurance risk. During 2023, the said agreement was renewed for another three years (renewable every six months) with effect from 1 January 2023.

As per the terms of the insurance agreements, the Company is entitled to a profit share after the completion of three years from the expiry of the agreements, as agreed with the insurers. In respect of the underwriting years 2017 to 2019 that ended on December 31, 2019, the Company received a profit share during 2022 which was included in other income in the profit or loss of that year. In respect of the underwriting years 2020 to 2022, the Company received a profit share during 2024 which was included in other income in the profit or loss of that year.

During 2020, SAMA issued the Rules for Comprehensive Insurance of Motor vehicles financially leased to individuals to regulate the relationship between the financing entities and their individual customers with regard to the insurance coverage on the financially leased vehicles. As per these rules, at the end of the finance contract between the lessee and the lessor, the lessor shall pay back the lessee the extra amount of premiums paid by the lessee or shall ask the lessee to pay the extra amount paid by the lessor to the insurer for the insurance policy.

As part of the periodic installments due from customers, the Company charges customers for insurance cover on the leased properties under lease contracts. Insurance charges represent cost of insurance (premium). Consequently, premiums are paid to the Insurers for the insurance cover for the properties leased. This coverage is intended to hedge any potential risks linked with such financing comprising:

- Life insurance for customers financed to cover for the outstanding exposure in the event of death;
- Insurance coverage for financed properties against potential risks including maintenance needed from time to time.

c) Branches of the Company

As of March 31, 2025, the Company operates through 68 branches (December 31, 2024: 68 branches). The accompanying condensed interim financial statements include the assets, liabilities and results of these branches (including those of ALJUREF and BRJMF) as the beneficial owner of these branches is the Company.

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Amended and revised International Financial Reporting Standards ("IFRSs") Standards that are effective for the current period

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 2025, have been adopted in these condensed interim financial statements.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these condensed interim financial statements.

New and revised IFRS	Summary
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.

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 company’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.
Amendment to IAS 1 – Non-current liabilities with covenants and Classification of liabilities as current or non-current	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.
IFRS S1, ‘General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain. Applicability is subject to endorsement from SOCPA.
IFRS S2, ‘Climate-related disclosures’	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. Applicability is subject to endorsement from SOCPA.
Amendments to IAS 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.
Amendments to the SASB standards to enhance their international applicability	The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics

2.2 New and revised IFRS in issue but not yet effective and not early adopted

At the date of authorization of these condensed interim financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
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.	1 January 2026

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 18, Presentation and Disclosure in Financial Statements IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

The management is in the process of assessing the potential financial impact of the application of the above-mentioned standards and amendments and do not expect that the adoption of the amendments and standards listed above will have a material impact on the financial statements of the Company in future periods except for IFRS 18 - Presentation and Disclosures in Financial Statements.

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial period beginning on or after January 1, 2025 and relevant to the Company's operations.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Statement of compliance

The condensed interim financial statements of the Company as of and for the three month period ended March 31, 2025 are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia.

These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2024.

The results for the interim three month period ended March 31, 2025 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2025.

In preparing these condensed interim financial statements, the significant judgments made by the management are same as those that are applied to the financial statements for the year ended December 31, 2024.

3.2 Basis of preparation

These condensed interim financial statements have been prepared under the historical cost convention using accrual basis of accounting, except for employees benefit liability which is carried at present value of defined benefit obligation, using actuarial present value calculations based on projected unit credit method, the measurement at fair value of 'Investment classified at fair value through other comprehensive income' (FVTOCI), derivative financial instruments and a segment of notes receivable portfolio, which have been measured at their fair values and both of which have been classified as 'FVTOCI'.

3.3 Functional and presentation currency

These condensed interim financial statements have been presented in Saudi Riyals and have been rounded off to the nearest thousand Saudi Riyals, except as otherwise indicated.

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2024.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The accounting estimates and assumptions used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2024. More specifically, the management has classified the borrowings as current during the quarter ended March 31, 2025 based on the decision of the management to prepay these borrowings during 2025.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

5. NET INVESTMENT IN FINANCE LEASE

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Net investment in finance lease relating to vehicles (note 5.1)	**1,993,938**	1,981,458
Net investment in finance lease relating to real estate (note 5.2)	**417,427**	437,028
Total net investment in finance lease	**2,411,365**	2,418,486
Non-current portion		
Net investment in finance lease relating to vehicles (note 5.1)	**1,578,602**	1,562,692
Net investment in finance lease relating to real estate (note 5.2)	**356,860**	378,135
	1,935,462	1,940,827
Current portion		
Net investment in finance lease relating to vehicles (note 5.1)	**415,336**	418,766
Net investment in finance lease relating to real estate (note 5.2)	**60,567**	58,893
	475,903	477,659

5.1 Net investment in finance lease relating to vehicles

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Gross investment in finance lease relating to vehicles	**2,714,258**	2,685,454
Less: unearned finance income	**(660,837)**	(662,417)
Present value of lease payments receivables	**2,053,421**	2,023,038
Less: Allowance for impairment loss (note a)	**(59,483)**	(41,579)
Net investment in finance lease relating to vehicles	**1,993,938**	1,981,458

	March 31, 2025 (Unaudited)			
	Gross investment	**Unearned finance income**	**Allowance for impairment loss**	**Net investment**
Current portion	**741,129**	**(266,310)**	**(59,483)**	**415,336**
Non-current portion	**1,973,129**	**(394,527)**	**-**	**1,578,602**
Total	**2,714,258**	**(660,837)**	**(59,483)**	**1,993,938**

	December 31, 2024 (Audited)			
	Gross investment	Unearned finance income	Allowance for impairment loss	Net investment
Current portion	721,948	(261,603)	(41,579)	418,766
Non-current portion	1,963,506	(400,814)	-	1,562,692
Total	2,685,454	(662,417)	(41,579)	1,981,458

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

a) The movement in allowance for impairment loss is given below:

	Three month period ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
January 1	**41,579**	53,500
Charge during the period (note 16)	**19,034**	2,220
Provision transferred on closure of 'purchase and agency agreements'	**-**	2,852
Amounts written off during the period	**(1,130)**	(3,756)
March 31	**59,483**	54,816

b) The ageing of gross finance lease receivables relating to vehicles which are past due and considered impaired by the management is as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
1 - 3 months	**5,676**	3,840
4 - 6 months	**3,064**	1,530
7 - 12 months	**3,322**	3,321
More than 12 months	**12,183**	9,423
	24,245	18,114

The not yet due portion of above overdue gross finance lease receivables relating to vehicles as of March 31, 2025 amounts to SR 321.2 million (December 31, 2024: SR 195 million).

5.2 Net investment in finance lease relating to real estate

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Gross investment in finance lease relating to real estate	**619,588**	654,120
Less: unearned finance income	**(191,317)**	(207,064)
Present value of lease payments receivables	**428,271**	447,056
Less: Allowance for impairment loss (note a)	**(10,844)**	(10,028)
Net investment in finance lease relating to real estate	**417,427**	437,028

	March 31, 2025 (Unaudited)			
	Gross investment	**Unearned finance income**	**Allowance for impairment loss**	**Net investment**
Current portion	**121,181**	**(49,770)**	**(10,844)**	**60,567**
Non-current portion	**498,407**	**(141,547)**	**-**	**356,860**
Total	**619,588**	**(191,317)**	**(10,844)**	**417,427**

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

	December 31, 2024 (Audited)			
	Gross investment	Unearned finance income	Allowance for impairment loss	Net investment
Current portion	121,607	(52,686)	(10,028)	58,893
Non-current portion	532,513	(154,378)	-	378,135
Total	654,120	(207,064)	(10,028)	437,028

a) The movement in allowance for impairment loss is given below:

	Three month period ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
January 1	**10,028**	9,727
Charge during the period (note 16)	**816**	3,244
March 31	**10,844**	12,971

b) The ageing of gross finance lease receivables relating to real estate which are past due and considered impaired by the management is as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
1 - 3 months	**1,364**	320
4 - 6 months	**226**	34
7 - 12 months	**57**	430
More than 12 months	**558**	-
	2,205	784

The not yet due portion of above overdue gross finance lease receivables relating to real estate as of March 31, 2025 amounts to SR 80.7 million (December 31, 2024: SR 45.89 million).

6. NOTES RECEIVABLE

Notes receivable comprise of receivables arising from instalment sales of equipment and vehicles. For the purposes of these condensed interim financial statements, the notes receivable pertaining to instalment sale of vehicles have been carried at fair value through other comprehensive income (note 6.1) and notes receivable pertaining to instalment sales of equipment have been carried at amortized cost (note 6.2), as detailed below:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Notes receivable carried at fair value through other comprehensive income (note 6.1)	**35,278**	31,055
Notes receivable carried at amortized cost (note 6.2)	**39,045**	33,551

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

6.1 Notes receivable carried at fair value through other comprehensive income

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Notes receivable	**35,278**	31,055
Less: current portion	**(24,571)**	(21,078)
Non- current portion	**10,707**	9,977

As of March 31, 2025, the amortized cost of notes receivable measured at fair value through other comprehensive income was 34.8 SR million (December 31, 2024: SR 30.61 million), whereas the fair value of this portfolio was determined to be 35.3 SR million (December 31, 2024: SR 31.06 million) resulting in fair value reserve of SR 0.52 million (December 31, 2024: SR 0.45 million). The changes in the fair value during the three month period ended March 31, 2025 of SR 0.08 million (March 31, 2024: negative SR 0.44 million) is recognized in the 'condensed interim statement of other comprehensive income'.

The movement in allowance for doubtful debts against notes receivable carried at fair value through other comprehensive income is as follows:

	Three month period ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
January 1	**13,011**	11,277
(Reversal)/charge during the period (note 16)	**(1,292)**	1,587
Amount written off during the period, net	**(2,053)**	(296)
March 31	**9,666**	12,568

6.2 Notes receivable carried at amortized cost

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Notes receivable, gross	**63,974**	52,695
Less: unearned finance income	**(18,849)**	(16,897)
	45,125	35,798
Less: impairment loss allowance	**(6,080)**	(2,247)
Notes receivable, net	**39,045**	33,551

	March 31, 2025 (Unaudited)			
	Gross notes receivables	**Unearned finance income**	**Allowance for impairment loss**	**Net notes receivables**
Current portion	**26,854**	**(10,274)**	**(6,080)**	**10,500**
Non-current portion	**37,120**	**(8,575)**	**-**	**28,545**
Total	**63,974**	**(18,849)**	**(6,080)**	**39,045**

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

	December 31, 2024 (Audited)			
	Gross notes receivables	Unearned finance income	Allowance for impairment loss	Net notes receivables
Current portion	20,300	(8,437)	(2,247)	9,616
Non-current portion	32,395	(8,460)	-	23,935
Total	52,695	(16,897)	(2,247)	33,551

a) The movement in impairment loss allowance is as follows:

	Three month period ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
January 1	**2,247**	483
Charge during the period (note 16)	**3,833**	837
March 31	**6,080**	1,320

b) The ageing of gross notes receivables which are past due and considered impaired by the management is as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
1 - 3 months	**701**	321
4 - 6 months	**619**	699
7 - 12 months	**1,928**	1,119
More than 12 months	**29,932**	29,921
	33,180	32,060

The not yet due portion of above gross overdue notes receivables as of March 31, 2025 amounts to SR 23.8 million (December 31, 2024: SR 17.56 million).

7. LOANS AND ADVANCES TO CUSTOMERS, NET

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Loans and advances to customers - microfinance receivables (note 7.1)	**763,925**	662,814
Loans and advances to customers - tawarruq receivables (note 7.2)	**315,665**	270,689
Total loans and advances to customers, net	**1,079,590**	933,503
Non-current portion		
Loans and advances to customers - microfinance receivables (note 7.1)	**580,660**	494,677
Loans and advances to customers - tawarruq receivables (note 7.2)	**243,056**	210,165
	823,716	704,842

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

Current portion		
Loans and advances to customers - microfinance receivables (note 7.1)	**183,265**	168,137
Loans and advances to customers - tawarruq receivables (note 7.2)	**72,609**	60,524
	255,874	228,661

7.1 Loans and advances to customers - Microfinance receivables

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Loans and advances to customers - Microfinance receivables	**819,523**	698,743
Less: allowance for impairment loss	**(55,598)**	(35,929)
	763,925	662,814

	Year	**March 31, 2025 (Unaudited)**	December 31, 2024 (Audited)
Current portion	2025	-	168,137
	March 31, 2026	**183,265**	-
Non-current portion	2026	**195,160**	222,038
	2027	**222,521**	176,648
	2028	**129,417**	82,382
	2029	**30,708**	13,345
	2030	**2,854**	264
Non-current portion		**580,660**	494,677
Total		**763,925**	662,814

a) The movement in allowance for impairment loss is as follows:

	Three month period ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
January 1	**35,929**	6,415
Charge during the period (note 16)	**22,796**	1,888
Amounts written off during the period, net	**(3,127)**	(1,133)
March 31	**55,598**	7,170

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

b) The ageing of loans and advances to customers (micro finance receivables) which are past due and considered impaired by the management is as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
1 - 3 months	**4,426**	1,551
4 - 6 months	**2,513**	1,446
7 - 12 months	**3,480**	2,887
More than 12 months	**1,839**	1,200
	12,258	7,084

The not yet due portion of above overdue loans and advances to customers (micro finance receivables) as of March 31, 2025 amounts to SR 158.3 million (December 31, 2024: SR 67.9 million).

7.2 Loans and advances to customers - Tawarruq receivables

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Loans and advances to customers - Tawarruq receivables	**349,433**	300,479
Less: allowance for impairment loss	**(33,768)**	(29,788)
	315,665	270,689

	Year	**March 31, 2025 (Unaudited)**	December 31, 2024 (Audited)
Current portion	2025	**-**	60,524
	March 31, 2026	**72,609**	-
Non-current portion	2026	**88,385**	98,847
	2027	**100,576**	76,332
	2028	**33,996**	18,870
	2029	**17,003**	16,017
	2030	**3,096**	99
Non-current portion		**243,056**	210,165
Total		**315,665**	270,689

a) The movement in allowance for impairment loss is as follows:

	Three month period ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
January 1	**29,788**	27,178
Charge during the period (note 16)	**7,522**	16,793
Amounts written off during the period	**(3,542)**	(3,447)
March 31	**33,768**	40,524

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

b) The ageing of loans and advances to customers (Tawarruq receivables) which are past due and considered impaired by the management is as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
1 - 3 months	**1,105**	527
4 - 6 months	**1,078**	1,441
7 - 12 months	**4,945**	3,044
More than 12 months	**506**	332
	7,634	5,344

The not yet due portion of above overdue loans and advances to customers (Tawarruq receivables) as of March 31, 2025 amounts to SR 43.6 million (December 31, 2024: SR 32.28 million).

8. OTHER NON-CURRENT ASSETS

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Employees' receivables - non-current portion	**5,877**	6,031
Present value of net servicing asset (note 19)	**20,202**	18,097
Deferred consideration receivable - non-current portion (note 8.1 & 19)	**253,311**	240,316
	279,390	264,444

8.1 Current portion of deferred consideration receivables as of March 31, 2025 amounts to SR 174.97 million (December 31, 2024: SR 163.8 million)

9. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associated companies, shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management and agreed between the concerned parties.

i) Following are the details of related party transactions during the period:

Related party	**Nature of transaction**	**Three month period ended March 31**	
		2025 (Unaudited)	2024 (Unaudited)
Ultimate Parent	Collections from Company's customers	**-**	45
Affiliates	Purchases, net	**447,277**	513,361
	Advertisement expenses	**340**	255
	Expenses charged by	**1,627**	1,697
	Supports received (rebates)	**13,608**	3,463
	Repairs and maintenance	**195**	114
	Sale of repossessed cars	**6**	-

Vehicles are purchased from a related party for further lease to lessees.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

Due from related parties comprised of the following:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Abdul Latif Jameel Import and Distribution Company	**13,813**	9,982
Abdul Latif Jameel Technology Products Company Limited	**-**	2,603
Bab Rizq Jameel Micro Finance Company	**191**	620
Al-Tasweyah for Debts Collection Company Limited	**358**	332
Al Ufuq Auction Company	**-**	33
	14,362	13,570

Due to related parties comprised of the following:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Abdul Latif Jameel Retail Company Limited	**154,479**	167,805
Abdul Latif Jameel for Automotive Wholesale Company Limited	**116,178**	44,273
Salim Saleh Saeed Babqui Trading Company Limited	**5,033**	3,767
Mutalba Debt Collection Company	**40**	74
Abdul Latif Jameel Bodywork and Paint Company Limited	**75**	468
Al Mumaizah United Company ("Ultimate Parent")	**85**	37
Abdul Latif Jameel Company Limited	**1,872**	-
Abdul Latif Jameel Technology Company Limited	**1,483**	256
Abdul Latif Jameel Technology Products Company Limited	**317**	-
Abdul Latif Jameel United Real Estate Finance Company	**-**	10
Abdul Latif Jameel Industrial Equipment Company Limited	**2,936**	2,153
Bab Rizq Jameel Company Limited for Service	**-**	61
	282,498	218,904

ii) The total amount of compensation to key management personnel during the period is as follows:

	Three month period ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
Directors' remuneration	**3,819**	2,330
Short-term employee benefits	**5,000**	3,000
Employee benefits liabilities	**370**	258
	9,189	5,588

The Company's Board of Directors includes the Board and other Board related committees (Credit and Risk Management Committee and Audit Committee). Compensation to the Company's key management personnel includes salaries, non-cash benefits allowances (excluding bonuses) and post-employment defined benefits plans.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

10. CASH AND BANK BALANCES

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Cash in hand	**1,326**	950
Bank balances	**1,049,166**	348,984
Cash and cash equivalents	**1,050,492**	349,934
Other deposits (having original maturity of more than three months) (note 'b')	**84,440**	710,730
Total cash and bank balances	**1,134,932**	1,060,664

a) During the period, the Company earned SR 14.9 million (March 31, 2024: SR 24.6 million) on the murabaha deposits at the rate of return ranging from 4.1% to 6.1% (March 31, 2024: 5.5% to 6.2%).

b) As of March 31, 2025, this includes murabaha deposits of SR 84.4 million (December 31, 2024: SR 68.1 million), representing amounts set aside in respect of employees' benefits liabilities.

c) Details of foreign currency time deposits and cash and cash equivalents is as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Cash and bank balances	**37,925**	9
Other deposits	**-**	642,667
Total	**37,925**	642,676

d) At each reporting date, all bank balances including short-term Murabaha and other deposits are assessed to have low credit risk as they are held with reputable and high credit rating institutions and there has been no history of default with any of the Company's bank balance. Therefore, the probability of default based on forward looking factors and any loss given defaults are considered to be negligible.

11. OTHER NON-CURRENT LIABILITIES

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Present value of net servicing liability - non-current portion (note 19)	**7,682**	8,339
Provision against expected defaults and discounts in respect of sold finance lease and notes receivable - non-current portion (note 19)	**253,311**	240,316
	260,993	248,655

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

12. ACCOUNTS PAYABLE, ACCRUED AND OTHER LIABILITIES

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Accounts payable – trade	**292,460**	157,650
Accrued expenses*	**23,871**	31,702
Zakat payable (note 17)	**107,351**	94,389
Payable under purchase and agency agreements (note 19)	**838,813**	776,015
Present value of net servicing liability - current portion (note 19)	**9,483**	10,394
Amount due to the insurer	**147,333**	87,906
Current portion of lease liabilities	**725**	1,139
Provision for onerous arrangement (note a)	**2,107**	615
Advance collections and other payables	**195,551**	240,132
	1,617,694	1,399,942

* Accrued expenses include amount due to related parties amounting to SR 1.67 million (December 31, 2024: Nil).

a) The movement in the provision for onerous insurance arrangements is as follows:

	Three month period ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
January 1	**615**	-
Charge for the period (note 14)	**1,492**	790
March 31	**2,107**	790

13. REVENUES

	Three month period ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
Income from finance lease relating to vehicles	**75,220**	58,867
Income from finance lease relating to real estate	**14,229**	11,906
Income from instalment sales	**18,000**	11,213
Income from loans and advances to customers - microfinance receivables	**33,036**	16,232
Income from loans and advances to customers - tawarruq receivables	**16,896**	19,734
Contract fee income	**14,554**	13,243
Income from purchase and agency agreements – agency fee (note 19)	**32,976**	26,414
Others	**986**	4,379
	205,897	161,988

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

14. DIRECT COSTS

	Three month period ended March 31	
	2025	2024
	(Unaudited)	(Unaudited)
Direct costs on finance lease relating to vehicles	**12,305**	10,233
Direct costs on finance lease relating to real estate	**893**	794
Direct cost on instalment sales	**14,391**	9,307
Direct costs on loans and advances to customers - microfinance receivables	**281**	159
Direct costs on loans and advances to customers – tawarruq receivables	**3,522**	3,415
Charge for provision for onerous insurance arrangements (note 12)	**1,492**	790
	32,884	24,698

15. DERIVATIVE FINANCIAL INSTRUMENTS

The Company entered into profit rate swap (“PRS”) agreements with local commercial banks to convert floating interest rate on bank borrowings to fixed interest rate arrangements. The Company designated PRS, at its outset, as a cash flow hedge.

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in the cash flow hedge since the hedging instrument has been designed to match the critical terms of the hedged item including prepayment features.

The outstanding notional value as of March 31, 2025 was SR 363.92 million (December 31, 2024: 528.04 million).

As of March 31, 2025, the PRS with negative fair value amounted to SR 2.89 million (December 31, 2024: 2.3 million), based on the valuation confirmed by the Company's bankers and included in current liabilities.

The movement in PRS positive fair value is as follows:

	Three month period ended March 31	
	2025	2024
	(Unaudited)	(Unaudited)
January 1	-	-
Fair value gain on derivative financial instruments presented under other comprehensive income - effective portion	-	839
March 31	-	839

The movement in PRS negative fair value is as follows:

	Three month period ended March 31	
	2025	2024
	(Unaudited)	(Unaudited)
January 1	**2,303**	-
Fair value loss on derivative financial instruments presented under other comprehensive income - effective portion	**590**	1,510
March 31	**2,893**	1,510

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

Net fair value loss for the period on derivative financial instruments presented under other comprehensive income - effective portion	**590**	671

16. IMPAIRMENT OF FINANCIAL ASSETS

	Three month period ended March 31	
	2025	2024
	(Unaudited)	(Unaudited)
Impairment charge/(reversal) on lease receivables relating to vehicles (note 5.1)	**19,034**	2,220
Impairment charge on lease receivables relating to real estate (note 5.2)	**816**	3,244
Impairment charge on notes receivable carried at fair value through other comprehensive income (note 6.1)	**(1,292)**	1,587
Impairment charge/(reversal) on notes receivable carried at amortized cost (note 6.2)	**3,833**	837
Impairment charge on loans and advances to customers - microfinance receivables (note 7.1)	**22,796**	1,888
Impairment charge on loans and advances to customers – tawarruq receivables (note 7.2)	**7,522**	16,793
Reversal of impairment on receivables under purchase and agency agreements	**-**	(106)
	52,709	26,463

17. ZAKAT

During the three month period ended March 31, 2025, an amount of SR 12.96 million has been recorded as zakat charge (March 31, 2024: SR 12.1 million) and no amount has been paid to Zakat, Tax And Customs Authority (ZATCA) during the three month periods ended March 31, 2025 and March 31, 2024.

Status of zakat assessments

For the year 2012, ZATCA issued an assessment claiming additional zakat of SR 27.6 million against which the Company filed an objection, which was not accepted by the ZATCA, therefore, the Company requested that the objection be forwarded to the Preliminary Objection Committee. However, the Company has retracted the objection and settled the above amount. The zakat declaration for the year 2013 is currently under review by the ZATCA and the declarations for the years 2014 to 2018 have been finalized (with an overpayment of SR 5.53 million as an excess amount refunded by ZATCA on March 23, 2022), while the declarations for 2019, 2020, 2021, 2022 and 2023 are under review. Further, the Company has a zakat certificate valid up to April 30, 2025.

18. EARNINGS PER SHARE

Basic earnings per share amounts is calculated by dividing the net profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the three month periods ended March 31, 2025 and March 31, 2024.

There has been no dilutive effect on the weighted average number of shares during the three month periods ended March 31, 2025 and March 31, 2024.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

The basic and diluted earnings per share are calculated as follows:

	Three month period ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
Net income for the period *(in SR '000)*	**122,597**	124,285
Weighted average number of ordinary shares *(in'000)* (note 1(a))	**100,000**	100,000
Basic and diluted earnings (expressed in SR per share)	**1.23**	1.24

19. PURCHASE AND AGENCY AGREEMENTS

The Company has entered into purchase and agency agreements (the 'agreements') with certain local banks in respect of certain financial assets comprising of finance lease, notes receivable and tawarruq receivables (collectively referred as "receivables").

Under the terms of the purchase and agency agreements, the Company first sells the eligible receivables to the banks and then manages them on behalf of the banks as an agent for a monthly fee as per the terms of the agreements.

During the three month period ended March 31, 2025, the Company sold SR 1,139.9 million (March 31, 2024: SR 858.9 million) of its net receivables and the total amount received from the bank in respect of such sale was SR 1,241.3 million (March 31, 2024: SR 946.4 million). Upon sale, the Company derecognizes the receivables from its books and recognizes the difference as either gain or loss on derecognition of receivables (note (c)).

The following are the significant terms of the agreement:

a) The Company continues to manage the sold receivables on behalf of the banks for a fee (agency fee). The total settlement of net receivables to be made to the banks (as per the agreed cash flows), as an agent under purchase and agency arrangements amount to SR 8,803 million as of March 31, 2025 (December 31, 2024: SR 8,275 million).

The maturity analysis of derecognized receivables is as follows:

Under purchase and agency agreements	**Up to 1 year**	**2 - 3 years**	**After 3 years**	**Total**
March 31, 2025 (Unaudited)	**3,308,527**	**3,912,911**	**1,581,632**	**8,803,070**
December 31, 2024 (Audited)	3,006,980	3,765,541	1,502,802	8,275,323

b) Each agreement is supported by a "cash flow statement" which stipulates the principal amount and the monthly receivables falling due. Under the terms of the agreements, the Company, in the capacity of an agent, settles to the banks a monthly amount based on the cash flow statement. Any excess collections over and above the stipulated amounts and after retaining the amount for the next month's repayment, are transferred monthly by the Company to the banks. The amount of the next month's repayment is recognized as a liability and included in payable under purchase and agency agreements (note 12).

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

c) A reserve is to be maintained out of the monthly receipts, which is to be distributed at the end of the term of the agreements after deducting the actual defaults and discounts due to premature terminations. The balance in the reserve account after deducting the actual defaults and discounts shall be retained by the Company as deferred consideration on sale of receivables. Any shortfall in the reserve account is to be borne by the banks.

During the three month period ended March 31, 2025, the Company made gain amounting to SR 107.7 million (March 31, 2024: SR 90.2 million) on derecognition of receivables sold to the banks under the agreements, which is calculated as follows:

	Three month period ended March 31	
	2025	2024
	(Unaudited)	(Unaudited)
Gross amount of finance lease receivables sold	**1,343,585**	1,110,382
Gross amount of tawarruq receivables sold	**199,698**	56,927
Less: deferred finance income	**(403,285)**	(308,418)
Less: present value of deferred consideration receivable (note (i))	**-**	-
Less: present value of net servicing liability (note (ii))	**(6,349)**	(2,797)
Less: amounts received from the banks	**(1,241,313)**	(946,387)
Net gain on derecognition of receivables	**107,664**	90,293

During the three-month period ended March 31, 2025 certain purchase and agency agreements entered into by the Company, matured and the Company recorded a net gain amounting to SR 4.1 million (March 31, 2024: SR 9.5 million) after deducting the actual customer defaults and discounts on premature terminations. The Company obtained final settlement and discharge letters from the banks with respect to these agreements.

The total gain on derecognized receivables for the period is as follows:

	Three month period ended March 31	
	2025	2024
	(Unaudited)	(Unaudited)
Gain on derecognition of receivables	**107,664**	90,293
Gain on maturity of derecognized pools	**4,120**	9,536
	111,784	99,829

i. The deferred consideration receivable represents the continuing involvement in the transferred asset. Provision against expected defaults in respect of sold finance lease and notes receivable represents a guarantee provided by the Company under purchase and agency agreements to pay for default losses on a transferred asset. These have been disclosed as deferred consideration receivable (note 8) and provision against expected defaults and discounts in respect of sold finance lease and notes receivable (notes 11 and 12).

ii. The Company's net servicing assets and related liabilities are calculated separately for each agreement by calculating the present value of servicing assets, as per the terms of the agreement and by estimating the present value of servicing liability and related provisions. The net amount is classified as a net servicing asset or a net servicing liability on the condensed interim statement of financial position. This has been presented as follows:

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Present value of net servicing assets (note 8)	**20,202**	18,097
Present value of net servicing liability	**17,165**	18,733
Less: current portion (note 12)	**(9,483)**	(10,394)
Non-current portion (note 11)	**7,682**	8,339

The present value of net deferred consideration receivable and the present value of net servicing asset and net servicing liability is calculated by using the appropriate discount rate.

20. FINANCIAL RISK MANAGEMENT

Credit Risk

Credit quality analysis

i) Financial assets carried at fair value through other comprehensive income (FVTOCI)

The following tables set out information about the credit quality of financial assets measured at fair value through other comprehensive income as of March 31, 2025 and December 31, 2024. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

a) Net carrying amounts

	March 31, 2025 (Unaudited)			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Notes receivable carried at fair value through other comprehensive income	**16,107**	**724**	**18,447**	**35,278**

	December 31, 2024 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Notes receivable carried at fair value through other comprehensive income	12,908	565	17,582	31,055

b) Allowance for ECL

	March 31, 2025 (Unaudited)			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Notes receivable carried at fair value through other comprehensive income	**157**	**14**	**9,495**	**9,666**

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

	December 31, 2024 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Notes receivable carried at fair value through other comprehensive income	151	13	12,847	13,011

ii) Financial assets carried at amortized cost

The following tables set out information about the credit quality of financial assets measured at amortized cost as of March 31, 2025 and December 31, 2024. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

a) Gross carrying amounts

	March 31, 2025 (Unaudited)			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Net investment in finance lease relating to vehicles	**2,500,641**	**191,285**	**22,332**	**2,714,258**
Net investment in finance lease relating to real estate	**576,634**	**31,698**	**11,256**	**619,588**
Notes receivable carried at amortized cost	**37,839**	**12,893**	**13,242**	**63,974**
Loans and advances to customers - microfinance receivables	**976,043**	**50,323**	**36,589**	**1,062,995**
Loans and advances to customers - tawarruq receivables	**432,278**	**24,862**	**27,876**	**485,016**
Carrying amount	**4,523,435**	**311,061**	**111,295**	**4,945,831**

	December 31, 2024 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Net investment in finance lease relating to vehicles	2,495,430	169,799	20,225	2,685,454
Net investment in finance lease relating to real estate	633,503	11,891	8,726	654,120
Notes receivable carried at amortized cost	33,953	7,687	11,055	52,695
Loans and advances to customers - microfinance receivables	866,012	13,654	23,863	903,529
Loans and advances to customers - tawarruq receivables	390,149	6,879	23,063	420,091
Carrying amount	4,419,047	209,910	86,932	4,715,889

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

b) Allowance for ECL

	March 31, 2025 (Unaudited)			
	12 month ECL	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
Net investment in finance lease relating to vehicles	**22,876**	**7,591**	**29,016**	**59,483**
Net investment in finance lease relating to real estate	**6,784**	**2,320**	**1,740**	**10,844**
Notes receivable carried at amortized cost	**173**	**93**	**5,814**	**6,080**
Loans and advances to customers - microfinance receivables	**16,068**	**2,941**	**36,589**	**55,598**
Loans and advances to customers - tawarruq receivables	**10,106**	**771**	**22,891**	**33,768**
	56,007	**13,716**	**96,050**	**165,773**

	December 31, 2024 (Audited)			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Net investment in finance lease relating to vehicles	22,686	3,545	15,348	41,579
Net investment in finance lease relating to real estate	7,840	778	1,410	10,028
Notes receivable carried at amortized cost	152	61	2,034	2,247
Loans and advances to customers - microfinance receivables	11,364	702	23,863	35,929
Loans and advances to customers - tawarruq receivables	11,722	217	17,849	29,788
	53,764	5,303	60,504	119,571

The allowance for ECL for net investment in finance lease also includes the ECL on insurance, which the Company arranges on behalf of the customers.

Amounts arising from ECL - Significant increase in credit risk (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

The Company groups its receivables into Stage 1, Stage 2, Stage 3 as described below:

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

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

Stage 3: Receivables considered credit impaired. The Company records an allowance for the Lifetime ECL.

Credit risk grades

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

a) Generating the term structure of PD

For the determination of term structure of PD for exposures, the Company does not recognize the deterioration of credit quality to intermediate-risk buckets/grades. Rather PD term structure has been created using cumulative PD methodologies.

The Company employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and macroeconomic factors as well as in depth analysis of the input of certain other factors (e.g. forbearance experience) on the risk of default include oil prices, inflation, manufacturing purchasing manager's index, money supply, GDP etc. For exposures to specific industries and/or regions, the analysis may extend to relevant commodity and/or real estate prices.

Based on external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see incorporation of forward-looking information). The Company then uses these forecasts to adjust its estimates of PDs.

b) Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly include 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, which is determined under basis of Company's staging criteria.

Using its expert credit judgment and, where possible, relevant historical experience, the Company may determine that an 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 Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. 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 borrower.

The Company 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 an 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).

No change has been made in the backstop criteria for all types of exposures, except as disclosed below.

c) Modified financial assets

The contractual terms of finance lease, notes receivables and loans and advances to customers may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing financing and advances whose terms have been modified may be derecognized and the renegotiated financing and advances recognized as a new financing and advances at fair value in accordance with the accounting policy.

When the terms of finance lease, notes receivables and loans and advances to customers are modified and the modification does not result in de-recognition, the determination of whether the asset's credit risk has increased significantly is completed on the basis of the approved staging criteria.

The Company renegotiates finance lease, notes receivables and loans and advances to customers in financial difficulties (referred to as 'forbearance activities') to maximize collection opportunities and minimize the risk of default. Under the Company's forbearance policy, finance lease, notes receivable and loans and advances to customers forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of leasing and instalments covenants. Both consumer and corporate portfolios are subject to the forbearance policy.

d) Definition of 'Default'

A default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place:

- The obligor is past due for 90 days or more on any material credit obligations to the Company including principal instalments, interest payments and fees.
- The Company considers that the obligor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any).

The definition of default largely aligns with that applied by the Company for regulatory capital purposes.

e) Incorporation of forward-looking information

The Company 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. Based on advice from the external actual and forecast information, the Company 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 governmental bodies and monetary authorities in the Kingdom of Saudi Arabia and selected private sector and academic forecasters.
The Company 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.

There have been no changes to the types of forward looking variables (key economic drivers) used as model inputs in the current year.

f) Measurement of ECL

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)

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

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 and externally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between ratings 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.

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties while also incorporating forward-looking information through Jacobs & Frye method. The LGD models consider the structure, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization.

The Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require repayment of an advance or terminate a finance lease, notes receivables and loans and advances arrangement.

Given current economic uncertainties and the judgment applied to factors used in determining the expected default of finance lease, notes receivables and loans and advances to customers in future periods, expected credit losses reported by the Company should be considered as a best estimate within a range of possible estimates.

Updates to the ECL Methodology

- As of January 1, 2023, the Company has made the following material changes as a result of the change in the ECL Methodology and new SAMA rules:
- It has aligned with the SAMA guidelines the governance and controls framework over ECL estimation and reporting focusing on data integrity and model validation.
- Revised and more recent portfolio data has been used to compute the PD and LGD.
- Updated macroeconomic forecasts were used to update PIT PD and LGD estimates.
- The gross outstanding as of reporting date and each future prediction date (monthly) is considered as the EAD as opposed to net outstanding.

- Cool off periods have been defined with minimum time interval for which an account needs to stay in the worse stage before being transferred to a better stage after the criteria for classification into worse stage no longer persists.

Updates to the SAMA write-off rules

During 2020, SAMA issued rules governing credit risk exposure classification and provisioning. These rules set out the minimum requirements on credit risk exposure classification and provisioning. These rules shall be applicable to all finance companies licensed pursuant to finance companies control law effective from July 1, 2021. In a subsequent communication, SAMA deferred implementation of the rules to January 1, 2023, except for certain rules (relating to write offs) to be implemented on or before December 31, 2023.

Moreover, the new rules require the Company to write off any exposures meeting the following criteria:

a) Unsecured exposures (including retail, micro and small enterprises and excluding mortgages) should be written off within 360 days once they are classified as Stage 3 exposures;
b) Secured exposures (including retail, micro and small enterprises and excluding mortgages) should be written off within 720 days once they are classified as Stage 3 exposures;

c) Mortgages (including retail, micro and small enterprises mortgages) and corporate exposures (including medium corporates as per MSME definition by SAMA) should be written off before 1,080 days from the date they are classified as Stage 3 exposures;

g) Governance and controls

In addition to the existing risk management framework, the Company has established a Steering Committee for oversight of IFRS 9 impairment process that includes representation from Finance, Risk and Information Technology (IT), as well as the involvement of subject matter experts in the areas of methodology reviews, data sourcing, risk modelling, and formulating judgements with respect to the aspects of significant increase in credit risk determination, macroeconomic assumptions and forward looking factors. The Framework and related controls have been approved by the board of directors.

h) Capital management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide adequate return to its shareholders through the optimization of the capital structure. The Company manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors aggregate amount of financing offered by the Company on the basis of the regulatory requirements of Regulations for Companies and SAMA. SAMA requires finance Companies engaged in financing other than real estate, to maintain aggregate financing to capital ratio of three times. For real estate financing, the requirement for capital ratio is five times.

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Aggregate financing to capital ratio (Total financing (net investment in finance lease, notes Receivable and loans and advances to customers) divided by total shareholders' equity)	**1.19 times**	1.19 times

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial assets consist of cash and bank balances, net investment in finance lease relating to vehicles, net investment in finance lease relating to real estate, notes receivable, loans and advances to customers, due from related parties, net deferred consideration receivable, employees' receivables, amount due from insurer and other receivables. Its financial liabilities consist of due to related parties, accounts payable, payable under purchase and agency agreements, lease liabilities and amount due to Insurer.

The fair values of the financial instruments are not materially different from their carrying values except for the net investment in finance lease and a segment of notes receivable portfolio measured at amortized cost.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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.

The following table provides the fair value measurement hierarchy of the Company's financial assets as of March 31, 2025 and December 31, 2024:

March 31, 2025 (Unaudited)		**Fair value measurement using**		
	Total	**Quoted prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets measured at fair value				
Notes receivable classified as fair value through other comprehensive income	**35,278**	**-**	**-**	**35,278**
Investment classified as fair value through other comprehensive income	**893**	**-**	**-**	**893**
Negative fair value of derivative financial instruments	**2,893**	**-**	**-**	**2,893**

(Expressed in Thousands of Saudi Riyals unless otherwise stated)

December 31, 2024 (Audited)		Fair value measurement using		
	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value				
Notes receivable classified as fair value through other comprehensive income	31,055	-	-	31,055
Investment classified as fair value through other comprehensive income	893	-	-	893
Negative fair value of derivative financial instruments	2,303	-	-	2,303

22. BOARD OF DIRECTORS' APPROVAL

These condensed interim financial statements were approved by the Board of Directors on April 24, 2025 (corresponding to 26 Shawwal, 1446 AH).