

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 AND SIX MONTH PERIODS
ENDED JUNE 30, 2025**

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

**CONDENSED INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2025**

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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 June 30, 2025 and the related condensed interim statement of profit or loss and other comprehensive income for the three month and six month periods ended June 30, 2025 and the related condensed interim statement of changes in equity and cash flows for the six month period ended June 30, 2025 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:

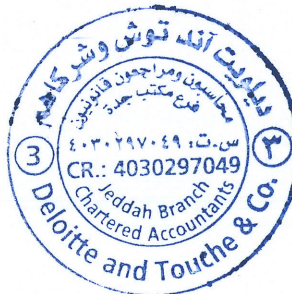
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Deloitte and Touche & Co.
Chartered Accountants



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

3 Safar, 1447 AH
July 28, 2025



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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2025

(Expressed in thousands of Saudi Riyals unless otherwise stated)

	Note	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS			
Non-current assets			
Property and equipment		66,187	59,017
Intangible assets		14,395	17,453
Investment classified as fair value through other comprehensive income		893	893
Net investment in finance lease	5	1,728,894	1,940,827
Notes receivable carried at amortized cost	6	27,933	23,935
Notes receivable carried at fair value through other comprehensive income	6	10,058	9,977
Loans and advances to customers, net	7	943,061	704,842
Other non-current assets	8	295,244	264,444
Total non-current assets		3,086,665	3,021,388
Current assets			
Net investment in finance lease	5	500,548	477,659
Notes receivable carried at amortized cost	6	17,404	9,616
Notes receivable carried at fair value through other comprehensive income	6	21,037	21,078
Loans and advances to customers, net	7	271,855	228,661
Inventories, net		77,082	82,367
Prepayments and other receivables		529,977	355,842
Deferred consideration receivable	8.1	187,587	163,833
Due from related parties	9	10,849	13,570
Cash and bank balances	10	1,185,042	1,060,664
Total current assets		2,801,381	2,413,290
TOTAL ASSETS		5,888,046	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		1,802,904	1,524,157
Fair value reserve, net		470	449
Hedging reserve	15	(1,765)	(2,303)
Actuarial gains, net		55,398	55,398
Total shareholders' equity		3,157,007	2,877,701
Non-current liabilities			
Employee benefits liabilities		84,515	83,321
Lease liabilities		1,552	1,781
Bank borrowings		334,781	375,772
Derivative financial instruments	15	-	2,303
Other non-current liabilities	11	271,910	248,655
Total non-current liabilities		692,758	711,832
Current liabilities			
Accounts payable, accrued and other liabilities	12	1,463,677	1,399,942
Bank borrowings		398,829	226,299
Derivative financial instruments	15	1,765	-
Due to related parties	9	174,010	218,904
Total current liabilities		2,038,281	1,845,145
TOTAL LIABILITIES		2,731,039	2,556,977
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		5,888,046	5,434,678

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 PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2025
(Expressed in thousands of Saudi Riyals unless otherwise stated)

		Three month period ended June 30 (Unaudited)		Six month period ended June 30 (Unaudited)	
	Note	2025	2024	2025	2024
Revenues	13	208,759	167,896	414,656	329,884
Direct costs	14	(26,427)	(22,564)	(59,311)	(47,262)
GROSS MARGIN		182,332	145,332	355,345	282,622
Net gain on derecognition of receivables	19	131,376	122,885	243,160	222,714
Net change in present value of assets and liabilities relating to derecognized Receivables		(5,263)	(10,492)	(7,938)	(13,815)
TOTAL OPERATING INCOME		308,445	257,725	590,567	491,521
Selling and marketing expenses		(49,562)	(43,317)	(94,418)	(90,818)
General and administrative expenses		(63,287)	(53,848)	(125,687)	(106,952)
Impairment charge on financial assets, net	16	(45,752)	(2,637)	(98,461)	(29,100)
Total operating expenses		(158,601)	(99,802)	(318,566)	(226,870)
INCOME FROM OPERATIONS		149,844	157,923	272,001	264,651
Finance charges		(16,503)	(10,567)	(27,164)	(17,793)
Finance income	10 (a)	14,285	25,851	29,184	50,462
Other income		7,649	9,034	16,813	21,291
Income before zakat		155,275	182,241	290,834	318,611
Zakat reversal / (charge)	17	875	(15,000)	(12,087)	(27,085)
NET INCOME FOR THE PERIOD		156,150	167,241	278,747	291,526
Other comprehensive income					
<i>Items that may be reclassified to income:</i>					
Movement in fair value reserve	6.1	(54)	599	21	160
Fair value gain on financial instruments	15	1,128	725	538	54
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		157,224	168,565	279,306	291,740
Basic and diluted earnings per share (expressed in Saudi Riyal per share)	18	1.56	1.67	2.79	2.92

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
SIX MONTH PERIOD ENDED JUNE 30, 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		-	-	291,526	-	-	-	291,526
Movement in fair value reserve relating to notes receivable carried at fair value through other comprehensive income	6.1	-	-	-	160	-	-	160
Movement in fair value of cash flow hedge	15	-	-	-	-	54	-	54
<i>Total comprehensive income for the period</i>		-	-	291,526	160	54	-	291,740
June 30, 2024 (unaudited)		1,000,000	300,000	2,092,268	1,590	54	68,475	3,462,387
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		-	-	278,747	-	-	-	278,747
Movement in fair value reserve relating to notes receivable carried at fair value through other comprehensive income	6.1	-	-	-	21	-	-	21
Movement in fair value of cash flow hedge	15	-	-	-	-	538	-	538
<i>Total comprehensive income for the period</i>				278,747	21	538		279,306
June 30, 2025 (unaudited)		1,000,000	300,000	1,802,904	470	(1,765)	55,398	3,157,007

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 CASH FLOWS
SIX MONTH PERIOD ENDED JUNE 30, 2025

(Expressed in thousands of Saudi Riyals unless otherwise stated)

	For the six month period ended June 30 (Unaudited)	
	2025	2024
OPERATING ACTIVITIES		
Income before zakat	290,834	318,611
<i>Adjustments for:</i>		
Depreciation and amortization	10,221	11,037
Impairment charge on financial assets	98,461	29,100
(Gain) / loss on disposal of property and equipment	(20)	124
Finance charges	27,164	17,793
Finance income	(29,184)	(50,462)
Present value loss on receivables under purchase and agency agreements	(7)	(806)
Allowance for inventory	23	(221)
Net gain on derecognition of receivables	(243,160)	(222,714)
Net change in present value of assets and liabilities relating to derecognition of receivables	7,938	13,815
Provision for employee benefits liabilities	4,401	4,257
Provision for onerous contracts	1,492	750
	168,163	121,284
<i>Changes in operating assets and liabilities:</i>		
Net investment in finance lease	356,134	57,752
Notes receivable	(15,469)	(9,819)
Loans and advances to customers, net	(308,572)	(139,143)
Prepayments, other receivables and other non-current assets	(230,666)	(107,115)
Inventories	5,262	(3,441)
Due from related parties	2,721	359
Accounts payable, accrued and other liabilities and other non-current liabilities	140,533	147,917
Due to related parties	(44,894)	(40,939)
<i>Cash generated from operations</i>	73,212	26,855
Employees benefits liabilities paid	(3,207)	(4,367)
Zakat paid	(64,962)	(50,743)
Finance charges paid	(11,011)	(3,598)
Net cash used in operating activities	(5,968)	(31,853)
INVESTING ACTIVITIES		
Purchase of property and equipment and intangibles	(12,604)	(1,937)
Proceeds from the disposal of property and equipment	20	47
Finance income received	29,184	50,462
Other deposits, net	625,761	787,722
Net cash generated from investing activities	642,361	836,294
FINANCING ACTIVITIES		
Finance cost paid	(16,160)	(15,001)
Repayment of lease liabilities	(1,633)	(1,476)
Bank borrowings, net	131,539	208,966
Net cash generated from financing activities	113,746	192,489
Net increase in cash and cash equivalents	750,139	996,930
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)	1,100,073	1,306,900
NON-CASH TRANSACTIONS:		
Movement in fair value reserve	21	160
Movement in hedging reserve	538	54

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

ABDUL LATIF JAMEEL UNITED FINANCE COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2025
(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. Consequently, the Company executed 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"), both affiliates engaged in real estate and microfinance businesses respectively.

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:

	June 30, 2025 No. of shares of SR 10 each	June 30, 2025 Amount SR'000	December 31, 2024 Amount SR'000
Abdul Latif Jameel Modern Trading Company Limited ("Parent")	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.

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2025
(Expressed in Thousands of Saudi Riyals unless otherwise stated)

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 June 30, 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 transferred from 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2025
(Expressed in Thousands of Saudi Riyals unless otherwise stated)

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
<p>Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures</p> <p>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.</p> <p>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.</p>	1 January 2026
<p>IFRS 18, Presentation and Disclosure in Financial Statements</p> <p>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.</p>	1 January 2027
<p>IFRS 19, Subsidiaries without Public Accountability: Disclosures</p> <p>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.</p>	1 January 2027

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2025
(Expressed in Thousands of Saudi Riyals unless otherwise stated)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS S1, 'General requirements for disclosure of sustainability-related financial information'	Applicability is subject to endorsement from SOCPA.

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

IFRS S2, 'Climate-related disclosures'	Applicability is subject to endorsement from SOCPA.
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This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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 accompanying condensed interim financial statements of the Company as of and for the three month and six month periods ended June 30, 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 three month and six month periods ended June 30, 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'.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2025
(Expressed in Thousands of Saudi Riyals unless otherwise stated)

3.3 Functional and presentation currency

These condensed interim financial statements have been presented in Saudi Riyals, which is the functional and presentation currency of the Company, 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 six month period ended June 30, 2025 based on the decision of the management to prepay these borrowings during 2025.

5. NET INVESTMENT IN FINANCE LEASE

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Net investment in finance lease relating to vehicles (note 5.1)	1,862,465	1,981,458
Net investment in finance lease relating to real estate (note 5.2)	366,977	437,028
Total net investment in finance lease	<u>2,229,442</u>	<u>2,418,486</u>
<i>Non-current portion</i>		
Net investment in finance lease relating to vehicles (note 5.1)	1,418,113	1,562,692
Net investment in finance lease relating to real estate (note 5.2)	310,781	378,135
	<u>1,728,894</u>	<u>1,940,827</u>
<i>Current portion</i>		
Net investment in finance lease relating to vehicles (note 5.1)	444,352	418,766
Net investment in finance lease relating to real estate (note 5.2)	56,196	58,893
	<u>500,548</u>	<u>477,659</u>

5.1 Net investment in finance lease relating to vehicles

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Gross investment in finance lease relating to vehicles	2,496,802	2,685,454
Less: unearned finance income	<u>(565,237)</u>	<u>(662,417)</u>
Present value of lease payments receivables	1,931,565	2,023,038
Less: Allowance for impairment loss (note a)	<u>(69,100)</u>	<u>(41,579)</u>
Net investment in finance lease relating to vehicles	<u>1,862,465</u>	<u>1,981,458</u>

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2025
(Expressed in Thousands of Saudi Riyals unless otherwise stated)

	June 30, 2025 (Unaudited)			
	Gross investment	Unearned finance income	Allowance for impairment loss	Net investment
Current portion	754,892	(241,440)	(69,100)	444,352
Non-current portion	1,741,910	(323,797)	-	1,418,113
Total	2,496,802	(565,237)	(69,100)	1,862,465

	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	(622,417)	(41,579)	1,981,458

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

	Six month period ended June 30	
	2025 (Unaudited)	2024 (Unaudited)
January 1	41,579	53,500
Charge during the period (note 16)	22,459	3,608
Provision transferred on closure of 'purchase and agency agreements'	18,176	12,953
Amounts written off during the period	(13,114)	(12,343)
June 30	69,100	57,718

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

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
1 - 3 months	15,183	3,840
4 - 6 months	3,825	1,530
7 - 12 months	5,352	3,321
More than 12 months	14,496	9,423
	38,856	18,114

The not yet due portion of above overdue finance lease receivables relating to vehicles as of June 30, 2025 amounts to SR 229.1 million (December 31, 2024: SR 195 million).

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5.2 Net investment in finance lease relating to real estate

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Gross investment in finance lease relating to real estate	540,621	654,120
Less: unearned finance income	(164,084)	(207,064)
Present value of lease payments receivables	376,537	447,056
Less: Allowance for impairment loss (note a)	(9,560)	(10,028)
Net investment in finance lease relating to real estate	366,977	437,028

	June 30, 2025 (Unaudited)			
	Gross investment	Unearned finance income	Allowance for impairment loss	Net investment
Current portion	109,143	(43,387)	(9,560)	56,196
Non-current portion	431,478	(120,697)	-	310,781
Total	540,621	(164,084)	(9,560)	366,977

	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:

	Six month period ended June 30	
	2025 (Unaudited)	2024 (Unaudited)
January 1	10,028	9,727
(Reversal) / charge during the period (note 16)	(468)	2,260
June 30	9,560	11,987

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:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
1 - 3 months	801	320
4 - 6 months	756	34
7 - 12 months	80	430
	1,637	784

The not yet due portion of above overdue finance lease receivables relating to real estate as of June 30, 2025 amounts to SR 55.78 million (December 31, 2024: SR 45.89 million).

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6. NOTES RECEIVABLE

Notes receivable comprise of receivables arising from instalment sales of equipment and vehicles. For the purpose 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:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Notes receivable carried at fair value through other comprehensive income (note 6.1)	31,095	31,055
Notes receivable carried at amortized cost (note 6.2)	45,337	33,551

6.1 Notes receivable carried at fair value through other comprehensive income

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Notes receivable, net	31,095	31,055
Less: current portion	(21,037)	(21,078)
Non-current portion	10,058	9,977

As of June 30, 2025, the amortized cost of notes receivable measured at fair value through other comprehensive income was SR 30.63 million (December 31, 2024: SR 30.61 million), whereas the fair value of this portfolio was determined to be SR 31.1 million (December 31, 2024: SR 31.06 million) resulting in fair value reserve gain of SR 0.47 million (December 31, 2024: SR 0.45 million). The changes in the fair value during the six month period ended June 30, 2025 of positive SR 0.02 million (June 30, 2024: positive SR 0.16 million) are recognized in the 'condensed interim statement of other comprehensive income'.

The carrying value of notes receivables carried at fair value through other comprehensive income is net of an allowance for doubtful debts of SR 12.7 million (December 31, 2024: SR 13 million).

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

	Six month period ended June 30 2025 (Unaudited)	2024 (Unaudited)
January 1	13,011	11,277
Charge during the period (note 16)	2,603	251
Provision transferred on closure of 'purchase and agency agreements'	75	2,319
Amounts written off during the period	(2,949)	(2,050)
June 30	12,740	11,797

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6.2 Notes receivable carried at amortized cost

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Notes receivable, gross	66,779	52,695
Less: unearned finance income	(17,835)	(16,897)
	48,944	35,798
Less: impairment loss allowance (6.2a)	(3,607)	(2,247)
Notes receivable, net	45,337	33,551

	June 30, 2025 (Unaudited)			
	Notes receivables, gross	Unearned finance income	Allowance for impairment loss	Net Investment
Current portion	31,355	(10,344)	(3,607)	17,404
Non-current portion	35,424	(7,491)	-	27,933
Total	66,779	(17,835)	(3,607)	45,337

	December 31, 2024 (Audited)			
	Notes receivables, gross	Unearned finance income	Allowance for impairment loss	Net Investment
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:

	Six month period ended June 30	
	2025 (Unaudited)	2024 (Unaudited)
January 1	2,247	483
Charge during the period (note 16)	1,360	764
June 30	3,607	1,247

b) The ageing of notes receivables at amortized cost and notes receivables at fair value through other comprehensive income (both) which are past due and considered impaired by the management is as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
1 - 3 months	760	321
4 - 6 months	1,096	699
7 - 12 months	2,219	1,119
More than 12 months	30,610	29,921
	34,685	32,060

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The not yet due portion of above overdue notes receivables as of June 30, 2025 amounts to SR 28.34 million (December 31, 2024: SR 17.56 million).

7. LOANS AND ADVANCES TO CUSTOMERS, net

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Loans and advances to customers - microfinance receivables (note 7.1)	851,465	662,814
Loans and advances to customers - tawarruq receivables (note 7.2)	363,451	270,689
Total loans and advances to customers, net	<u>1,214,916</u>	<u>933,503</u>
<i>Non-current portion</i>		
Loans and advances to customers - microfinance receivables (note 7.1)	658,683	494,677
Loans and advances to customers - tawarruq receivables (note 7.2)	284,378	210,165
	<u>943,061</u>	<u>704,842</u>
<i>Current portion</i>		
Loans and advances to customers - microfinance receivables (note 7.1)	192,782	168,137
Loans and advances to customers - tawarruq receivables (note 7.2)	79,073	60,524
	<u>271,855</u>	<u>228,661</u>

7.1 Loans and advances to customers - Microfinance receivables

		June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Loans and advances to customers - Microfinance receivables		932,460	698,743
Less: allowance for impairment loss		(80,995)	(35,929)
		<u>851,465</u>	<u>662,814</u>
	Year	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Current portion	2025	-	168,137
	June 30, 2026	192,782	-
Non-current portion	2026	147,830	222,038
	2027	266,136	176,648
	2028	177,795	82,382
	2029	58,735	13,345
	2030	8,187	264
Non-current portion		<u>658,683</u>	<u>494,677</u>
Total		<u>851,465</u>	<u>662,814</u>

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

	Six month period ended	
	June 30	
	2025	2024
	(Unaudited)	(Unaudited)
January 1	35,929	6,415
Charge during the period (note 16)	53,716	11,644
Amounts written off during the period, net	(8,650)	(3,232)
June 30	80,995	14,827

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

	June 30,	December 31,
	2025	2024
	(Unaudited)	(Audited)
1 - 3 months	4,102	1,551
4 - 6 months	4,251	1,446
7 - 12 months	5,312	2,887
More than 12 months	1,539	1,200
	15,204	7,084

The not yet due portion of above overdue loans and advances to customers (microfinance receivables) as of June 30, 2025 amounts to SR 172.8 million (December 31, 2024: SR 67.9 million).

7.2 Loans and advances to customers - Tawarruq receivables

	June 30,	December 31,
	2025	2024
	(Unaudited)	(Audited)
Loans and advances to customers - Tawarruq receivables	407,462	300,478
Less: allowance for impairment loss	(44,011)	(29,788)
	363,451	270,689

	Year	June 30,	December 31,
		2025	2024
		(Unaudited)	(Audited)
Current portion	2025	-	60,524
	June 30, 2026	79,073	-
Non-current portion	2026	66,898	98,847
	2027	126,624	76,332
	2028	63,146	18,870
	2029	18,572	16,017
	2030	9,138	99
Non-current portion		284,378	210,165
Total		363,451	270,689

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

	Six month period ended	
	June 30	
	2025	2024
	(Unaudited)	(Unaudited)
January 1	29,788	27,177
Charge during the period (note 16)	18,817	10,770
Amounts written off during the period	(4,594)	(5,923)
June 30	44,011	32,024

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

	June 30,	December 31,
	2025	2024
	(Unaudited)	(Audited)
1 - 3 months	1,123	527
4 - 6 months	1,547	1,441
7 - 12 months	3,964	3,044
More than 12 months	3,757	332
	10,391	5,344

The not yet due portion of above overdue loans and advances to customers (tawarruq receivables) as of June 30, 2025 amounts to SR 51.9 million (December 31, 2024: SR 32.28 million).

8. OTHER NON-CURRENT ASSETS

	June 30,	December 31,
	2025	2024
	(Unaudited)	(Audited)
Employees' receivables - non-current portion	6,469	6,031
Net servicing asset (note 19)	22,998	18,097
Deferred consideration receivable – non-current portion (note 8.1 & note 19)	265,777	240,316
	295,244	264,444

8.1 Current portion of deferred consideration receivable as of June 30, 2025 amounts to SR 187.59 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.

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

Related party	Nature of transaction	For the three month period ended June 30		For the six month period ended June 30	
		2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Ultimate Parent	Collections from Company's customers	-	17	-	62
Other related parties	Purchases, net	366,671	426,317	813,948	939,678
	Advertisement expenses	170	170	510	425
	Expenses charged	1,628	5,676	3,255	7,373
	Supports received (rebates)	12,818	4,603	26,426	8,066
	Repairs and maintenance	64	53	259	167
	Sale of repossessed cars	80	-	74	-

Due from related parties comprised of the following:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Abdul Latif Jameel Import and Distribution Company	9,542	9,982
Bab Rizq Jameel Micro Finance Company	37	620
Al-Tasweyah for Debts Collection Company Limited	414	332
Abdul Latif Jameel Technology Company Limited	854	2,603
Al Ufuq Auction Company	2	33
	10,849	13,570

The above balances are unsecured, interest free and have no fixed repayment. The management estimate the allowance on due from related party balance at the reporting date at an amount equal to lifetime ECL. No receivable from a related party at the reporting date is past due. Taking into account the historical default experience and the future prospects of the industry in which the related party operates, the management considers that the related party balance are not impaired. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowance for balance due from related party.

Due to related parties comprised of the following:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Abdul Latif Jameel Retail Company Limited	106,957	167,805
Abdul Latif Jameel for Automotive Wholesale Company Limited	55,796	44,273
Salim Saleh Saeed Babqui Trading Company Limited	3,547	3,767
Mutalba Debt Collection Company	30	74
Abdul Latif Jameel Bodywork and Paint Company Limited	73	468
Al Mumaizah United Company ("Ultimate Parent")	131	37
Abdul Latif Jameel Company Limited	3,614	-
Abdul Latif Jameel Technology Company Limited	-	256
Abdul Latif Jameel United Real Estate Finance Company	259	10
Bad Rizq Jameel Company Limited for Service	-	61
Abdul Latif Jameel Industrial Equipment Company Limited	3,603	2,153
	174,010	218,904

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

	Six month period ended	
	June 30	
	2025	2024
	(Unaudited)	(Unaudited)
Directors' remuneration	7,725	4,802
Short-term employee benefits	5,000	6,000
Employee benefits liabilities	459	405
	13,184	11,207

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.

10. CASH AND BANK BALANCES

	June 30,	December 31,
	2025	2024
	(Unaudited)	(Audited)
Cash in hand	2,219	950
Bank balances	1,097,854	348,984
Cash and cash equivalents	1,100,073	349,934
Other deposits (having original maturity of more than three months) (note 'b')	84,969	710,730
Cash and bank balances	1,185,042	1,060,664

a) During the period, the Company earned SR 29.18 million (June 30, 2024: SR 50.46 million) on the murabaha deposits at the rate of return ranging from 4.05% to 6.10% (June 30, 2024: 5.50% to 6.24%).

b) As of June 30, 2025, this includes murabaha deposits of SR 85 million (December 31, 2024: 68.1 million), representing amounts set aside in respect of employees' benefits liabilities.

c) Details of foreign currency time deposits included in cash and bank balances are as follows:

	June 30,	December 31,
	2025	2024
	(Unaudited)	(Audited)
Cash and bank balances	38	9
Other deposits (note 'd')	-	642,667
Total	38	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 balances. Therefore, the probability of default based on forward looking factors and any loss given defaults are considered to be negligible.

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11. OTHER NON-CURRENT LIABILITIES

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Present value of net servicing liability - non-current portion (note 19)	6,133	8,339
Provision against expected defaults and discounts in respect of sold finance lease and notes receivable - non-current portion (note 19)	265,777	240,316
	271,910	248,655

12. ACCOUNTS PAYABLE, ACCRUED AND OTHER LIABILITIES

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Accounts payable – trade	161,767	157,650
Accrued expenses*	32,117	31,702
Zakat payable (note 17)	41,514	94,389
Payable under purchase and agency agreements (note 19)	879,135	776,015
Present value of net servicing liability - current portion (note 19)	12,102	10,394
Amount due to the insurers	141,656	87,906
Current portion of lease liabilities	1,570	1,139
Provision for onerous arrangement (note a)	2,107	615
Advance collections and other payables	191,709	240,132
	1,463,677	1,399,942

*Accrued expenses include amount due to related parties amounting to SR 3.6 million (December 31, 2024: nil).

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

	Six month period ended June 30	
	2025 (Unaudited)	2024 (Unaudited)
January 1	615	-
Charge for the period	1,492	750
June 30	2,107	750

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13. REVENUES

	For the three month period ended June 30		For the six month period ended June 30	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Income from finance lease relating to vehicles	70,232	60,285	145,452	119,152
Income from finance lease relating to real estate	14,292	13,221	28,521	25,127
Income from instalment sales	10,801	10,758	28,801	21,971
Income from loans and advances to customers – microfinance receivables	38,444	19,495	71,480	35,727
Income from loans and advances to customers – tawarruq receivables	23,059	20,208	39,955	39,942
Contract fee income	12,937	11,772	27,491	25,015
Income from purchase and agency agreements (note 19)	35,412	27,765	68,388	54,179
Others	3,582	4,392	4,568	8,771
	208,759	167,896	414,656	329,884

14. DIRECT COSTS

	For the three month period ended June 30		For the six month period ended June 30	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Direct costs on finance lease relating to vehicles	13,487	10,396	25,792	20,629
Direct costs on finance lease relating to real estate	874	1,508	1,767	2,302
Direct cost on instalment sales	6,585	8,044	20,976	17,351
Direct costs on loans and advances to customers – microfinance receivables	373	153	654	312
Direct costs on loans and advances to customers – tawarruq receivables	5,108	2,503	8,630	5,918
(Reversal) / charge for provision for onerous insurance arrangements (note 12)	-	(40)	1,492	750
	26,427	22,564	59,311	47,262

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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 June 30, 2025 was SR 207.92 million (December 31, 2024: 528.04 million).

As of June 30, 2025, the PRS with negative fair value amounted to SR 1.77 million (December 31, 2024: 2.3 million), based on the valuation confirmed by the Company's bankers and presented under current liabilities.

The movement in PRS negative fair value is as follows:

	Six month period ended	
	June 30	
	2025	2024
	(Unaudited)	(Unaudited)
January 1	2,303	-
Fair value gain on derivative financial instruments presented under other comprehensive income - effective portion	(538)	(54)
June 30	1,765	(54)

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16. IMPAIRMENT CHARGE ON FINANCIAL ASSETS

	For the three month period ended June 30		For the six month period ended June 30	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Impairment charge on lease receivables relating to vehicles (note 5.1)	3,425	1,388	22,459	3,608
Impairment (reversal)/charge on lease receivables relating to real estate (note 5.2)	(1,284)	(984)	(468)	2,260
Impairment charge/(reversal) on notes receivable carried at fair value through other comprehensive income (note 6.1)	3,895	(1,336)	2,603	251
Impairment (reversal)/ charge on notes receivable carried at amortized cost (note 6.2)	(2,473)	(73)	1,360	764
Impairment charge on loans and advances to customers - microfinance receivables (note 7.1)	30,920	9,756	53,716	11,644
Impairment charge /(reversal) on loans and advances to customers – tawarruq receivables (note 7.2)	11,295	(6,023)	18,817	10,770
Reversal of impairment on receivables under purchase and agency agreements	(26)	(91)	(26)	(197)
	45,752	2,637	98,461	29,100

17. ZAKAT

During the six month period ended June 30, 2025, an amount of SR 12.1 million has been recorded as zakat charge (net) (June 30, 2024: SR 27.09 million) and an amount of SR 64.96 million (June 30, 2024: SR 50.74 million) has been paid to Zakat, Tax And Customs Authority (ZATCA).

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, 2026.

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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 six month periods ended June 30, 2025 and 2024.

There has been no dilutive effect on the weighted average number of shares during the six month periods ended June 30, 2025 and 2024.

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

	For the three month period ended June 30		For the six month period ended June 30	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit for the period (<i>in SR '000</i>)	156,150	167,241	278,747	291,526
Weighted average number of ordinary shares (<i>in '000</i>) (note 1(a))	100,000	100,000	100,000	100,000
Basic and diluted earnings (expressed in SR per share)	1.56	1.67	2.79	2.92

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 six month period ended June 30, 2025, the Company sold SR 2,290 million (June 30, 2024: SR 1,992 million) of its net receivables and the total amount received from the bank in respect of such sale was SR 2,503.9 million (June 30, 2024: SR 2,188.2 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 (d)).

The following are the significant terms of the agreement:

- 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 9,320.1 million as of June 30, 2025 (December 31, 2024: SR 8,275.3 million).

The maturity analysis of derecognized receivables is as follows:

<i>Under purchase and agency agreements</i>	Up to 1 year	2 - 3 years	After 3 years	Total
June 30, 2025 (Unaudited)	3,549,778	4,055,288	1,715,038	9,320,104
December 31, 2024 (Audited)	3,006,980	3,765,541	1,502,802	8,275,323

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- 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).
- 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.
- d) During the six month period ended June 30, 2025, the Company made gain amounting to SR 226.8 million (June 30, 2024: SR 203.5 million) on derecognition of receivables sold to the banks under the agreements, which is calculated as follows:

	For the three month period ended June 30		For the six month period ended June 30	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross amount of finance lease receivables sold	1,356,110	1,204,862	2,699,695	2,315,244
Gross amount of tawarruq receivables sold	214,139	331,773	413,837	388,700
Less: deferred finance income	(419,795)	(403,697)	(823,080)	(712,115)
Less: present value of deferred consideration receivable (note (i))	-	-	-	-
Less: present value of net servicing liability (note (ii))	(6,989)	(4,332)	(13,338)	(7,129)
Less: amounts received from the banks	(1,262,569)	(1,241,833)	(2,503,882)	(2,188,220)
Net gain on derecognition of receivables	119,104	113,227	226,768	203,520

During the six month period ended June 30, 2025, certain purchase and agency agreements, previously entered into by the Company, matured and the Company recorded a net gain amounting to SR 16.4 million (June 30, 2024: SR 19.2 million) after deducting the actual customer defaults and discounts on premature terminations. The Company is in process of obtaining 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:

	For the three month period ended June 30		For the six month period ended June 30	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gain on derecognition of receivables	119,104	113,227	226,768	203,520
Gain on maturity of derecognized pools	12,272	9,658	16,392	19,194
	131,376	122,885	243,160	222,714

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- 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:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Net servicing assets (note 8)	22,998	18,097
Present value of net servicing liability	18,235	18,733
Less: current portion (note 12)	(12,102)	(10,394)
Non-current portion (note 11)	6,133	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 June 30, 2025 and December 31, 2024. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

a) Net carrying amounts

	June 30, 2025 (Unaudited)			Total
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
Notes receivable carried at fair value through other comprehensive income	12,379	2,099	16,617	31,095

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

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b) Allowance for ECL

	June 30, 2025 (Unaudited)			Total
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
Notes receivable carried at fair value through other comprehensive income	91	19	12,630	12,740
	December 31, 2024 (Audited)			Total
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
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 at June 30, 2025 and December 31, 2024. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

a) Gross carrying amounts

	June 30, 2025 (Unaudited)			Total
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
Net investment in finance lease relating to vehicles	2,353,818	102,118	40,866	2,496,802
Net investment in finance lease relating to real estate	509,209	22,125	9,287	540,621
Notes receivable carried at amortized cost	35,957	12,246	18,576	66,779
Loans and advances to customers - microfinance receivables	1,111,351	41,596	57,654	1,210,601
Loans and advances to customers - tawarruq receivables	498,858	29,111	34,500	562,469
Carrying amount	4,509,193	207,196	160,883	4,877,272

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	December 31, 2024 (Audited)			Total
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
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

b) Allowance for ECL

	June 30, 2025 (Unaudited)			Total
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
Net investment in finance lease relating to vehicles	19,335	4,764	45,001	69,100
Net investment in finance lease relating to real estate	6,670	1,514	1,376	9,560
Notes receivable carried at amortized cost	113	50	3,444	3,607
Loans and advances to customers - microfinance receivables	20,836	2,505	57,654	80,995
Loans and advances to customers - tawarruq receivables	12,969	987	30,055	44,011
	59,923	9,820	137,530	207,273

	December 31, 2024 (Audited)			Total
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
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

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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.

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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.

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.

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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.

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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 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.

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 no more than three times. For real estate financing, the requirement for capital ratio is no more than five times.

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	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Aggregate financing to capital ratio (Total financing (net investment in finance lease and notes Receivable and loans and advances to customers) divided by total shareholders' equity)	<u>1.12 times</u>	<u>1.19 times</u>

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial assets consist of cash and bank balances, investments, net investment in finance lease, notes receivable, due from related parties, 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 Insurers.

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 June 30, 2025 and December 2024:

June 30, 2025 (Unaudited)	Fair value measurement using		
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Total			
<i>Financial instruments measured at fair value</i>			
Notes receivable classified as fair value through other comprehensive income	31,095	-	31,095
Investment classified as fair value through other comprehensive income	893	-	893
Negative fair value of derivative financial instruments	1,765	-	1,765

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December 31, 2024 (Audited)	Fair value measurement using		
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Total			
<i>Financial instruments measured at fair value</i>			
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	-	- 2303

22. BOARD OF DIRECTORS' APPROVAL

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