ALRAEDAH FINANCE COMPANY

(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Head office: Moon Tower - 8 Floor
P.O. Box 8736, Riyadh 11492
Unified Number : 92 002 4254
Fax : +966 11 278 2883

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
ALRAEDAH FINANCE COMPANY
(A Saudi Closed Joint Stock Company)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Alraedah Finance Company** (A Saudi Closed Joint Stock Company) (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity, and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended, in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and the Regulations for Companies and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e., the Company's `Board of Directors, are responsible for overseeing the Company's financial reporting process.

Head office: Moon Tower - 8 Floor
P.O. Box 8736, Riyadh 11492
Unified Number : 92 002 4254
Fax : +966 11 278 2883

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

Head office: Moon Tower - 8 Floor
P.O. Box 8736, Riyadh 11492
Unified Number : 92 002 4254
Fax : +966 11 278 2883

Report On Other Legal and Regulatory Requirements

The Regulation for Companies requires the auditor to include in its report matters that might come to its attention with respect to non-compliance with the terms of the Regulation for Companies or the terms of the Articles of Association of the Company. With respect to our current audit of the financial statements, we highlight the following regarding the terms of the Regulation for Companies, Finance Companies Control Law and the terms of the Articles of Association of the Company:

- Referring to note 16 to the financial statements with respect to the repossessed hotel building, we were unable to corroborate management's conclusion that related transactions are in compliance with the Company's commercial registration (CR), its Articles of Association as well as Finance Companies Control Law issued by Royal Decree M/51 dated 3 June 2012G (corresponding to 13 Rajab 1433H) and other respective regulations.

For BDO Dr. Mohamed Al-Amri & Co.

Ahmed Al-Jumah
Certified Public Accountant
Registration No. 621

د. محمد العمري وشركاه - محاسبون قانونيون
س. ت : ١٠١٠٤٣٣٩٨٢
Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Riyadh, on: 10 Ramadan 1446(H)
Corresponding to: 10 March 2025(G)

ALRAEDAH FINANCE COMPANY
(A Saudi Closed Joint Stock Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	**31 December 2024 SR**	31 December 2023 SR
OPERATING INCOME			
Income from Murabaha contracts		**196,987,009**	203,056,036
Finance charges		**(58,504,238)**	(49,812,407)
		138,482,771	153,243,629
Application fees and other income	6	**24,514,367**	16,709,120
TOTAL OPERATING INCOME, NET		**162,997,138**	169,952,749
OPERATING EXPENSES			
General and administrative expenses	7	**(77,073,106)**	(67,075,808)
Selling and marketing expenses	8	**(20,930,225)**	(26,130,015)
Depreciation and amortisation	10, 11 and 12	**(4,436,464)**	(4,201,083)
Allowance for expected credit loss	15(b)	**(16,072,321)**	(9,265,684)
		44,485,022	63,280,159
Income from investments held at fair value through profit or loss	19	**353,188**	-
PROFIT BEFORE ZAKAT		**44,838,210**	63,280,159
Zakat expense	9	**(9,271,630)**	(10,118,587)
PROFIT FOR THE YEAR		**35,566,580**	53,161,572
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement gain / (loss) on employees’ terminal benefits	23(d)	**103,980**	(344,766)
Total items that will not be reclassified to profit or loss in subsequent periods		**103,980**	(344,766)
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		**103,980**	(344,766)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**35,670,560**	52,816,806

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

ALRAEDAH FINANCE COMPANY
(A Saudi Closed Joint Stock Company)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	**31 December 2024 SR**	31 December 2023 SR
ASSETS			
Cash and cash equivalents	13	**22,773,280**	45,086,683
Prepayments and other assets	17	**54,558,159**	27,711,798
Restricted cash deposits	14	**9,400,000**	5,150,000
Murabaha receivables	15(a)	**917,576,367**	971,211,616
Repossessed assets held for sale	16	**55,710,789**	68,336,710
Investments held at fair value through other comprehensive income	18	**892,850**	892,850
Investments held at fair value through profit or loss	19	**5,014,901**	-
Right-of-use assets	10	**378,783**	1,515,111
Property and equipment	11	**2,767,691**	4,283,808
Intangible assets	12	**13,895,230**	12,170,664
TOTAL ASSETS		**1,082,968,050**	1,136,359,240
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Accounts payable and accruals	20	**74,494,406**	87,992,953
Zakat payable	9	**9,075,185**	9,922,142
Lease liability	21	**-**	1,797,210
Borrowings	22	**731,156,813**	762,363,216
Employees' terminal benefits	23	**5,363,009**	4,575,642
TOTAL LIABILITIES		**820,089,413**	866,651,163
SHAREHOLDERS' EQUITY			
Share capital	24	**150,000,000**	150,000,000
Statutory reserve		**19,367,226**	15,810,568
Retained earnings		**94,041,400**	104,531,478
Reserve on re-measurement of employees' terminal benefits		**(529,989)**	(633,969)
TOTAL SHAREHOLDERS' EQUITY		**262,878,637**	269,708,077
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,082,968,050**	1,136,359,240

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

ALRAEDAH FINANCE COMPANY
(A Saudi Closed Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital SR	Statutory reserve SR	Retained earnings SR	Reserve on re-measurement of employees' terminal benefits SR	Total SR
Balance as at 1 January 2023	150,000,000	10,494,411	76,686,063	(289,203)	236,891,271
Profit for the year	-	-	53,161,572	-	53,161,572
Other comprehensive loss for the year	-	-	-	(344,766)	(344,766)
Total comprehensive income for the year	-	-	53,161,572	(344,766)	52,816,806
Dividend paid during the year (note 25)	-	-	(20,000,000)	-	(20,000,000)
Transfer to statutory reserve	-	5,316,157	(5,316,157)	-	-
Balance as at 31 December 2023	150,000,000	15,810,568	104,531,478	(633,969)	269,708,077
Profit for the year	**-**	**-**	**35,566,580**	**-**	**35,566,580**
Other comprehensive income for the year	**-**	**-**	**-**	**103,980**	**103,980**
Total comprehensive income for the year	**-**	**-**	**35,566,580**	**103,980**	**35,670,560**
Dividend paid during the year (note 25)	**-**	**-**	**(42,500,000)**	**-**	**(42,500,000)**
Transfer to statutory reserve	**-**	**3,556,658**	**(3,556,658)**	**-**	**-**
Balance as at 31 December 2024	**150,000,000**	**19,367,226**	**94,041,400**	**(529,989)**	**262,878,637**

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

ALRAEDAH FINANCE COMPANY
(A Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	31 December 2024 SR	31 December 2023 SR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat		**44,838,210**	63,280,159
Adjustments for:			
Government grant income		**(3,059,642)**	(7,175,123)
Finance cost		**57,806,779**	49,204,026
Allowance for expected credit loss	15(b)	**16,072,321**	9,265,684
Provision against other assets	17.1	**3,000,000**	-
Income from investments held at fair value through profit or loss	19	**(14,901)**	-
Deferred grant income		**(195,501)**	-
Depreciation on right-of-use assets	10	**1,136,328**	1,207,049
Depreciation on property and equipment	11	**2,063,640**	2,018,403
Amortisation of intangible assets	12	**1,236,496**	975,631
Provision for employees' terminal benefits	23(c)	**1,462,546**	1,524,227
Finance charge on lease	21	**77,166**	227,452
Gain on disposal of property and equipment		**(416)**	(38)
Gain on lease modification		**-**	(938,668)
Operating cash flows before working capital adjustments		**124,423,026**	119,588,802
Working capital adjustments:			
Murabaha receivables		**37,562,928**	(168,214,376)
Repossessed assets held for sale		**12,625,921**	(42,613,984)
Prepayments and other assets		**(29,846,361)**	(13,428,735)
Restricted cash deposits		**(4,250,000)**	(5,150,000)
Accounts payable and accruals		**(13,498,547)**	19,445,445
Cash generated / (used) in operating activities		**127,016,967**	(90,372,848)
Employees' terminal benefits paid	23(b)	**(571,199)**	(299,791)
Zakat paid	9	**(10,118,587)**	(6,159,354)
Net cash generated / (used) in operating activities		**116,327,181**	(96,831,993)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	11	**(564,211)**	(1,267,215)
Proceeds from sale of property and equipment		**17,104**	2,944
Purchase of intangible assets	12	**(2,961,062)**	(6,463,651)
Purchase of investments held at fair value through profit or loss	19	**(5,000,000)**	-
Net cash used in investing activities		**(8,508,169)**	(7,727,922)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments to SAMA		**-**	(219,474,555)
Proceeds from borrowings	22	**285,725,000**	644,615,000
Repayment of borrowings	22	**(371,483,039)**	(285,952,016)
Payment against lease obligations	21	**(1,874,376)**	(2,811,571)
Dividend paid	25	**(42,500,000)**	(20,000,000)
Net cash (used)/ generated from financing activities		**(130,132,415)**	116,376,858
Net (decrease) / increase in cash and cash equivalents		**(22,313,403)**	11,816,943
Cash and cash equivalents balances at the beginning of the year		**45,086,683**	33,269,740
Cash and cash equivalents at the end of the year	13	**22,773,280**	45,086,683
Non-cash transactions from financing activities			
Investments in Islamic finance written off during the year	15	**(18,837,140)**	(5,940,660)

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

1 CORPORATE INFORMATION

Alraedah Finance Company (the "Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration numbered 1010314982 issued in Riyadh on 21 Ramadan 1432H (corresponding to 21 August 2011).

The Company has one branch in Dammam under commercial registration numbered 2050150330 dated 20 Rabi ul Awal 1443 (H), corresponding to 26 October 2021 (G) and one branch in Riyadh under commercial registration numbered 1010830643 dated 6 Rabi ul Awal 1444 (H), corresponding to 2 October 2022 (G).

The Company is engaged in providing finance lease, finance for small and medium entities in the form of Ijara and Murabaha, and consumer finance in accordance with the approval of Saudi Arabian Monetary Authority ("SAMA") numbered 43/ASH/201602 issued on 30 Rabi Thani 1437 (H), corresponding to 9 February 2016 (G).

The registered address of the Company is Laysen Valley, Building No. 9, West Umm Al Hamam District, King Khaled Street, Riyadh 12329, Kingdom of Saudi Arabia.

2 BASIS OF PREPARATION

The financial statements of the Company as at and for the year ended 31 December 2024 have been prepared in accordance with International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (collectively referred to as "IFRSs as endorsed in KSA").

The financial statements have been prepared on a historical cost basis following the accrual basis of accounting, except for investments held at fair value through other comprehensive income ("FVOCI") and investments held at fair value through profit or loss ("FVTPL) which have been carried at fair value, repossessed assets held for sale measured at lower of carrying value and fair value less cost to sell, and employees' terminal benefits which have been measured at the present value of future obligations using Projected Unit Credit Method.

These financial statements have been presented in Saudi Riyals ("SR"), which is the functional currency of the Company.

Assets and liabilities in the statement of financial position are presented in the order of liquidity.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

3.1 New standards, interpretations, and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board ("IASB") that are effective in future accounting periods that the Company has decided not to adopt early.

Standards	Title	Effective date
IAS 21	Amendment – Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7	Amendments regarding the classification and measurement of financial instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards	Amendments/Annual improvements in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Disclosures – Subsidiaries without Public Accountability	1 January 2027

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not expect any standard issued by IASB that are yet to be effective, to have a material impact on the Company.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

3.2 New standards, interpretations, and amendments effective in the current year

The following are the new standards, interpretations and amendments to standards that are effective in the current year but they have no impact on these financial statements.

Standards	Title	Effective date
IFRS 16	Amendment – Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
IAS 1	Amendment – Non-current Liabilities with Covenants	1 January 2024
IAS 7 and IFRS 7	Amendment – Supplier Finance Arrangements	1 January 2024

4 MATERIAL ACCOUNTING POLICY INFORMATION

Financial instruments

Classification of financial assets

On initial recognition, a financial asset is classified as amortised cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”).

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

Financial assets at FVOCI

Debt instruments

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss.

Equity instruments

On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)
Business model assessment
The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

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

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

Assessment of whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Interest' is the consideration for the time value of money, the credit and other basic lending risk associated with the principal amount outstanding during a particular period and other basic lending costs (e.g. liquidity risk and administrative costs), along with profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money- e.g. periodical reset of interest rates.

Classification of financial liabilities
Upon initial recognition, the Company classifies its financial liabilities, as measured at amortised cost or as at fair value through profit or loss.

Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss or an entity has opted to measure a liability at fair value through profit or loss as per the requirements of IFRS 9.

All the financial liabilities of the Company, except derivatives being carried at fair value, are currently carried at amortised cost.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)
Amortised cost
Murabaha receivables and other financial assets measured at amortised cost are initially measured at fair value plus incremental direct transaction costs, and subsequently at their a mortised cost using the effective interest method.

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Financial assets
From 1 January 2018, any cumulative gain/loss recognised in OCI in respect of equity investments designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities
The Company derecognised a financial liability when its contractual obligations are discharged or cancelled or expired.

Modifications of financial assets and financial liabilities
Financial assets
If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with allowance for expected credit losses. In other cases, it is presented as commission income or grant income and loss on restructuring of Murabaha receivables, net.

Financial liabilities
The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Allowance for expected credit loss
The Company recognises loss allowance for Expected Credit Loss (“ECL”) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments; and
- loan commitments issued, if any.

No allowance for expected credit losses is recognised on equity investments.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Allowance for expected credit loss (continued)

The Company measures loss allowance at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within a period of 12 months after the reporting date.

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)

The Company categorizes its financial assets into following three stages in accordance with the IFRS-9 methodology:

- Stage 1 – Financial assets that are not significantly deteriorated in credit quality since origination. The expected credit loss allowance is recorded based on 12 months Probability of Default (PD).
- Stage 2 – Financial assets that has significantly deteriorated in credit quality since origination. The expected credit loss allowance is recorded based on lifetime ECL. The expected credit loss allowance is recorded based on life time PD.
- Stage 3 – For financial assets that are impaired, the Company recognises the expected credit loss allowance based on life time PD.

The Company also considers the forward-looking information in its assessment of significant deterioration in credit risk since origination as well as the measurement of ECLs.

The forward-looking information will include the elements such as expert judgement, macroeconomic factors (e.g., gross domestic product and oil price) and economic forecasts obtained through internal and external sources.

Measurement of ECL

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

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

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

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

Presentation of allowance for ECL
Allowance for ECL is presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Company cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-offs
Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to other income.

Collateral valuation
To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as Kafalah guarantees and other non-financial assets. Collateral, unless repossessed, is not recorded on the Company’s statement of financial position. The fair value of collaterals affect the calculation of ECLs. The value of the collateral is determined at inception.

Repossessed assets
The Company’s policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and, lower of the carrying value of the original secured asset and fair value less cost to sell for non-financial assets at the repossession date in line with the Company’s policy.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Repossessed assets (continued)
Repossessed assets classified as held for sale are presented separately from the other assets in the statement of financial position. Repossessed assets are not depreciated or amortised while they are classified as held for sale.

Subsequent to initial recognition, any cost relating to repossessed assets is recognised as part of repossessed assets.

Murabaha receivables under fiduciary capacity
The Company offers services as an agent to the customers from the Fund's money, which include origination of Murabaha receivable and management of collections of principal and profits. As per the arrangement the Fund assumes the risks and rewards related to these receivables. Such receivables are not treated as receivables of the Company and accordingly are not included in these financial statements.

Client's cash account
The Company holds a bank account with a local bank which is used for the purpose of origination of Murabaha receivables for the Fund under fiduciary capacity. Such balances are not included in these Company's financial statements.

Income from fiduciary activities
Application fees on Murabaha receivables are recognised when the funding has been provided to the customers.

Agency fees from the Fund is recognised over the period based on the investment amount under fiduciary activities.

Revenue / expenses recognition
Commission income and expenses
Commission income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to or the amortised cost of the financial instrument.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Measurement of amortised cost and commission income
The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

In calculating commission income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, commission income is calculated by applying the effective commission rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of commission income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Expenses
Selling and marketing expenses are those that specifically relate to salesmen and marketing expenses. All other expenses are classified as general and administrative expenses.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
Cash and cash equivalents consist of cash balances available to the Company without any restrictions.

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and allowance for expected credit losses is and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and accumulated impairment in value, if any. The cost less estimated residual value of property and equipment is depreciated on a straight line basis over the estimated useful lives of the assets.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Leasehold improvements are amortised on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease. Expenditure for repair and maintenance are charged to profit or loss. Improvements that increase the value or materially extend the life of the related assets are capitalised.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets

Intangible assets are measured at cost upon initial recognition. To assess whether an internally generated intangible asset meets the criteria for recognition, the Company classifies the generation of the asset into:

- a research phase; and
- a development phase.

In the research phase of an internal project, the Company cannot demonstrate that an intangible asset exists that will generate probable future economic benefits. Therefore, this expenditure is recognised as an expense when it is incurred. An intangible asset arising from development phase of an internal project is recognised if, and only if, the Company can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at each financial year-end, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets comprise licenses and computer software and are amortised over a useful life of 5 years.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses is recognised profit or loss in those expense categories which are consistent with the function of the impaired asset. Except in case of goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.
Impairment loss recognised against carrying value of goodwill is not reversed in subsequent periods.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Operating leases
Operating lease payments, for assets excluded in IFRS 16, are recognised as expenses in profit or loss on a straight-line method basis over the lease contract period.

Accounts payable and accruals
Accounts payable and accruals are initially measured at fair value and subsequently remeasured at amortised cost. Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed or not.

Zakat
Zakat is provided on an accrual basis, and in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA), formerly known as General Authority of Zakat and Tax ("GAZT"). Zakat, as clarified by SOCPA dated 3 Rajab 1440H (corresponding to 1 May 2019), is considered to be a liability of the Company and are accordingly recognised in the statement of profit or loss and other comprehensive income and accrued in the statement of financial position.

Borrowings
Commission bearing funding from financial institutions and shareholders are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EPR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in commission expense in profit or loss.

Employees' terminal benefits
The Company operates a defined benefit plan for employees in accordance with Saudi Labor Law as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements for actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding effect to retained earnings through other comprehensive income in the year in which they occur. Remeasurements are not reclassified to profit or loss in subsequent years.

Past service cost are recognised in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date the Company recognises related restructuring costs.

Net commission expense is calculated by applying the discount rate to the net defined benefit liability. The Company recognises the following changes in the net defined benefit obligation in profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements (under general and administration expenses); and
- Net commission expense or income (under financing facility cost and charges).

Provisions
Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably.

Statutory reserve
As per the Company's By-Laws, 10% of profit for the year should be transferred to the statutory reserve. However, the Company will resolve to discontinue such transfers and will move the reserve to retained earnings after updating Company's By-Laws as per the new guidelines issued by Saudi Arabian Regulations for Companies.

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

5 SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES

Significant areas where management has used estimates, assumptions or exercised judgments are as follows:

Allowance for expected credit loss on financial assets

The measurement of allowance for expected credit loss under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining allowance for expected credit loss and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowance.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowance for financial assets should be measured on a Lifetime ECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as gross domestic product, inflation, average consumer prices, and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings

The Company reviews its Murabaha receivables at each reporting date to assess whether a specific provision for credit losses should be recorded in the statement of profit or loss and other comprehensive income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the specific provision.

Fair value of repossessed assets held for sale

The Company determines the fair value of repossessed assets held for sale which required certain estimates and assumptions. The Company engaged independent external valuers to determine the fair value.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

Employees' terminal benefits liabilities

The cost of employees' defined benefit obligation and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

5 SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Significant judgement in determining the lease term of contracts with renewal options (continued)

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms of two to three years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. In doing so, it considers all relevant factors that create an economic incentive for it to exercise the renewal.

After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (i.e., a change in business strategy). The Company included the renewal period as part of the lease term for leases of commercial space due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on operation if a replacement is not readily available.

Useful lives of property and equipment and intangible assets

The Company's management determines the estimated useful lives of its property and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charges would be adjusted where the management believes the useful lives differ from previous estimates.

Estimate of zakat

The calculation of the Company's zakat charge involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

6 APPLICATION FEES AND OTHER INCOME

	31 December 2024 SR	31 December 2023 SR
Facility fees	**9,031,827**	6,602,485
Facility fees from fiduciary activities	**8,093,341**	-
Recovery from write-offs	**2,458,423**	6,198,167
POS processing fee	**651,903**	1,066,610
Income from Human Resources Development Fund	**1,050,596**	1,554,131
Agency fee income	**2,958,540**	-
Other income	**269,737**	349,059
Gain on lease modification	**-**	938,668
	24,514,367	16,709,120

7 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2024 SR	31 December 2023 SR
Salaries and employees' related cost	**36,654,106**	35,183,934
Professional and legal fees	**16,776,420**	14,769,599
Utilities and IT infrastructure expense	**4,151,648**	4,127,116
Saudi Credit Bureau (SIMAH) expense	**1,838,572**	2,440,208
Dues and subscription	**3,236,408**	1,760,079
Rent expense	**2,009,321**	1,719,712
Health insurance expense	**2,670,423**	1,719,231
Audit fee	**308,000**	280,000
Government fees	**1,994,811**	1,539,519
Office expense	**639,820**	643,428
Other expenses	**3,793,577**	2,892,982
Provision against other asset (note 17.1)	**3,000,000**	-
	77,073,106	67,075,808

8 SELLING AND MARKETING EXPENSES

	31 December 2024 SR	31 December 2023 SR
Salaries and employees' related cost	**13,087,841**	15,438,120
Commission expense	**4,165,347**	6,033,343
Advertisement and marketing expense	**3,677,037**	4,658,552
	20,930,225	26,130,015

9 ZAKAT

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

	31 December 2024 SR	31 December 2023 SR
At the beginning of the year	**9,922,142**	5,962,909
Charge for the year	**9,271,630**	10,118,587
Payment during the year	**(10,118,587)**	(6,159,354)
At the end of the year	**9,075,185**	9,922,142

Zakat expense

The calculation of estimated zakat expense for the year is as follows:

	31 December 2024 SR	31 December 2023 SR
Source of funds	**740,581,909**	793,181,941
Assets subject to zakat	**806,807,260**	562,408,354
Total assets	**1,082,968,050**	1,136,359,240
Zakat base	**358,705,680**	392,545,743
Estimated zakat expense for the year at 2.5%	**9,271,630**	10,118,587

Status of assessments
As at 31 December 2024, the Company had filed its zakat returns with ZATCA for all years up to 2023.

10 RIGHT OF USE ASSETS

The Company's lease comprised of its head office building with the lease term of three years.

	31 December 2024 SR	31 December 2023 SR
Cost		
At the beginning of the year	**4,829,411**	7,923,882
Adjustment for lease modification	**-**	(3,094,471)
At the end of the year	**4,829,411**	4,829,411
Accumulated depreciation		
At the beginning of the year	**3,314,300**	2,720,140
Depreciation charge for the year	**1,136,328**	1,207,049
Adjustment for lease modification	**-**	(612,889)
At the end of the year	**4,450,628**	3,314,300
Net book value		
At 31 December	**378,783**	1,515,111

11 PROPERTY AND EQUIPMENT

The estimated useful lives of the assets for calculation of depreciation are as follows:

Furniture and fixtures	3 years
Office and computer equipment	4 years
Vehicles	4 years

	2024			
	Furniture and fixtures SR	**Office and computer equipment SR**	**Vehicles SR**	**Total SR**
Cost				
At the beginning of the year	**4,227,100**	**7,140,755**	**938,607**	**12,306,462**
Additions during the year	**296,752**	**267,459**	**-**	**564,211**
Disposals	**-**	**(133,448)**	**-**	**(133,448)**
At the end of the year	**4,523,852**	**7,274,766**	**938,607**	**12,737,225**
Accumulated depreciation				
At the beginning of the year	**4,200,826**	**3,123,917**	**697,911**	**8,022,654**
Depreciation charge for the year	**248,994**	**1,608,497**	**206,149**	**2,063,640**
Disposals	**-**	**(116,760)**	**-**	**(116,760)**
At the end of the year	**4,449,820**	**4,615,654**	**904,060**	**9,969,534**
Net book value				
At 31 December 2024	**74,032**	**2,659,112**	**34,547**	**2,767,691**

	2023			
	Furniture and fixtures SR	Office and computer equipment SR	Vehicles SR	Total SR
Cost				
At the beginning of the year	4,135,588	5,967,996	938,607	11,042,191
Additions during the year	91,512	1,175,703	-	1,267,215
Disposals	-	(2,944)	-	(2,944)
At the end of the year	4,227,100	7,140,755	938,607	12,306,462
Accumulated depreciation				
At the beginning of the year	3,839,418	1,674,244	490,627	6,004,289
Depreciation charge for the year	361,408	1,449,711	207,284	2,018,403
Disposals	-	(38)	-	(38)
At the end of the year	4,200,826	3,123,917	697,911	8,022,654
Net book value				
At 31 December 2023	26,274	4,016,838	240,696	4,283,808

12 INTANGIBLE ASSETS

The estimated useful lives of the intangible assets for calculation of amortisation are as follows:

Licenses	5 years
Computer software	5 years

	2024			
	Licenses SR	**Computer software SR**	**Work in progress (note 12.1) SR**	**Total SR**
Cost				
At the beginning of the year	**3,579,831**	**4,022,561**	**9,445,682**	**17,048,074**
Additions during the year	**2,450**	**-**	**2,958,612**	**2,961,062**
At the end of the year	**3,582,281**	**4,022,561**	**12,404,294**	**20,009,136**
Accumulated amortisation				
At the beginning of the year	**1,460,609**	**3,416,801**	**-**	**4,877,410**
Amortisation charge for the year	**1,053,984**	**182,512**	**-**	**1,236,496**
At the end of the year	**2,514,593**	**3,599,313**	**-**	**6,113,906**
Net book value				
At 31 December 2024	**1,067,688**	**423,248**	**12,404,294**	**13,895,230**

	2023			
	Licenses SR	Computer software SR	Work in progress (note 12.1) SR	Total SR
Cost				
At the beginning of the year	2,681,763	3,360,983	4,541,677	10,584,423
Additions during the year	898,068	661,578	4,904,005	6,463,651
At the end of the year	3,579,831	4,022,561	9,445,682	17,048,074
Accumulated amortisation				
At the beginning of the year	693,466	3,208,313	-	3,901,779
Amortisation charge for the year	767,143	208,488	-	975,631
At the end of the year	1,460,609	3,416,801	-	4,877,410
Net book value				
At 31 December 2023	2,119,222	605,760	9,445,682	12,170,664

12.1 – The work in progress includes the digital program of merchant portal that would result in providing digital onboarding and servicing capabilities.

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of:

	31 December 2024 SR	31 December 2023 SR
Bank balance – current accounts	**22,773,280**	45,086,683

Bank current accounts are with counterparties who have investment grade credit ratings, as rated by international rating agencies.

14 RESTRICTED CASH DEPOSITS

In line with the requirements of Riyad Bank, the Company has set aside SR 9.25 million (31 December 2023: SR 5 million) as cash reserve against credit facility (refer to note 22) and SR 0.15 million (31 December 2023: SR 0.15 million) against credit card facility. The cash kept deposited in the Company's bank account and is not available for the Company's operational use.

15 MURABAHA RECEIVABLES

Murabaha receivables have an original term period between 1 to 5 years:

15(a) Total receivables

	31 December 2024 SR	31 December 2023 SR
Gross receivables	**1,068,192,230**	1,206,835,104
Less: unearned finance income	**(134,840,382)**	(217,083,188)
	933,351,848	989,751,916
Less: allowance for expected credit loss	**(15,775,481)**	(18,540,300)
Net receivables	**917,576,367**	971,211,616

All the financing facilities provided by Company are Shariah compliant, accordingly they are unconventional in nature.

15(b) Movement in allowance for expected credit loss

	31 December 2024 SR	31 December 2023 SR
Balance at the beginning of the year	**18,540,300**	15,215,276
Allowance for expected credit loss for the year	**16,072,321**	9,265,684
Written off during the year	**(18,837,140)**	(5,940,660)
Balance at the end of the year	**15,775,481**	18,540,300

15(c) Expected maturity

The expected maturity of Murabaha receivables is as follows:

	31 December 2024 SR	31 December 2023 SR
Within 1 year	**680,140,513**	516,498,215
1 - 2 years	**184,302,853**	369,165,256
2 - 3 years	**65,092,155**	103,782,147
3 - 4 years	**2,306,114**	306,298
4 – 5 years	**1,510,213**	-
Total	**933,351,848**	989,751,916

15 MURABAHA RECEIVABLES (continued)

15(d) Aging of receivables (past due but not impaired)

As at reporting date, the ageing of past due receivables are as follows:

	= < 30 days SR	31 - 60 days SR	61 – 90 days SR	91 – 120 days SR	121 – 180 days SR	181 – 360 days SR	Above 360 days SR	Total SR
31 December 2024								
Receivables	**49,321,893**	**9,341,519**	**4,422,443**	**16,118,251**	**16,805,069**	**18,271,964**	**4,472,536**	**118,753,675**
31 December 2023								
Receivables	39,887,950	11,960,539	22,929,536	2,558,038	3,248,456	14,303,646	8,432,060	103,320,225

15(e) Stage wise analysis of net receivables

	Performing (Stage 1) SR	**Under-Performing (Stage 2) SR**	**Non-Performing (Stage 3) SR**	**Total SR**
Gross receivables as at 31 December 2024	**942,976,692**	**24,776,647**	**100,438,891**	**1,068,192,230**
Less: unearned finance income	**(119,648,771)**	**(2,591,919)**	**(12,599,692)**	**(134,840,382)**
	823,327,921	**22,184,728**	**87,839,199**	**933,351,848**
Less: allowance for expected credit loss	**(3,146,054)**	**(263,519)**	**(12,365,908)**	**(15,775,481)**
Net receivables as at 31 December 2024	**820,181,867**	**21,921,209**	**75,473,291**	**917,576,367**

	Performing (Stage 1) SR	Under-Performing (Stage 2) SR	Non-Performing (Stage 3) SR	Total SR
Gross receivables as at 31 December 2023	1,031,314,077	128,657,751	46,863,276	1,206,835,104
Less: unearned finance income	(187,583,910)	(22,685,843)	(6,813,435)	(217,083,188)
	843,730,167	105,971,908	40,049,841	989,751,916
Less: allowance for expected credit loss	(7,148,205)	(376,706)	(11,015,389)	(18,540,300)
Net receivables as at 31 December 2023	836,581,962	105,595,202	29,034,452	971,211,616

15(f) Stage wise analysis of gross receivables

	Performing (Stage 1) SR	**Under-Performing (Stage 2) SR**	**Non-Performing (Stage 3) SR**	**Total SR**
Gross receivables as at 31 December 2023	**843,730,167**	**105,971,908**	**40,049,841**	**989,751,916**
Transfer from performing	**(57,389,813)**	**17,379,680**	**40,010,133**	**-**
Transfer from under-performing	**2,510,204**	**(16,735,274)**	**14,225,070**	**-**
Transfer from non-performing	**-**	**1,726,844**	**(1,726,844)**	**-**
Write-off during the year	**-**	**-**	**(18,837,140)**	**(18,837,140)**
New business / Other movements	**34,477,363**	**(86,158,430)**	**14,118,139**	**(37,562,928)**
Gross receivables as at 31 December 2024	**823,327,921**	**22,184,728**	**87,839,199**	**933,351,848**

15 MURABAHA RECEIVABLES (continued)

15(f) Stage wise analysis of gross receivables (continued)

	Performing (Stage 1) SR	Under-Performing (Stage 2) SR	Non-Performing (Stage 3) SR	Total SR
Gross receivables as at 31 December 2022	665,231,724	122,200,144	40,046,332	827,478,200
Transfer from performing	(33,760,447)	7,359,352	26,401,095	-
Transfer from under-performing	52,750,371	(53,412,738)	662,367	-
Transfer from non-performing	655,349	-	(655,349)	-
Write-off during the year	-	-	(5,940,660)	(5,940,660)
New business / Other movements	158,853,170	29,825,150	(20,463,944)	168,214,376
Gross receivables as at 31December 2023	843,730,167	105,971,908	40,049,841	989,751,916

15(g) Stage wise analysis loss allowance

	Performing (Stage 1) SR	**Under-Performing (Stage 2) SR**	**Non-Performing (Stage 3) SR**	**Total SR**
Loss allowance as at 31 December 2023	**7,148,205**	**376,706**	**11,015,389**	**18,540,300**
Transfer from performing	**(1,044,875)**	**362,510**	**682,365**	**-**
Transfer from under-performing	**7,094**	**(76,216)**	**69,122**	**-**
Transfer from non-performing	**-**	**86,342**	**(86,342)**	**-**
Write-off during the year	**-**	**-**	**(18,837,140)**	**(18,837,140)**
Net (reversal)/charge for the year	**(2,964,370)**	**(485,823)**	**19,522,514**	**16,072,321**
Loss allowance as at 31 December 2024	**3,146,054**	**263,519**	**12,365,908**	**15,775,481**

	Performing (Stage 1) SR	Under-Performing (Stage 2) SR	Non-Performing (Stage 3) SR	Total SR
Loss allowance as at 31 December 2022	6,490,565	1,441,658	7,283,053	15,215,276
Transfer from performing	(2,123,073)	114,606	2,008,467	-
Transfer from under-performing	911,038	(1,001,948)	90,910	-
Transfer from non-performing	63,550	-	(63,550)	-
Write-off during the year	-	-	(5,940,660)	(5,940,660)
Net charge/(reversal) for the year	1,806,125	(177,610)	7,637,169	9,265,684
Loss allowance as at 31 December 2023	7,148,205	376,706	11,015,389	18,540,300

15(h) Economic sector risk concentration for the receivables

Sector concentration	**31 December 2024**	31 December 2023
Services	48.34%	43.45%
Retail business	25.09%	26.54%
Industrial	18.83%	16.06%
Contracting	7.30%	13.58%
Trading	0.45%	0.36%

15 MURABAHA RECEIVABLES (continued)

15(i) Collateral

The Company in the ordinary course of lending activities holds collaterals as security to mitigate credit risk in the receivables. These collaterals mostly include real estate and Kafalah guarantees. The collaterals are held against receivables and are managed against relevant exposures at their net realizable values. The value of real estate collateral as at 31 December 2024 amounted to SR 204.6 million (31 December 2023: SR 277.8 million).

16 REPOSSESSED ASSETS HELD FOR SALE

During 2022, the Company acquired a real estate property (hotel) including its moveable assets against defaulted Murabaha receivables. The real estate property valuations had been conducted by two independent valuers who hold memberships of Saudi Authority for Accredited Valuers and per both of them the market value of the repossessed assets is more than carrying value of the related Murabaha receivables. Accordingly, as at 31 December 2024, the repossessed assets had been recognised at the carrying value of Murabaha receivables amounting to SR 55.7 million. During 2023 and 2024, the Company has incurred cost amounting SR 25.6 million and SR 4.9 million respectively for furnishing, maintenance, and other services for the acquired real estate property which has been recognised as part of repossessed assets.

The Company entered into a lease agreement with Iqama Alraedah for Hotel Services, an entity under common control. This related party was established with the primary objective of engaging with the hotel management company to ensure that the hotel remains operational and well-maintained while it is actively marketed for sale.

The Company leased this hotel to this related party for a term of three years ending in 2026 at agreed annual lease payments amounting to SAR 130,434, which is below market rates. This lease arrangement was not intended to generate a market-based return but rather to preserve the operational status of the hotel, ensuring its attractiveness to potential buyers. The Company acknowledges that the lease agreement does not reflect an arm's length transaction.

During 2023, the Company repossessed a real estate (land) against Murabaha receivables. The real estate valuation has been conducted by two independent valuers who hold membership of Saudi Authority for Accredited Valuers and per both of them the market value of the repossessed assets is more than carrying value of the related Murabaha receivables Accordingly, as at 31 December 2023, it was classified as repossessed asset held for sale at the carrying value of Murabaha receivables amounting to SR 17.6 million.

However, during the year, the court decided the case related to ownership of the plot of land against the Company. As a result, the real estate (plot of land) has been classified as other asset as at 31 December 2024 (refer note 17).

17 PREPAYMENTS AND OTHER ASSETS

	31 December 2024 SR	31 December 2023 SR
Due from related parties (note 26)	**24,346,892**	15,651,555
Other asset (note 17.1)	**14,603,131**	-
Advances to suppliers	**5,121,956**	385,925
Prepaid expenses	**3,393,581**	2,924,509
Employee receivables	**1,785,954**	626,821
Deferred commission	**1,689,698**	3,732,060
Receivable from aggregators	**1,116,798**	1,180,648
Receivable on sale of collateral	**238,076**	500,398
Deposits	**-**	1,000,000
Others	**2,262,073**	1,709,882
	54,558,159	27,711,798

17.1 Other asset

The Company is in the process of taking legal measures to prove the validity of its possession and ownership of the plot of land at the present time as repossessed against Murabaha receivables, amounting to SR 17.6 million as at 31 December 2024 (refer note 16). The Company has a valid pledge on the land for SR 10.3 million that is recoverable, and the recoverability of the remaining balance is uncertain. Although, the Company is vigorously defending its position, it has created an allowance of SR 3 million against the asset at 31 December 2024 (refer note 7).

18 INVESTMENTS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The table below shows the details of the investments held by the Company at fair value through other comprehensive income:

	31 December 2024 SR	31 December 2023 SR
Equity instruments	**892,850**	892,850

On 12 December 2017, the Company subscribed 2.33% shareholding in Saudi Company for Registration of Financial Leasing Contracts ("Registration Company"), registered in the Kingdom of Saudi Arabia. The Registration Company has been formed with other finance and leasing companies registered in the Kingdom of Saudi Arabia for registration of contracts relating to financial leases and amendments and registration and transfer of title deeds of the assets under the finance leases arrangements.

19 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

The table below shows the details of the investment held by the Company at fair value through profit or loss:

	31 December 2024 SR	31 December 2023 SR
Investment in fund	**5,014,901**	-

During March 2024, the Company subscribed 50,000 units in Alraedah Fund for Financing, a closed ended fund managed by Saudi Kuwaiti Finance House, amounting to SR 5 million. As at 31 December 2024, the units have been revalued and as a result a fair value gain amounting to SR 0.01 million has been recognised. During the year the Company has received profit distribution amounting to SR 0.3 million against investment.

20 ACCOUNTS PAYABLE AND ACCRUALS

	31 December 2024 SR	31 December 2023 SR
Customer deposits	**37,970,347**	62,370,174
Employees related accruals	**11,890,444**	11,455,433
Payable to Alraedah Financing Fund	**11,018,479**	-
Unearned facility fees	**10,461,542**	8,391,543
Accrued expenses	**2,198,256**	4,529,267
Others	**955,338**	1,246,536
	74,494,406	87,992,953

21 LEASE LIABILITY

The lessee's incremental borrowing rate applied to the lease liability is 6.48%. The movement of the lease liability is given:

	31 December 2024 SR	31 December 2023 SR
Balance at the beginning of the year	**1,797,210**	7,801,579
Finance charge for the year	**77,166**	227,452
Payment made during the year	**(1,874,376)**	(2,811,571)
Adjustment for lease modification	**-**	(3,420,250)
Balance at the end of the year	**-**	1,797,210

22 BORROWINGS

The table below shows the details of the borrowings obtained by the Company:

		31 December 2024 SR	31 December 2023 SR
A	Riyad Financing Funds	**240,767,794**	259,389,506
B	Al-Rajhi Bank	**193,516,003**	99,972,669
C	The Saudi Investment Bank	**101,944,928**	162,788,909
D	Riyad Bank	**69,872,076**	81,238,340
E	Borrowings from a government entity	**46,009,194**	118,993,508
F	SME Bank	**42,285,184**	39,980,284
G	Tourism Development Fund	**36,761,634**	-
		731,156,813	762,363,216
	Current portion	**261,260,907**	187,869,756
	Non-current portion	**469,895,906**	574,493,460
		731,156,813	762,363,216

The movement of the borrowings is given as follows:

	31 December 2024 SR	31 December 2023 SR
Balance at the beginning of the year	**762,363,216**	368,775,746
Proceeds from borrowings	**285,725,000**	644,615,000
Repayment of borrowings	**(371,483,039)**	(285,952,016)
Finance cost for the year	**57,806,779**	42,099,609
Government grant on borrowings from a government entity	**(3,059,642)**	(7,175,123)
Deferred grant income	**(195,501)**	-
Balance at the end of the year	**731,156,813**	762,363,216

All borrowing facilities of the Company are Shariah compliant financing arrangements and are unconventional in nature.

A – Riyad Financing Funds

During 2021, the Company entered into Musharakah arrangement with Riyad Financing Fund to get finance as working capital support to the Company to finance its customers with initial present value of such loan being recorded at SR 55 million with maturity in November 2026. Riyad Financing Fund as partner to the arrangement is entitled to receive profit as per Musharakah batch rate pro-rated to their respective share (i.e., share in capital contributed). Profit distribution made during the year amounted SR 3.3 million (31 December 2023: SR 3.8 million) and further periodic profit distributions to be made at three (3) month intervals, up to maturity. Principal distribution was made during the period amounting to SR 18.3 million (31 December 2023 (audited): SR Nil) and further periodic principal distributions to be made at three (3) month intervals thereafter, up to maturity.

During 2023, the Company entered into Musharakah arrangement with Riyad Financing Fund III to get finance as working capital support to the Company to finance its customers with initial present value of such loans being recorded at SR 200 million with maturities ranging from July 2028 to August 2028. Riyad Financing Fund III as partner to the arrangement is entitled to receive profit as per Musharakah batch rate pro-rated to their respective share (i.e., share in capital contributed). Profit distribution made during the period amounted SR 17.7 million (31 December 2023: SR 4.3 million) and further periodic profit distributions to be made at three (3) month intervals, up to maturity. First principal distribution date is on 9 October 2025 i.e., 27 months from receipt of first cash contribution and periodic principal distributions to be made at three (3) month intervals thereafter, up to maturity.

22 BORROWINGS (continued)

B – Al-Rajhi Bank
The Company entered into revolving credit facilities agreement with Al-Rajhi Bank with facility amount of SR 100 million availed during 2023, further expanded to SR 200 million during 2024, to finance the Company's working capital requirements for financing its customers. The facilities are secured by the guarantees and certain loan receivables classified under Stage 1. The Company has withdrawn SR 134.1 million during the period from available credit facility (31 December 2023 (audited): SR 100 million) that is repayable on quarterly basis and recorded it at initial present value less transaction cost of SR 133.1 million (31 December 2023: SR 99.5 million). During the period, the Company has paid SR 49.4 million against draw down facility (31 December 2023: SR 1 million). The facility carries profits at 3month SAIBOR plus a margin that are payable on quarterly basis. The facility has been withdrawn in multiple tranches with maturities ranging from September 2026 to November 2027.

C – The Saudi Investment Bank
The Company entered into agreements with the Saudi Investment Bank with revolving credit facility amount of SR 50 million and non-revolving credit facility amount of SR 100 million during 2021 and 2022 respectively, to finance and support the Company's expansion plan by increasing the customer base. During 2023, the Company has signed an amendment to the credit facility agreement with the Saudi Investment Bank to increase the revolving credit facility limit from SR 50 million to SR 100 million, further expanded to SR 150 million during 2024. The facilities are secured by guarantees and general waiver in favour of the Bank for the proceeds of certain loan receivables classified under Stage 1.

The Company has withdrawn SR 63.6 million during the period from available credit facilities (31 December 2023: SR 251 million) that is repayable on quarterly basis and recorded it at initial present value less transaction cost of SR 63.4 million (31 December 2023: SR 250.5 million). The withdrawn facilities carry profit at the rates fixed at the time of drawdown and payable on quarterly basis. The facilities have been withdrawn in multiple tranches with maturities ranging from January 2027 to November 2028. During the period, the Company has paid SR 133.5 million against draw down facilities (31 December 2023: SR 138.1 million).

D – Riyad Bank
The Company entered into non-revolving credit facility agreements with Riyad Bank with facility amount of SR 50 million, SR 100 million and SR 50 million during 2022, 2023 and 2024 respectively, to finance and support the Company's expansion plan by increasing the customer base. The facilities are secured by the guarantees and cash reserve against facility received during 2023 (refer note 14), and certain loan receivables classified under Stage 1. The Company has withdrawn SR 50 million during the period from available credit facility (31 December 2023: SR 50 million) that is repayable on quarterly basis and recorded it at initial present value less transaction cost of SR 49.5 million (31 December 2023: SR 49.6 million). The facilities carry profits at 3month SAIBOR plus a margin that are payable on quarterly basis.

The facilities have been withdrawn in multiple tranches with maturities ranging from September 2027 to March 2029. During the period, the Company has paid SR 70.3 million against draw down facilities (31 December 2023: SR 24.1 million).

E - Borrowings from a government entity
Before 2020, the Company obtained loans from a government entity amounting to SR 125 million. These are repayable in monthly instalments that commenced in January 2019, with the final instalment due in June 2023. In April 2020, the government entity deferred its payments against the above-mentioned loans for one year effective from March 2020.The accounting impact of these changes in terms of the borrowings has been assessed and are treated as per the requirements of IFRS 9. This resulted in the Company incurring a modification gain of SR 6 million during the year ended 31 December 2020 with respect to the loans received before 2020. As required by the government entity as a condition of defer payments of these borrowings, the Company is required to give one-year deferrals of repayments to the Murabaha customers eligible for this program. This resulted in the Company incurring a corresponding modification loss of SR 10.3 million during the year ended 31 December 2020.

22 BORROWINGS (continued)

E - Borrowings from a government entity (continued)

Between June 2020 and December 2022, the Company has obtained the following additional loans from the government entity repayable in monthly instalments:

Loan receipt	Commencement of repayment	Final repayment	Loan amount - SR
June 2020	January 2021	December 2023	20,000,000
July 2020	February 2021	January 2024	25,000,000
September 2020	February 2021	January 2024	25,000,000
January 2021	July 2021	June 2024	15,000,000
June 2021	October 2021	September 2024	15,000,000
October 2021	February 2022	January 2025	20,000,000
May 2022	September 2022	August 2025	50,000,000
August 2022	November 2022	October 2025	50,000,000
October 2022	February 2023	January 2026	60,000,000

The above borrowings received by the Company from a government entity carry fixed commission rates that are significantly lower than the prevailing market rates. They also carry a number of conditions, one of which is that equivalent loans should be disbursed to specific types/sectors of customers at reduced rates. The initially recorded benefit on these loans being the impact of "lower than market value" was accounted for as "government grant". Such benefits were recognised, on meeting the conditions attached to the grant on a systematic basis against the expense for which such grant is intended to compensate, in profit or loss and other comprehensive income in "income from Murabaha contracts" line item.

F – SME Bank

During the year ended December 31, 2023, the Company has received funds of SR 45 million from Small & Medium Enterprises Bank ("SME Bank") under a borrowing agreement entered during December 2022, repayable at maturity during January 2026. The borrowing carries a fixed commission that is significantly lower than the prevailing market rate. The agreement carries a number of conditions, one of which is that equivalent loans should be disbursed to specific types/sectors of customers at reduced rates. The initially recorded benefit on the borrowing amounted to SR 7.2 million during the year, being the impact of "lower than market value," and was accounted for as a "government grant."

Such benefit was recognized, upon meeting the conditions attached to the grant, on a systematic basis against the expense for which such grant is intended to compensate, in profit or loss and other comprehensive income under the "income from Murabaha contracts" line item. During the year, the Company has paid SR 0.7 million against the borrowing.

The SME Bank has raised concerns regarding compliance with certain terms of the agreement and has indicated an intention to seek early settlement. The Company intends to vigorously defend its rights and does not expect any payment before the contractual maturity date, however, the Company has reclassified the loan amount to current liabilities.

Furthermore, the Company maintains a strong liquidity position and has sufficient funding sources to meet its financial obligations.

G – Tourism Development Fund

During the year, the Company has signed borrowing agreement with Tourism Development Fund ("TDF") amounting SR 50 million during July 2024. The Company has withdrawn funds of SR 40 million from available credit facility during the year repayable in monthly instalments that will commence in April 2025, with the final instalment due in April 2029. The borrowing carries fixed commission that is significantly lower than the prevailing market rate. The agreement carries a number of conditions, one of which is that equivalent loans should be disbursed to specific types/sectors of customers at reduced rates. The initially recorded benefit on the borrowing amounted to SR 3.2 million during 2024 being the impact of "lower than market value" and accounted for as "government grant". Such benefit was recognised, on meeting the conditions attached to the grant on a systematic basis against the expense for which such grant is intended to compensate, in profit or loss and other comprehensive income in "income from Murabaha contracts" line item. The government grant not yet recognised in profit or loss and other comprehensive income as at 31 December 2024 amounted to SR 0.2 million and included within "accounts payable and accruals".

23 EMPLOYEES' TERMINAL BENEFITS

Employees' terminal benefits under the defined benefit plan is determined using the projected unit credit method as follows:

23(a) Amount recognised in the statement of financial position

	31 December 2024 SR	31 December 2023 SR
Present value of employees' defined benefit obligation	**5,363,009**	4,575,642

23(b) Movement in the present value of employees' defined benefit obligation

	31 December 2024 SR	31 December 2023 SR
Defined benefit obligation		
As at 1 January	**4,575,642**	3,006,440
Amount recognised as expense for the year	**1,462,546**	1,524,227
Re-measurement (gain)/ loss of employees' terminal benefits recognised in other comprehensive income	**(103,980)**	344,766
Paid during the year	**(571,199)**	(299,791)
As at 31 December	**5,363,009**	4,575,642

23(c) Amount recognised in profit or loss

	31 December 2024 SR	31 December 2023 SR
Current service cost	**1,226,109**	1,352,952
Commission expense on defined benefit obligations	**236,437**	171,275
	1,462,546	1,524,227

23(d) Amount recognised in other comprehensive income

	31 December 2024 SR	31 December 2023 SR
Actuarial (loss)/gain due to change in demographic assumptions	**(586,871)**	559,051
Actuarial (loss)/gain due to change in financial assumptions	**(37,514)**	91,621
Actuarial gain/(loss) due to change in experience adjustments	**520,405**	(305,906)
	(103,980)	344,766

23(e) Principal actuarial assumptions

The principal actuarial assumptions used in the actuarial valuation at the reporting date are as follows:

	31 December 2024	31 December 2023
Discount rate	**5.75%**	5.50%
Salary increment	**7.00%**	7.00%

23 EMPLOYEES' TERMINAL BENEFITS (continued)

23(f) Sensitivity of the actuarial assumptions

The sensitivity analysis of principal actuarial assumptions is presented as follows:

	31 December 2024 SR	31 December 2023 SR
Discount rate +1%	**5,218,195**	4,396,270
Discount rate -1%	**5,516,394**	4,771,513
Salary increment +1%	**5,488,716**	4,766,776
Salary increment -1%	**5,242,052**	4,397,080

24 SHARE CAPITAL

Share capital amounted to SR 150,000,000 as at 31 December 2024 and 31 December 2023 consisting of 15,000,000 shares of SR 10 each, which are fully paid.

25 DIVIDEND

The Board of Directors in their meeting held on 17 April 2024 recommended a dividend of SR 2.83 per share amounting to SR 42.5 million which has been duly approved by the shareholders on 21 April 2024 and was paid during the year.

26 RELATED PARTY TRANSACTIONS AND BALANCES

In the ordinary course of its activities, the Company transacts business with its related parties. Related parties include shareholders, companies under common directorship and key management personnel. Key management personnel are those persons, including non-executive directors, having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The transactions with related parties are carried out on mutually agreed terms approved by the management of the Company.

The following are the details of major related party transactions during the year:

Compensation of key management personnel of the Company:

	31 December 2024 SR	31 December 2023 SR
Remuneration	**2,394,649**	1,681,340
Termination and other long-term benefits	**443,014**	167,499
Total compensation paid to key management personnel	**2,837,663**	1,848,839

Transactions with the related parties related to the expenses:

Related parties	**Relationship**	**Nature of transaction**	**31 December 2024 SR**	31 December 2023 SR
Alraedah Payments Company	Controlled by key management personnel	Fund transfer	**6,000,000**	-
		Expenses paid on behalf of the related party	**504,814**	229,603
		Margin deposit against guarantee issued on behalf of the related party	**-**	6,000,000
Alraedah Investment L.L.C	Controlled by key management personnel	Digital services obtained from related party	**1,552,662**	5,355,930
		Expenses paid on behalf of the related party	**12,225**	598,364

26 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Transactions with the related parties related to the expenses (continued):

Related parties	Relationship	Nature of transaction	31 December 2024 SR	31 December 2023 SR
Alraedah Digital Solutions Company	Controlled by key management personnel	Services received from related party	**10,239,297**	-
		Expenses paid on behalf of the related party	**6,207,836**	372,083
		Refunded amount against expenses paid on behalf of related party	**4,500,000**	-
		Advance against expenses	**66,405**	-
		Deposit for banking services	**2,000**	5,000
Iqama Alraedah for Hotel Services	Controlled by key management personnel	Deposit for operating expenses	**2,750,000**	-
		Income earned from operating lease (note 16)	**163,043**	-
		Expenses paid on behalf of the related party	**70,000**	-
Alraedah Digital Holding Company	Controlled by key management personnel	Expenses paid on behalf of the related party	**681,325**	-
		Deposit of share capital	**-**	500,000
		Deposit for banking services	**-**	1,000
Alraedah Investment Company	Shareholder	Dividend paid	**425,000**	200,000
		Expenses paid on behalf of the related party	**14,600**	67,465
Alraedah Digital Services Ltd	Controlled by key management personnel	Expenses paid on behalf of the related party	**208,230**	79,227
Abdullah Nasser Aldawood	Shareholder	Dividend paid	**42,075,000**	19,800,000

Due from related parties:

Below are the related party balances included in Prepayments and other assets (note 17):

	31 December 2024 SR	31 December 2023 SR
Alraedah Payments Company	**8,585,917**	8,081,103
Alraedah Investment L.L.C	**5,954,813**	5,954,294
Alraedah Digital Solutions Company	**4,700,762**	377,083
Iqama Alraedah for Hotel Services	**2,983,043**	-
Alraedah Digital Holding Company	**1,182,325**	501,000
Alraedah Investment Company	**673,448**	658,848
Alraedah Digital Services Ltd	**266,584**	79,227
	24,346,892	15,651,555

27 RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk and commission rate risks), credit risk, legal risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by senior management. The most important risks and their management are summarised hereafter.

Foreign currency risk
Foreign currency risk is the risk that the value of financial instruments of the Company will fluctuate due to changes in foreign exchange rates. The Company is not subject to fluctuations in foreign exchange rates in the normal course of its business as neither it undertakes significant transactions nor does it have any significant monetary assets and liabilities denominated in foreign currency.

Commission rate risk
Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's financial assets including Murabaha receivables held at amortised cost amounting SR 917.6 million as well as financial liabilities including borrowings amounting SR 467.8 million at 31 December 2024 are based on fixed rates. The financial liabilities of SR 263.4 million are based on floating rates. The Company's management monitors the fluctuations in commission rates on regular basis and take appropriate measures to minimize the commission rate risk.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company has established a credit policy for corporate borrowers. Furthermore, all the loans are allowed for the maximum term of 60 months.

As per such policy, Murabaha receivables are not granted unless the borrower meets certain basic requirements, which are set out below:

- Corporate Know Your Customer ("KYC") validation of real operation;
- Income earned through cash flows;
- Collateral provided as real estate, unless exempted; and
- Valuation of above mentioned collateral within basic Finance to Value ("FTV") ratios.

The Company monitors its receivables on a weekly basis. Furthermore, most of the receivables are backed by adequate collaterals. In case of receivables past due for three months, the Company takes legal actions against the borrower with an aim to either collect the receivable by selling the collaterals against which the financing is provided or force the customers to regularise their overdue positions.

The table below reflects Company's maximum exposure to credit risk for the components on the statement of financial position:

	31 December 2024 SR	31 December 2023 SR
Cash and cash equivalents	**22,773,280**	45,086,683
Restricted cash deposits	**9,400,000**	5,150,000
Murabaha receivables	**917,576,367**	971,211,616
Investments held at FVOCI	**892,850**	892,850
Investments held at fair value through profit or loss	**5,014,901**	-
Other assets	**36,561,447**	24,787,289
	992,218,845	1,047,128,438

Credit quality analysis
The following table sets out information about the credit quality of financial assets measured at amortised cost as at 31 December 2024 and 31 December 2023:

27 RISK MANAGEMENT (continued)

Credit quality analysis (continued)

a) Gross carrying value of Murabaha receivables before ECL

	Stage 1 SR	Stage 2 SR	Stage 3 SR	Total SR
31 December 2024	**823,327,921**	**22,184,728**	**87,839,199**	**933,351,848**
31 December 2023	843,730,167	105,971,908	40,049,841	989,751,916

b) Allowance for ECL

	Stage 1 SR	Stage 2 SR	Stage 3 SR	Total SR
31 December 2024	**3,146,054**	**263,519**	**12,365,908**	**15,775,481**
31 December 2023	7,148,205	376,706	11,015,389	18,540,300

Amounts arising from ECL – Significant increase in credit risk

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. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment including forward-looking information. The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure based on approved stages of criteria.

Credit risk categorisation

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 categorisation is 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.

a) Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analyzed by type of product and borrower as well as by credit risk grading.

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 macro-economic factors include GDP growth, inflation and average consumer prices etc.

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.

27 RISK MANAGEMENT (continued)

c) Modified financial assets

The contractual terms of receivables 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 receivable whose terms have been modified may be derecognised and the renegotiated receivable recognised as a new receivable at fair value in accordance with the Company's accounting policy. When the terms of a financial asset 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 may renegotiate receivables from customers in financial difficulties (referred to as 'forbearance activities') to maximize collection opportunities and minimize the risk of default. Under the Company's policy, receivables' 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 commission payments and amending other terms attached to the receivables.

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 credit obligations to the Company including principal instalments and interest payments.
- 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 external actual and forecast information, the Company formulates a view of the future direction of relevant economic variables. 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.

f) Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the below given variables. 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 models and assessed using tools tailored to various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. 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. The LGD models consider the recoveries and costs incurred in the process to arrive at the estimates.

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 amortisation.

27 RISK MANAGEMENT (continued)

f) Measurement of ECL (continued)

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 receivables.

Legal risk

Title deed of the real estate properties are registered in the name of the Company. The enforceability of any related rights and obligations are subject to interpretation and enforceability in the relevant courts of law.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its net financing requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of financing to dry up immediately. Management monitors the maturity profile of the Company's assets and liabilities to ensure that adequate liquidity is maintained.

a) Analysis of financial assets and financial liabilities according to when they are expected to be recovered or settled

The table shows an analysis of financial assets and financial liabilities according to when they are expected to be recovered or settled:

31 December 2024 Amounts in SR	**On demand / Within 3 months**	**3-12 months**	**1-5 years**	**No fixed maturity**	**Total**
Financial assets					
Cash and cash equivalents	**22,773,280**	**-**	**-**	**-**	**22,773,280**
Restricted cash deposits	**-**	**-**	**-**	**9,400,000**	**9,400,000**
Murabaha receivables	**275,789,687**	**389,304,984**	**252,481,696**	**-**	**917,576,367**
Other assets	**28,939,342**	**-**	**-**	**-**	**28,939,342**
Investments held at FVOCI	**-**	**-**	**-**	**892,850**	**892,850**
Investments held at fair value through profit or loss	**-**	**-**	**-**	**5,014,901**	**5,014,901**
Total financial assets	**327,502,309**	**389,304,984**	**252,481,696**	**15,307,751**	**984,596,740**
Financial liabilities					
Accounts payable	**44,378,687**	**13,916,286**	**16,199,433**	**-**	**74,494,406**
Borrowings	**92,011,583**	**169,249,324**	**469,895,906**	**-**	**731,156,813**
Lease liability	**-**	**-**	**-**	**-**	**-**
Total financial liabilities	**136,390,270**	**183,199,816**	**486,061,133**	**-**	**805,651,219**
Total maturity gap	**191,112,039**	**206,139,374**	**(233,613,643)**	**15,307,751**	**178,945,521**
Cumulative maturity gap	**191,112,039**	**397,251,413**	**163,637,770**	**178,945,521**	

31 December 2023 Amounts in SR	On demand / Within 3 Months	3-12 Months	1-5 Years	No fixed maturity	Total
Financial assets					
Cash and cash equivalents	45,086,683	-	-	-	45,086,683
Restricted cash deposits	-	-	-	5,150,000	5,150,000
Murabaha receivables	224,499,972	263,434,989	469,778,613	-	957,713,574
Other assets	19,235,331	-	-	-	19,235,331
Investments held at FVOCI	-	-	-	892,850	892,850
Investments held at fair value through profit or loss	-	-	-	-	-
Total financial assets	288,821,986	263,434,989	469,778,613	6,042,850	1,028,078,438

27 RISK MANAGEMENT (continued)

a) Analysis of financial assets and financial liabilities according to when they are expected to be recovered or settled (continued)

Financial liabilities

31 December 2023 Amounts in SR	On demand / Within 3 Months	3-12 Months	1-5 Years	No fixed maturity	Total
Accounts payable	6,889,749	12,631,879	42,848,546	-	62,370,174
Borrowings	51,190,527	136,679,229	574,493,460	-	762,363,216
Lease liability	1,797,210	-	-	-	1,797,210
Total financial liabilities	59,877,486	149,311,108	617,342,006	-	826,530,600
Total maturity gap	228,944,500	114,123,881	(147,563,393)	6,042,850	201,547,838
Cumulative maturity gap	228,944,500	343,068,381	195,504,988	201,547,838	

b) Analysis of undiscounted value of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial liabilities at 31 December based on contractual undiscounted repayment obligations. The contractual maturities of liabilities have been determined based on the remaining period at the statement of financial position date to the contractual maturity date.

31 December 2024 **Amounts in SR**	**On demand / Less than 3 months**	**3-12 months**	**1-5 years**	**Total**
Accounts payable	**44,378,687**	**13,916,286**	**16,199,433**	**74,494,406**
Borrowings	**111,889,366**	**208,160,096**	**519,225,024**	**839,274,486**
Total	**156,268,053**	**222,076,382**	**535,424,457**	**913,768,892**

31 December 2023 Amounts in SR	On demand / Less than 3 months	3-12 months	1-5 years	Total
Accounts payable	6,889,749	12,631,879	42,848,546	62,370,174
Lease liability	1,874,380	-	-	1,874,380
Borrowings	65,752,249	174,633,307	645,069,489	885,455,045
Total	74,516,378	187,265,186	687,918,035	949,699,599

Maturity analysis of assets and liabilities

31 December 2024 **Amounts in SR**	**Within 12 Months**	**After 12 Months**	**Total**
Assets			
Cash and cash equivalents	**22,773,280**	**-**	**22,773,280**
Restricted cash deposits	**-**	**9,400,000**	**9,400,000**
Murabaha receivables	**665,094,671**	**252,481,696**	**917,576,367**
Repossessed assets held for sale	**55,710,789**	**-**	**55,710,789**
Prepayments and other assets	**54,558,159**	**-**	**54,558,159**
Investments held at FVOCI	**-**	**892,850**	**892,850**
Investments held at fair value through profit or loss	**-**	**5,014,901**	**5,014,901**
Right-of-use assets	**378,783**	**-**	**378,783**
Property and equipment	**-**	**2,767,691**	**2,767,691**
Intangible assets	**-**	**13,895,230**	**13,895,230**
Total assets	**798,515,682**	**284,452,368**	**1,082,968,050**

27 RISK MANAGEMENT (continued)

Maturity analysis of assets and liabilities (continued)

31 December 2024 **Amounts in SR**	**Within 12 Months**	**After 12 Months**	**Total**
Liabilities			
Accounts payable and accruals	**58,294,973**	**16,199,433**	**74,494,406**
Zakat payable	**9,075,185**	**-**	**9,075,185**
Borrowings	**261,260,907**	**469,895,906**	**731,156,813**
Lease liability	**-**	**-**	**-**
Employees' terminal benefits	**-**	**5,363,009**	**5,363,009**
Total liabilities	**328,631,065**	**491,458,348**	**820,089,413**
Net	**469,884,617**	**(207,005,980)**	**262,878,637**

31 December 2023 Amounts in SR	Within 12 Months	After 12 Months	Total
Assets			
Cash and cash equivalents	45,086,683	-	45,086,683
Restricted cash deposits	-	5,150,000	5,150,000
Murabaha receivables	501,433,003	469,778,613	971,211,616
Prepayments and other assets	27,711,798	-	27,711,798
Repossessed assets held for sale	68,336,710	-	68,336,710
Investments held at FVOCI	-	892,850	892,850
Right-of-use assets	946,943	568,168	1,515,111
Property and equipment	-	4,283,808	4,283,808
Intangible assets	-	12,170,664	12,170,664
Total assets	643,515,137	492,844,103	1,136,359,240
Liabilities			
Accounts payable and accruals	68,471,325	19,521,628	87,992,953
Zakat payable	9,922,142	-	9,922,142
Borrowings	187,869,756	574,493,460	762,363,216
Lease liability	1,797,210	-	1,797,210
Employees' terminal benefits	-	4,575,642	4,575,642
Total liabilities	268,060,433	598,590,730	866,651,163
Net	375,454,704	(105,746,627)	269,708,077

Capital management

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of Murabaha financing, and the advantages and security afforded by a sound capital position. In relation to the capital structure of the Company, management closely monitors the compliance with regulations and debt covenants. As at the statement of financial position date the Company was in compliance with the prescribe requirements. At financial position date, the management analysis of gearing ratio was as follows:

	31 December 2024 **SR**	31 December 2023 SR
Debt	**731,156,813**	762,363,216
Shareholders' Equity	**262,878,637**	269,708,077
Debt to Equity Ratio	**2.78**	2.83

Net receivables to equity ratio	**31 December 2024** **SR**	31 December 2023 SR
Net receivables (excluding ECL)	**933,351,848**	989,751,916
Shareholders' Equity	**262,878,637**	269,708,077
Net receivables to equity Ratio	**3.55**	3.67

28 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

The principal or the most advantageous market must be accessible to the Company.

Financial instruments comprise financial assets and financial liabilities. Financial assets of the Company include cash and bank balances, Murabaha receivables, investments held at fair value through other comprehensive income, investments held at fair value through profit or loss and other receivables. Financial liabilities of the Company include borrowings, payables to SAMA, lease liability and accounts payable.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Company does not have any financial asset or financial liability carried at fair value in these financial statements except for investment in Saudi Company for Registration of Financial Leasing Contracts held at fair value through other comprehensive income amounting SR 0.89 million which has been categorised as Level 2 of fair value hierarchy (31 December 2023: SR 0.89 million (note 18)) and investment in Alraedah Fund for Financing held at fair value through profit or loss amounting to SR 5 million which has been categorised at Level 2 of fair value hierarchy (31 December 2023: SR Nil (note 19)).

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

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

There have been no transfers between various fair value hierarchy level during the current or prior year. Management believes that the fair value of financial assets and liabilities at the reporting date approximate their carrying values.
The financial assets and liabilities of the Company are categorised as follows, which approximate to their fair value:

Financial instruments by category	31 December 2024 SR	31 December 2023 SR
Financial assets – at amortised cost		
Cash and cash equivalents	**22,773,280**	45,086,683
Restricted cash deposits	**9,400,000**	5,150,000
Murabaha receivables	**917,576,367**	971,211,616
Other assets	**28,939,342**	19,235,331
	978,688,989	1,040,683,630
Financial assets – at fair value through other comprehensive income		
Investments held at fair value through other comprehensive income	**892,850**	892,850
Financial liabilities – at amortised cost		
Accounts payable	**74,494,406**	62,370,174
Borrowings	**731,156,813**	762,363,216
Lease liability	**-**	1,797,210
	805,651,219	826,530,600

29 ASSETS HELD UNDER FIDUCIARY CAPACITY

The funds of Alraedah Fund for Financing (the Fund), a closed ended fund managed by Saudi Kuwaiti Finance House, are managed in a fiduciary capacity without risk or recourse to the Company. These assets are considered as off-balance sheet items and do not constitute part of the Company's assets. These represent:

a) Investment assets of the Fund managed by the Company amounting to SR 196.1 million as at 31 December 2024 (31 December 2023: Nil); and
b) The Fund's cash account amounting to SR 6.8 million as at 31 December 2024 (31 December 2023: Nil).

30 CONTIGENCIES AND COMMITMENTS

Contingencies
The Company has performance guarantee from the Saudi Investment Bank as at 31 December 2024 with amount of SR 24.4 million issued for a financing customer (31 December 2023: SR 24.4 million).

Commitments
The Company has no material commitments as at 31 December 2024 and 31 December 2023.

31 SUBSEQUENT EVENTS

Subsequent to the reporting date:

- During January 2025, the Company has withdrawn SR 20 million and SR 52.5 million respectively from the available facility under credit facility agreement with Saudi Investment Bank as entered during December 2023 repayable on quarterly basis with the final instalment due in January 2029. The withdrawn facilities carry profit at the rates fixed at the time of drawdown and payable on quarterly basis.

- During January 2025, the Company has withdrawn SR 10 million from the available facility under credit facility agreement with Tourism Development Fund as entered during July 2024 repayable on monthly basis with the final instalment due in March 2029. The borrowing carries fixed commission that is significantly lower than the prevailing market rate.

- During February 2025, the Company has withdrawn SR 12 million from the available facility under credit facility agreement with Al-Rajhi Bank as entered during August 2023 repayable on quarterly basis with the final instalment due in September 2026. The facility carries profits at 3month SAIBOR plus a margin that are payable on quarterly basis.

No other material events have occurred subsequent to the reporting date and before the issuance of these financial statements which require adjustments or additional disclosures to these financial statements.

32 RECLASSIFICATIONS

The comparative figures as mentioned below has been reclassified to conform with classification used for the year ended 31 December 2024, however, this reclassification has not resulted in any additional impact on equity or total comprehensive income for the comparative period.

Account *From*	*To*	**31 December 2023 SR**
Statement of financial position:		
Investments held at amortised cost	Murabaha receivables	13,498,042
Statement of profit or loss and other comprehensive income:		
Income from investments held at amortised cost	Income from Murabaha contracts	261,042

Receivables from lending through crowdfunding platform previously classified as investments held at amortised cost at 31 December 2023 have been reclassified to Murabaha receivables.

33 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 4 Ramadan 1446 (H), corresponding to 4 March 2025 (G).