



Interim Condensed Financial Statements And Independent Auditor's Review Report

For The Three-Month And Nine-Month Periods
Ended 30 September 2024 (Unaudited)

Tamweel Al Oula Company

(A Single Shareholder Saudi
Closed Joint Stock Company)

TAMWEEL AI OULA COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REVIEW REPORT

At 30 September 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDER OF TAMWEEL AL OULA COMPANY (A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

Introduction:

We have reviewed the accompanying interim condensed statement of financial position of Tamweel Al Oula Company (the "Company") as at 30 September 2024, and the related interim condensed statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2024, and the related interim condensed statements of changes in shareholder's equity and cash flows for the nine-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review:

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

Conclusion:

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

for Ernst & Young Professional Services



Marwan S. AlAfaliq
Certified Public Accountant
Licence No. (422)



Al Khobar: 25 Rabi Al-Thani 1446H
28 October 2024

TAMWEEL AL OULA COMPANY

(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2024

	Note	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
		<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue from main operations	4	93,783,942	75,232,313	260,949,969	211,877,900
Finance cost		(11,594,910)	(5,107,546)	(40,513,691)	(18,525,160)
GROSS REVENUE FROM MAIN OPERATIONS		82,189,032	70,124,767	220,436,278	193,352,740
Revenue from other activities	5	9,413,869	3,900,835	18,538,584	13,292,593
NET REVENUE FROM OPERATIONS		91,602,901	74,025,602	238,974,862	206,645,333
EXPENSES					
Selling and advertising		(17,091,753)	(16,518,828)	(47,597,008)	(49,060,849)
Depreciation and amortisation		(1,695,757)	(1,532,355)	(5,060,309)	(4,509,266)
Provision of expected credit losses on investment in Islamic finance receivables		(8,892,079)	-	(22,067,687)	(21,407,031)
Other general and administrative expenses		(8,690,401)	(8,504,398)	(25,254,546)	(23,379,608)
TOTAL EXPENSES		(36,369,990)	(26,555,581)	(99,979,550)	(98,356,754)
PROFIT BEFORE ZAKAT		55,232,911	47,470,021	138,995,312	108,288,579
Zakat	9	(5,523,291)	(4,747,002)	(13,899,531)	(10,828,858)
PROFIT FOR THE PERIOD		49,709,620	42,723,019	125,095,781	97,459,721
OTHER COMPREHENSIVE INCOME					
Other comprehensive income for the period		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		49,709,620	42,723,019	125,095,781	97,459,721
Earnings per share					
Basic and diluted earnings per share		0.99	0.86	2.50	1.95
Weighted average number of outstanding shares		50,000,000	50,000,000	50,000,000	50,000,000

The attached notes 1 to 14 form part of these interim condensed financial statements.

TAMWEEL AL OULA COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 September 2024

		<i>30 September</i>	<i>31 December</i>
		<i>2024</i>	<i>2023</i>
	<i>Note</i>	<i>SR</i>	<i>SR</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
ASSETS			
Bank balances and cash		140,674,548	26,304,771
Prepayments and other receivables		29,444,815	70,715,782
Net investment in Islamic finance receivables	6	2,347,859,844	3,084,217,038
Equity investment at fair value through other comprehensive income ("OCI")		892,850	892,850
Property and equipment		4,327,717	4,659,748
Right-of-use assets		2,099,652	4,597,329
Intangible assets		1,298,639	2,436,893
TOTAL ASSETS		2,526,598,065	3,193,824,411
SHAREHOLDER'S EQUITY AND LIABILITIES			
SHAREHOLDER'S EQUITY			
Share capital	10	500,000,000	500,000,000
Statutory reserve		32,018,542	32,018,542
Retained earnings		179,166,691	149,070,910
TOTAL SHAREHOLDER'S EQUITY		711,185,233	681,089,452
LIABILITIES			
Provision for zakat	9	13,899,531	14,680,591
Accrued expenses and other liabilities		23,969,622	46,645,060
Accounts payable		95,151,068	184,494,416
Loans and borrowings	8	1,639,007,510	2,188,689,750
Lease liabilities		606,410	3,462,114
Government grant		26,799,097	62,908,644
Amounts due to related parties	7	5,095,277	3,233,312
Employees' defined benefits liabilities		10,884,317	8,621,072
TOTAL LIABILITIES		1,815,412,832	2,512,734,959
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		2,526,598,065	3,193,824,411

The attached notes 1 to 14 form part of these interim condensed financial statements.

TAMWEEL AL OULA COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(UNAUDITED)

For the nine-month period ended 30 September 2024

	<i>Share capital SR</i>	<i>Statutory reserve SR</i>	<i>Retained earnings SR</i>	<i>Total SR</i>
As at 1 January 2023 (audited)	500,000,000	19,248,439	94,919,613	614,168,052
Profit for the period	-	-	97,459,721	97,459,721
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	97,459,721	97,459,721
Dividends	-	-	(60,000,000)	(60,000,000)
As at 30 September 2023 (unaudited)	<u>500,000,000</u>	<u>19,248,439</u>	<u>132,379,334</u>	<u>651,627,773</u>
As at 1 January 2024 (audited)	500,000,000	32,018,542	149,070,910	681,089,452
Profit for the period	-	-	125,095,781	125,095,781
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	125,095,781	125,095,781
Dividends	-	-	(95,000,000)	(95,000,000)
As at 30 September 2024 (unaudited)	<u>500,000,000</u>	<u>32,018,542</u>	<u>179,166,691</u>	<u>711,185,233</u>

The attached notes 1 to 14 form part of these interim condensed financial statements.

TAMWEEL AL OULA COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine-month period ended 30 September 2024

	<i>Nine-month period ended 30 September</i>	
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
OPERATING ACTIVITIES		
Profit before zakat	138,995,312	108,288,579
Adjustments to reconcile profit before zakat to net cashflow:		
Depreciation of property and equipment	1,317,352	1,135,506
Depreciation of right-of-use assets	2,497,676	2,739,577
Amortisation of intangible assets	1,245,281	634,183
Finance costs and bank charges	76,583,506	73,046,306
Employees' defined benefits liabilities, charged	2,435,617	2,076,428
Charge of expected credit loss on islamic finance receivables	22,067,687	21,407,031
Interest expense on lease liabilities	39,733	154,513
Gain or Loss on sale of property and equipment	(16,377)	(5,901)
Grant income realised	(36,109,548)	(54,521,146)
	209,056,239	154,955,076
Changes in operating assets and liabilities:		
Net investment in Islamic finance receivables	714,289,507	(759,468,926)
Prepayments and other receivables	41,270,967	133,492,361
Amounts due to related parties	1,861,965	(950,177)
Accounts payable	(89,343,348)	53,984,103
Accruals and other current liabilities	(22,635,705)	23,645,294
Cash from / (used in) operations	854,499,625	(394,342,269)
Employees' defined benefits liabilities, paid	(172,372)	(839,517)
Zakat paid	(14,680,590)	(9,280,400)
Finance costs and bank charges paid	(37,154,032)	(10,540,394)
Net cash from / (used in) operating activities	802,492,631	(415,002,580)
INVESTING ACTIVITY		
Purchase of property and equipment	(1,075,970)	(1,262,433)
Net cash used in an investing activity	(1,075,970)	(1,262,433)
FINANCING ACTIVITIES		
Dividends paid	(95,000,000)	(60,000,000)
Payment of lease liabilities	(2,895,438)	(3,135,453)
Proceeds from loans and borrowings	350,701,776	1,579,605,698
Repayment of loans and borrowings	(939,853,222)	(712,073,065)
Net cash (used in) / from financing activities	(687,046,884)	804,397,180
NET INCREASE IN BANK BALANCE AND CASH	114,369,777	388,132,167
Bank balances and cash at the beginning of the period	26,304,771	21,626,376
BANK BALANCE AND CASH AT THE END OF THE PERIOD	140,674,548	409,758,543

The attached notes 1 to 14 form part of these interim condensed financial statements.

TAMWEEL AL OULA COMPANY

(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

As at 30 September 2024

1 CORPORATE INFORMATION

Tamweel Al Oula Company (the "Company"), is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 2050055043 dated 15 Ramadan 1436H (corresponding to 2 July 2015).

The Company is engaged in providing financial leasing in addition to financing production assets and offering consumer finance in accordance with the license number 39/ASH/201512 dated 21 Safar 1437H (corresponding to 3 December 2015) issued by Saudi Central Bank ("SAMA").

The Company's registered office is located at PO 34232, Dammam, Kingdom of Saudi Arabia. The Company operates through the following branches:

<i>Commercial Registration Name</i>	<i>Number</i>	<i>Location</i>	<i>Date</i>
Tamweel Al Oula - Branch	2051065442	Al Khobar	17/04/1439H
Tamweel Al Oula - Branch	2252101795	Al Hasa	02/06/1439H
Tamweel Al Oula - Branch	1010691639	Riyadh	19/07/1442H
Tamweel Al Oula - Branch	4030416684	Jeddah	14/10/1442H
Tamweel Al Oula - Branch	5855360923	Khamis Mushait	13/11/1443H

The interim condensed financial statements of the Company as of 30 September 2024 were authorised for issuance on 25 Rabi Al-Thani 1446H (corresponding to 28 October 2024).

2 BASIS OF PREPARATION

The interim condensed financial statements of the Company as at and for the three-month and nine-month periods ended 30 September 2024 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The Company has prepared the interim condensed financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2023.

In July 2024, the Shareholder of the Company resolved to file an initial public offering application with the Capital Market Authority ("CMA") of the Kingdom of Saudi Arabia to list the Company's shares on Tadawul in the Kingdom of Saudi Arabia. Accordingly, these interim condensed financial statements have been prepared for inclusion in the Company's initial public offering application to be filed with the Capital Market Authority of the Kingdom of Saudi Arabia in order to list the Company's shares on Tadawul, in the Kingdom of Saudi Arabia. The Company has received the no objection letter from SAMA to continue with IPO on 8 Rabi Al-Awwal 1446H (corresponding to 11 September 2024).

2.1 Basis of measurement

These interim condensed financial statements have prepared on historical cost basis, except when otherwise disclosed in the accounting policy adopted. The interim condensed statement of financial position is stated in order of liquidity.

2.2 Presentation and functional currency

The presentation and functional currency of the Company is Saudi Riyal.

TAMWEEL AL OULA COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
(Continued)

As at 30 September 2024

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed financial statements of the Company. Below are a list of the new standards that went into effect as of 1 January 2024:

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7. The amendments had no impact on the Company's interim condensed financial statements.
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback. The amendments had no impact on the Company's interim condensed financial statements.
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current. The amendments had no impact on the Company's interim condensed financial statements.

4 REVENUE FROM OPERATIONS

	<i>Nine-month period ended 30 September</i>	
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Tawarruq revenue	165,044,600	125,704,395
Ijarah revenue	95,905,369	86,173,505
	260,949,969	211,877,900
	<i>Nine-month period ended 30 September</i>	
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
External customers	250,825,194	176,987,561
Related parties	10,124,775	34,890,339
	260,949,969	211,877,900

All of the Company's revenue is generated in the Kingdom of Saudi Arabia. The Company recognises the revenue in accordance with IFRS 9 "Financial Instruments" requirements.

TAMWEEL AL OULA COMPANY

(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

As at 30 September 2024

5 REVENUE FROM OTHER ACTIVITIES

	<i>Nine-month period ended 30 September</i>	
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Recoveries of prior written of receivables	10,782,812	1,834,092
Discounts from suppliers	4,922,362	6,128,717
Others	2,833,410	5,329,784
	18,538,584	13,292,593

6 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES

	<i>30 September</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Gross investment in Islamic finance receivables	3,036,084,296	3,888,747,338
Less: unearned finance income	(574,750,728)	(684,140,707)
Investment in Islamic finance receivables (before allowance for expected credit loss on Islamic finance receivables)	2,461,333,568	3,204,606,631
Less: allowance for expected credit losses on Islamic finance receivables	(113,473,724)	(120,389,593)
Net investment in Islamic finance receivables	2,347,859,844	3,084,217,038
<i>Analysed as below:</i>		
Net investment in Islamic finance receivables, non-current	1,307,713,992	1,680,729,868
Net investment in Islamic finance receivables, current	1,040,145,852	1,403,487,170
	2,347,859,844	3,084,217,038

TAMWEEL AL OULA COMPANY

(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

As at 30 September 2024

6 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (continued)

Below are the details of the Company's net investment in Islamic finance receivables stage wise:

30 September 2024 (unaudited)

	<i>Stage 1 (12- month ECL)</i>	<i>Stage 2 (life- time ECL but not credit impaired)</i>	<i>Stage 3 (life- time ECL credit impaired)</i>	<i>Total</i>
	SR	SR	SR	SR
<i>Ijarah</i>				
Investment in Islamic finance receivables	801,408,221	97,161,415	163,819,925	1,062,389,561
Expected credit losses	(12,632,175)	(1,015,691)	(23,682,595)	(37,330,461)
	<u>788,776,046</u>	<u>96,145,724</u>	<u>140,137,330</u>	<u>1,025,059,100</u>
<i>Tawarruq</i>				
Investment in Islamic finance receivables	1,215,064,736	26,592,329	157,286,942	1,398,944,007
Expected credit losses	(18,965,569)	(554,677)	(56,623,017)	(76,143,263)
	<u>1,196,099,167</u>	<u>26,037,652</u>	<u>100,663,925</u>	<u>1,322,800,744</u>
	<u><u>1,984,875,213</u></u>	<u><u>122,183,376</u></u>	<u><u>240,801,255</u></u>	<u><u>2,347,859,844</u></u>

31 December 2023 (audited)

	<i>Stage 1 (12- month ECL)</i>	<i>Stage 2 (life-time ECL but not credit impaired)</i>	<i>Stage 3 (life-time ECL credit impaired)</i>	<i>Total</i>
	SR	SR	SR	SR
<i>Ijarah</i>				
Investment in Islamic finance receivables	986,607,526	207,456,729	173,195,713	1,367,259,968
Expected credit losses	(9,778,994)	(1,452,295)	(21,056,514)	(32,287,803)
	<u>976,828,532</u>	<u>206,004,434</u>	<u>152,139,199</u>	<u>1,334,972,165</u>
<i>Tawarruq</i>				
Investment in Islamic finance receivables	1,184,602,521	387,968,465	264,775,677	1,837,346,663
Expected credit losses	(15,838,265)	(2,750,526)	(69,512,999)	(88,101,790)
	<u>1,168,764,256</u>	<u>385,217,939</u>	<u>195,262,678</u>	<u>1,749,244,873</u>
	<u><u>2,145,592,788</u></u>	<u><u>591,222,373</u></u>	<u><u>347,401,877</u></u>	<u><u>3,084,217,038</u></u>

TAMWEEL AL OULA COMPANY

(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(Continued)

As at 30 September 2024

6 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (continued)

The movement in allowance for expected credit losses on investment in finance leases is given below:

	<i>30 September</i> <i>2024</i> <i>SR</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2023</i> <i>SR</i> <i>Audited</i>
At the beginning of the period	120,389,593	76,723,615
Charge for the period	22,067,687	48,027,467
Amounts written off	(28,983,556)	(4,361,489)
At the end of the period	113,473,724	120,389,593

6.1 Current portion of the gross investment in Islamic finance receivables has been netted off against the ECL provision amounting to SR 113.5 million (31 December 2023: 120.3 million).

6.2 During 2023, the Company has entered into a Musharakah agreement with a local bank (“Musharakah Partner”) for Ijara and Tawarruq receivables. In accordance with the terms of this agreement, the partners are participating in the underlying Ijarah and Tawarruq transactions on agreed basis allocating 20% for the Company and the remaining 80% for the other Musharakah Partner. Such receivables represent instruments initially originated by the Company and subsequently transferred to a third party. The Company assumes credit risk to the extent of its share in the agreement, a similar transactions was entered into by the Company in prior years.

Up to 31 December 2023, the Company has derecognised net investment in Islamic finance receivables amounting to SR 563.3 million which represents 80% of the Musharaka agreement. The Company has entered into similar agreements during the nine-month period ended 30 September 2024. As of the reporting date, the total outstanding balances related to the Musharkah Partner and the Company were SR 644.5 million and SR 161.1 million, respectively (31 December 2023: SR 499.09 million and SR 124.8 million, respectively).

TAMWEEL AL OULA COMPANY
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
(Continued)

As at 30 September 2024

6 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (continued)

6.3 During 2022, the Company has entered into an agreement to sell a tranche of its net investment in Islamic finance receivables amounting to SR 50 million of the gross value of the net investment in Islamic finance receivables outstanding balance to a commercial bank (the “Purchaser”) within the Kingdom of Saudi Arabia. Such receivables represent instruments initially originated by the Company and subsequently sold to a third party. The Company acts as an Agent to collect the outstanding amounts on behalf of the Purchaser and is entitled to collect a fee, this is dependent on the performance of the Company in the collection of the receivables. The Company has a restricted cash amounting to SR 4.6 million representing 10% of the collected amount against the sold net investment in Islamic finance receivables. As of 30 September 2024 the balance outstanding of the transaction amounted to SR 25.9 (31 December 2023: 34.1).

6.4 The Company has receivables under SAMA two programs, loan guarantee program, including Kafalah, and direct lending program amounting to SR 824.4 million (31 December 2023: SR 1,665.2 million). The expected credit loss related to these loans are SR 36.2 million (31 December 2024 SR 33.5 million). Under Kafalah program, the Company’s credit risk is covered up to 95% of the receivable balances.

7 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include partners and entities controlled, jointly controlled or significantly influenced by such parties (affiliates). Pricing policies and terms of payments of transactions with related parties are approved by the Company's management. Following is the list of related parties of the Company:

<u><i>Names of related parties</i></u>	<u><i>Nature of Relationship</i></u>
Al Kifah Holding Company	Shareholder
Al Kifah Trading Company	Fellow subsidiary
Al Kifah for Building Material Company	Fellow subsidiary
Al Kifah Contracting Company	Fellow subsidiary
Al Motaweroon International Company	Fellow subsidiary
Takamol Aloula For Facilities Management Company	Fellow subsidiary
Al Kifah Paper Products Company	Fellow subsidiary
Al Kifah Precast Company	Fellow subsidiary
Al Kifah Information Technology Company	Fellow subsidiary
KiCe Construction Equipment Company	Fellow subsidiary
Green Vision Paper Products Company	Fellow subsidiary
Medical Infection Control Company	Fellow subsidiary
Al Kifah Ready Mix Factory Company	Fellow subsidiary
Optimal Supply for Catering Services Company	Fellow subsidiary
ABAN Advanced Contracting	Fellow subsidiary
Enar Renewable Energy	Fellow subsidiary
Alafouq Alareed Trading Company	Other related party

TAMWEEL AL OULA COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
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As at 30 September 2024

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Following are the details of the major related party transactions occurred during the period:

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amounts of transactions</u>	
		<u>Nine-month period ended 30 September</u>	
		<u>2024</u>	<u>2023</u>
		<u>SR</u>	<u>SR</u>
<u>Shareholder</u>			
Al Kifah Holding Company	Value added tax paid on behalf of the Company	2,208,545	1,347,499
	Services provided	500,665	1,664,260
	Amount collected against Islamic finance receivables	-	(1,366,833)
	Dividends payment	95,000,000	60,000,000
<u>Fellow subsidiaries</u>			
Al Kifah Contracting Company	Amount collected against Islamic finance receivables	(32,196,009)	(4,176,277)
	Financing	60,335,800	30,000,000
KiCe Construction Equipment Company	Heavy machinery and equipment sales financed by the Company	11,150,000	6,060,500
	Amount paid against machinery and equipment financed	(15,121,277)	(5,022,750)
	Amount collected against Islamic finance receivables	(40,569,167)	(14,466,670)
	Financing	30,000,000	-
Takamol Aloula For Facilities Management Company	Amount collected against Islamic finance receivables	(12,858,098)	(20,243,194)
	Financing	20,000,000	7,500,000
	Services provided	3,224,881	2,968,016
Al Kifah Precast Company	Amount collected against Islamic finance receivables	(33,768,345)	(21,558,964)
	Financing	40,000,000	7,500,000
Al Kifah Information Technology	Information technology fee	-	383,357
Al Motaweroon International Company	Amount collected against Islamic finance receivables	(44,478,096)	(17,890,669)
	Financing	20,934,000	-
Green Vision Paper Products Company	Financing	20,000,000	15,000,000
	Amount collected against Islamic finance receivables	(39,200,346)	(15,959,893)
Medical Infection Control Company	Financing	15,000,000	15,000,000
	Amount collected against Islamic finance receivables	(31,383,821)	(5,880,002)

TAMWEEL AL OULA COMPANY
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As at 30 September 2024

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amounts of transactions</u>	
		<u>Nine-month period ended 30 September</u>	
		<u>2024</u>	<u>2023</u>
		<u>SR</u>	<u>SR</u>
<u>Fellow subsidiaries (continued)</u>			
Al Kifah for Building Material Company	Amount collected against Islamic finance receivables	(9,306,439)	(3,483,397)
	Financing	45,000,000	9,000,000
Al Kifah Ready Mix Factory Company - Branch	Financing	20,000,000	15,000,000
	Amount collected against Islamic finance receivables	(5,939,268)	(5,986,033)
Optimal Supply for Catering Services Company	Financing	20,000,000	25,000,000
	Amount collected against Islamic finance receivables	(27,762,382)	(5,693,335)
Al Kifah Ready Mix Factory Company	Financing	20,000,000	-
	Amount collected against Islamic finance receivables	(20,939,268)	-
Takamol Aloula For Facilities Management Company - Branch	Financing	-	-
	Amount collected against Islamic finance receivables	(20,236,089)	-
Enar Renewable Energy	Islamic finance receivables	(759,615)	-
<u>Other related party</u>			
Alafouq Alareed Trading Company	Financing	-	15,000,000
	Amount collected against Islamic finance receivables	(15,967,315)	-
	Vehicles financed by the Company	-	710,355
	Amount paid against vehicles financed	-	(710,355)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
(Continued)

As at 30 September 2024

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Amounts due from related parties - (presented under net investment in Islamic finance receivables (note 6):

	2024 SR (Unaudited)	2023 SR (Audited)
Al Kifah Contracting Company	61,618,366	32,196,009
Al Kifah for Building Material Company	46,104,548	9,306,439
Al Kifah Precast Company	40,981,820	33,768,345
Al Motaweroon Company	32,024,003	42,740,358
KiCe Construction Equipment Company	30,736,365	40,569,167
Green Vision Paper Products Company	28,969,571	37,810,604
Optimal Supply for Catering Services Company	20,490,910	27,762,382
Al Kifah Ready Mix Factory Company	20,490,910	20,939,268
Takamol Aloula For Facilities Management Company	20,490,910	12,858,098
Al Kifah Ready Mix Factory Company - Branch	20,490,910	5,939,268
Medical Infection Control Company	15,368,183	31,383,821
Takamol Aloula For Facilities Management Company - Branch	-	20,236,089
Alafouq Alareed Trading Company	-	14,552,098
Enar Renewable Energy	-	700,000
	337,766,496	330,761,946

Advances to related parties - (presented under prepayments and other receivables):

	30 September 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Al Kifah Holding Company - Branch	3,825,138	1,961,330
KiCe Construction Equipment Company	3,108,777	9,837,500
ABAN Advanced Contracting	700,000	-
	7,633,915	11,798,830

Amounts due to related parties - (presented under liabilities):

	30 September 2024 SR (Unaudited)	31 December 2023 SR (Audited)
Takamol Aloula For Facilities Management Company	5,076,959	3,220,294
Al Kifah for Building Material Company	18,318	13,018
	5,095,277	3,233,312

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(Continued)

As at 30 September 2024

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation and remuneration (including salaries and other benefits) for key management personnel is disclosed as follows:

	<i>Nine-month period ended 30 September</i>	
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Short-term employee benefit	5,987,428	3,061,243
Post-employment benefits	579,449	460,201
	6,566,877	3,521,444

8 LOANS AND BORROWINGS

	<i>30 September</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
SAMA - Kafalah program (note 8.1)	841,486,383	1,547,256,182
Tawaruq and murabaha financing (note 8.2)	338,619,666	256,636,197
Bai Ajel (note 8.2)	297,445,291	199,920,941
SME's Bank	150,000,000	150,000,000
Social development bank financing (note 8.3)	11,456,170	34,876,430
Net loans and borrowings	1,639,007,510	2,188,689,750

Analyzed as follows:

	<i>30 September</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Non-current portion	707,326,352	1,042,276,907
Current portion	931,681,158	1,146,412,843
	1,639,007,510	2,188,689,750

8.1 During the year, the Company has not obtained new funds from SAMA under the loans guarantee program ("Kafalah") (the year ended 31 December 2023: SR 1.2 million). These loans are repayable in equal monthly instalment with the final instalment is due in February 2026.

The loans are carried at fair value using internal rate of return equivalent to the prevailing market rate. The difference between carrying value and face value as of initial recognition date, is treated as government grant, which is amortised over the duration of the related loans.

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(Continued)

As at 30 September 2024

8 LOANS AND BORROWINGS (continued)

8.2 The Company has obtained Tawarruq, Muarabaha, and Bai Ajel financing facilities from local commercial banks to finance the purchase of assets for leasing services. All the loans are of both long-term and revolving nature. The long-term loan is repayable within a 5-year period. The revolving loans are payable within the next 12 months. All the loans carry financial charges at prevailing market borrowing costs plus SIBOR. These loans are secured by promissory notes issued by the shareholder. The Company is required to comply with certain covenants under the facility agreements which includes maintenance of certain leverage ratios. The Company had no breach of covenants during the period.

8.3 During 2018, the Company obtained long-term loans from Social Development Bank ("SDB"), a governmental agent, to finance the purchase of assets for leasing services for small and medium sized entities ("SMEs") with 3-month grace period. The Company has entered into similar agreements during 2020, 2021 and 2022 with all having 3-month grace period, except for one loan obtained during 2020 which had a 6-month grace period due to COVID-19 related extension. The loans are repayable in equal monthly instalments commencing from January 2019 with the final instalment due in October 2025.

The loans agreements do not include any covenants to maintain financial ratios during the loan period. Social Development Bank financing are carried at present value using internal rate of return equivalent to the prevailing market rate. The difference between carrying value and face value as of initial recognition date, is treated as government grant, which is amortised over the duration of the related loans.

The loans received from SDB, carry special commission at rates significantly lower than the currently prevailing market rates. These loans carry a number of conditions, one of which is that these loans are to be used for providing loans to specific types/sectors of customers at discounted rates. The benefit being the impact of the "lower than market value" loans obtained by the Company has been identified and accounted for as "government grant" and has initially been recorded as income and such benefit is being recognised in statement of comprehensive income of the Company.

9 ZAKAT

9.1 Zakat charge

Zakat charge for the nine-month period ended 30 September 2024 was SR 13.9 million (30 September 2023: SR 10.8 million).

9.2 Status of the assessment

Zakat returns for the years 2016 through 2018 have been submitted to ZATCA as part of Al Kifah Holding Company (referred to as the "Group") as part of a consolidated zakat return. The Company is not liable for any additional liability related to those years. The zakat returns for the years 2019 through 2023 have been submitted, however, the assessment has not yet been raised by ZATCA. The Company has a valid zakat certificate till 30 April 2025.

Zakat has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Saudi Arabia are subject to different interpretations and new zakat regulations have been issued by ZATCA for financing companies. The assessments to be raised by ZATCA could be different from the declarations filed by the Company.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
(Continued)

As at 30 September 2024

10 SHARE CAPITAL

The authorised, issued and paid up capital consists of 50 million shares (31 December 2023: same) of SR 10 share.

	<u>Ownership %</u>		<u>30 September</u> <u>2024</u>	<u>31 December</u> <u>2023</u>
	<u>30 September</u> <u>2024</u>	<u>31 December</u> <u>2023</u>		
Al Kifah Holding Company	100%	100%	<u>500,000,000</u>	<u>500,000,000</u>

11 EARNINGS PER SHARE

Basic and diluted earnings per share for the period ended 30 September 2024 and 2023 is calculated on a weighted average basis by dividing the net income for the period by outstanding number of shares during the period.

12 COMMITMENTS AND CONTINGENCIES

As of the date of the interim condensed statement of financial position, the Company did not have any outstanding commitments or contingencies.

13 OPERATING SEGMENTS

During 2024, the Company has been organised into two operating segments based on products and services, as follows:

A) Retail: These represents financing products granted to individuals' customers.

B) Corporate: These represents finance products granted to corporate customers including Small and Medium-Sized Entities ("SMEs").

The Company objective is to provide financing for Retail and Corporate customers. All assets, liabilities and operations as reflected in the interim condensed statement of financial position and interim condensed statement of profit or loss and other comprehensive income belongs to the Retail and Corporate segments. For management purposes, the Company is organised into the following primary business segments:

An analysis for operating segments total assets and liabilities are, as follows:

As of 30 September 2024 (unaudited)

	<i>Retail</i> <i>SR</i>	<i>Corporate</i> <i>SR</i>	<i>Total</i> <i>SR</i>
Total assets	530,977,301	1,995,620,764	2,526,598,065
Total liabilities	381,518,144	1,433,894,688	1,815,412,832

TAMWEEL AL OULA COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)

(Continued)

As at 30 September 2024

13 OPERATING SEGMENTS (continued)

As of 31 December 2023 (audited)

	<i>Retail</i> SR	<i>Corporate</i> SR	<i>Total</i> SR
Total assets	632,215,529	2,561,608,882	3,193,824,411
Total liabilities	497,394,302	2,015,340,657	2,512,734,959

An analysis for operating segments of profit or loss are, as follows:

Nine-month period ended 30 September 2024 (unaudited)

	<i>Retail</i> SR	<i>Corporate</i> SR	<i>Total</i> SR
Revenue from main operations	111,561,266	149,388,703	260,949,969
Revenue from other activities	9,031,395	9,507,189	18,538,584
Expenses	(50,713,310)	(67,712,244)	(118,425,554)
Allowance for expected credit losses	(28,560,864)	6,493,177	(22,067,687)
Zakat	(3,687,435)	(10,212,096)	(13,899,531)
Segment profit	<u>37,631,052</u>	<u>87,464,729</u>	<u>125,095,781</u>

Nine-month period ended 30 September 2023 (unaudited)

	<i>Retail</i> SR	<i>Corporate</i> SR	<i>Total</i> SR
Revenue from main operations	84,260,228	127,617,672	211,877,900
Revenue from other activities	6,496,922	6,795,671	13,292,593
Expenses	(53,053,728)	(42,421,155)	(95,474,883)
Allowance for expected credit losses	(7,033,549)	(14,373,482)	(21,407,031)
Zakat	(2,644,503)	(8,184,355)	(10,828,858)
Segment profit	<u>28,025,370</u>	<u>69,434,351</u>	<u>97,459,721</u>

14 EVENTS AFTER THE REPORTING PERIOD

Subsequent to period end, the Company has offered a private placement of Sukuk amounting to SR 500 million, the Company received the first tranche of subscriptions amounting to SR 220 million.

Other than as disclosed above, in the opinion of management, there have been no other events subsequent to the reporting date that would significantly affect the amounts reported in the interim condensed financial statements as at and for the nine-month period ended 30 September 2024.