

TAMAM FINANCE COMPANY
(A Saudi Closed Joint Stock Company)

**CONDENSED INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS
ENDED 30 JUNE 2025**

Tamam Finance Company
(A Saudi Closed Joint Stock Company)

CONDENSED INTERIM FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REVIEW REPORT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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KPMG Professional Services Company

Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤
المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim financial statements

To the Shareholder of Tamam Finance Company

Introduction

We have reviewed the accompanying condensed interim financial statements of **Tamam Finance Company** ("the Company"), which comprises:

- the condensed statement of financial position as at 30 June 2025;
- the condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2025;
- the condensed statement of changes in equity for the six-month period ended 30 June 2025;
- the condensed statement of cash flows for the six-month period ended 30 June 2025; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the period ended 30 June 2025 of the Company are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services Company, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR110,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، شركة مساهمة مهنية مغلقة مسجلة في المملكة العربية السعودية، رأس مالها (١١٠.٠٠٠.٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة الإنجليزية خاصة محدودة بالضمان.



Independent auditor's report on review of condensed interim financial statements (continued)

To the Shareholder of Tamam Finance Company (continued)

Other Matter

The condensed interim financial statements of the Company for the three and six-month periods ended 30 June 2024, were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 22 Muharram 1446H (corresponding to 28 July 2024). The condensed interim financial statements of the Company for the three-month period ended 31 March 2025 were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 1 Thul-Qi'dah 1446H (corresponding to 29 April 2025). Furthermore, the financial statements of the Company as at and for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 21 Sha'ban 1446H (corresponding to 20 February 2025).

KPMG Professional Services Company

Fahad Mubark Aldossari
License No: 469

Riyadh on: 3 Safar 1447H
Corresponding to: 28 July 2025



Tamam Finance Company
(A Saudi Closed Joint Stock Company)

CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2025

(All amounts in Saudi Riyals unless stated otherwise)

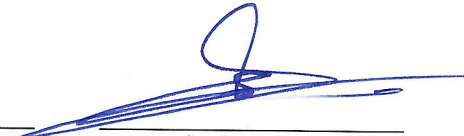
	<i>Notes</i>	30 June 2025 <i>(Unaudited)</i>	31 December 2024 <i>(Audited)</i>
<u>ASSETS</u>			
Cash and bank balances	5	47,656,558	15,850,372
Prepayments and other receivables		6,416,345	4,657,130
Islamic financing receivables - net	6	965,914,745	869,201,596
Property and equipment – net		1,813,382	1,677,842
Intangible assets – net		12,603,275	10,786,444
Right of use asset - net	7	881,024	1,720,094
Total assets		1,035,285,329	903,893,478
<u>LIABILITIES AND EQUITY</u>			
Accrual and other payables		51,278,141	52,273,202
Murabaha financing	8	171,475,056	120,023,210
Due to Parent	9	239,777,697	208,627,087
Lease liability	7	-	1,782,741
Zakat provision	10	6,610,162	12,066,880
Provision for employees' end of service benefits		1,429,418	1,352,175
Total liabilities		470,570,474	396,125,295
<u>EQUITY</u>			
Share capital	11	348,000,000	248,000,000
Proposed increase in capital	11	-	100,000,000
Statutory reserve	12	-	18,118,601
Other reserve		230,608	230,608
Retained earnings		216,484,247	141,418,974
Total equity		564,714,855	507,768,183
TOTAL LIABILITIES AND EQUITY		1,035,285,329	903,893,478



Mohammed AlFaraj
Chief Financial Officer



Yousef AlMusaileem
Chief Executive Officer



Saad AlSadhan
Vice Chairman

The accompanying notes 1 to 19 form an integral part of these condensed interim financial statements


Tamam Finance Company
(A Saudi Closed Joint Stock Company)


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


FOR THE THREE-MONTHAND SIX-MONTH PERIODS ENDED 30 JUNE 2025

(All amounts in Saudi Riyals unless stated otherwise)

		<i>For the three-month period ended</i>		<i>For the six-month period ended</i>	
	<i>Notes</i>	<i>30 June 2025</i>	<i>30 June 2024</i>	<i>30 June 2025</i>	<i>30 June 2024</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Income from Islamic financing - net	13	105,945,163	85,716,095	211,917,702	166,414,170
Expenses					
Charge for expected credit loss allowance - net	6.4	(28,711,810)	(21,190,142)	(56,981,641)	(39,594,247)
General, administration and selling expenses		(21,830,597)	(14,929,275)	(41,041,206)	(27,577,192)
Customer information inquiry fees		(8,118,208)	(10,878,552)	(18,520,897)	(21,317,035)
Employees' salaries and related expenses		(9,289,002)	(4,001,447)	(16,125,859)	(9,256,848)
IT related expenses		(4,428,084)	(3,627,248)	(9,050,697)	(6,754,819)
Depreciation and amortization		(1,445,728)	(1,398,964)	(2,918,654)	(3,048,520)
Business consulting		(30,000)	(70,000)	(60,000)	(620,000)
Total operating income		32,091,734	29,620,467	67,218,748	58,245,509
Finance cost		(1,671,758)	(334,102)	(3,725,258)	(363,068)
Income before Zakat		30,419,976	29,286,365	63,493,490	57,882,441
Zakat charge	10	(3,136,696)	(3,067,701)	(6,546,818)	(4,897,749)
Net income for the period		27,283,280	26,218,664	56,946,672	52,984,692
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		27,283,280	26,218,664	56,946,672	52,984,692


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Tamam Finance Company
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CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

(All amounts in Saudi Riyals unless stated otherwise)

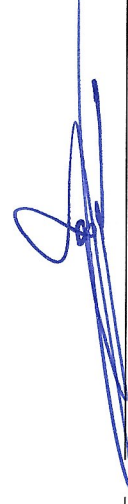
<u>2025</u>	Notes	Share Capital	Proposed increase in capital	Statutory reserve	Other reserve	Retained earnings	Total
Balance as at 31 December 2024 (Audited)		248,000,000	100,000,000	18,118,601	230,608	141,418,974	507,768,183
Increase in share capital	11	100,000,000	(100,000,000)	-	-	-	-
Total comprehensive income for the period		-	-	-	-	56,946,672	56,946,672
Transferred to retained earnings	12	-	-	(18,118,601)	-	18,118,601	-
Balance as at 30 June 2025 (Unaudited)		348,000,000	-	-	230,608	216,484,247	564,714,855
2024							
Balance as at 31 December 2023 (Audited)		148,000,000	-	7,598,464	(75,871)	46,737,743	202,260,336
Increase in share capital	9	100,000,000	-	-	-	-	100,000,000
Proposed increase in capital		-	100,000,000	-	-	-	100,000,000
Total comprehensive income for the period	11, 9	-	-	-	-	52,984,692	52,984,692
Balance at 30 June 2024 (Unaudited)		248,000,000	100,000,000	7,598,464	(75,871)	99,722,435	455,245,028



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Tamam Finance Company
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CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

(All amounts in Saudi Riyals unless stated otherwise)

	<i>Notes</i>	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Cash flows from operating activities			
Income before zakat		63,493,490	57,882,441
Adjustments to reconcile income to net cashflows used in operating activities:			
Charge for expected credit losses allowance - net	6.4	56,981,641	39,594,247
Finance cost on Murabaha financing		3,722,516	307,470
Finance cost on lease liability		2,742	55,598
Depreciation and amortization		2,918,654	3,048,520
Provision for employees' end-of-service benefits		493,852	291,302
		<u>127,612,895</u>	<u>101,179,578</u>
Net increase in operating assets:			
Islamic financing receivables - net		(153,694,790)	(174,794,445)
Prepayments and other receivables		(1,759,215)	584,013
Net increase / (decrease) in operating liabilities:			
Accrual and other payables		(995,061)	17,728,506
Due to Parent		31,150,610	1,371,863
Net cash generated from / (used in) operating activities on working capital		<u>2,314,439</u>	<u>(53,930,485)</u>
Zakat paid	10	(12,003,536)	(2,781,434)
Employees' end-of-service benefits paid		(416,609)	(4,498)
Net cash flows used in operating activities		<u>(10,105,706)</u>	<u>(56,716,417)</u>
Cash flows from investing activities			
Acquisition of property and equipment		(383,962)	(446,580)
Acquisition of intangible assets		(3,647,993)	(4,494,441)
Net cash flows used in investing activities		<u>(4,031,955)</u>	<u>(4,941,021)</u>
Cash flows from financing activities			
Proceed from Murabaha financing		170,000,000	60,000,000
Repayment of Murabaha financing	8	(120,000,000)	-
Finance cost paid		(2,270,670)	-
Payment towards lease liability	7	(1,785,483)	(3,570,966)
Net cash generated from financing activities		<u>45,943,847</u>	<u>56,429,034</u>
Net increase / (decrease) in cash and bank balances		<u>31,806,186</u>	<u>(5,228,404)</u>
Cash and bank balances at beginning of the period		15,850,372	23,232,831
Cash and bank balances at end of the period	5	<u>47,656,558</u>	<u>18,004,427</u>
Non-cash items:			
Transferred from due to parent to proposed increase in capital	9	-	100,000,000
Transferred from due to parent to increase in share capital	9	-	100,000,000



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The accompanying notes 1 to 19 form an integral part of these condensed interim financial statements

Tamam Finance Company
(A Saudi Closed Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(All amounts in Saudi Riyals unless stated otherwise)

1 GENERAL INFORMATION

Tamam Finance Company (“the Company”) is a Saudi Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration number 1010573360 dated 9 Shaban 1440H (corresponding to 14 April 2019). The Company is a wholly owned subsidiary of Mobile Telecommunications Company Saudi Arabia (“the Parent”) registered in Kingdom of Saudi Arabia. The ultimate parent of the Company is Oman Telecommunications Company SAOG, registered in Sultanate of Oman.

The Company is licensed to operate under the Saudi Central Bank (“SAMA”) having license number 57/ASH/202012 issued on 15 Jamada Awwal 1442H corresponding to 20 December 2020. The Company is authorized to provide consumer microfinance services in the Kingdom of Saudi Arabia.

The Company’s registered office is located in Riyadh at the following address:

Tamam Finance Company – Saudi Closed Joint Stock Company
2594 – Al Shoda Dist.
Unit no. 2595, Riyadh 13241
Unified Number 7008736279
Kingdom of Saudi Arabia

2 BASIS OF PREPARATION

These condensed interim financial statements of the Company 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 endorsed by the Saudi Organisation for Chartered and Professional Accountants (“SOCPA”). The assets and liabilities in the condensed interim statement of financial position are presented in order of liquidity.

These interim condensed financial statements do not include all the information and disclosures required for the complete set of financial statements and should be read in conjunction with the Company’s last annual audited financial statements as at and for the year ended 31 December 2024. These interim results may not be an indicator of the annual results of the Company.

These interim condensed financial statements have been presented in Saudi Riyals (“SR”), which is also the functional currency of the Company.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES AND ESTIMATES

3.1 Material accounting policies

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

3.2 Use of judgements and estimates

The preparation of the Company’s condensed interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures. The actual results may differ from these estimates.

Tamam Finance Company
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
 (All amounts in Saudi Riyals unless stated otherwise)

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

3.2 Use of judgements and estimates (continued)

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual audited financial statements as at and for the year ended 31 December 2024.

The management has concluded that the critical accounting judgement, estimates and assumptions used in the preparation of these interim condensed financial statements remain appropriate under the current circumstances and there are no changes to the significant judgements and estimates disclosed in the annual audited financial statements for the year ended 31 December 2024.

4 IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW STANDARDS

4.1 New standards, interpretations and amendments adopted by the Company

Following standards, interpretations and amendments are effective from the current year and are adopted by the Company. The Company has assessed that these amendments have no significant impact on the Company's condensed interim financial statements.

Standard interpretation and amendments	Description	Effective from periods beginning on or after
Amendment to IFRS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025

4.2 New standards or amendments issued but not yet effective

IASB has issued the following accounting standards, interpretation and amendments, which become effective from periods starting on or after 1 January 2026. The Company did not opt for early adoption of these pronouncements and do not expect the adoption to have a significant impact on the financial statements of the Company.

Standard interpretation and amendments	Description	Effective from periods beginning on or after
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely

Tamam Finance Company
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
 (All amounts in Saudi Riyals unless stated otherwise)

4 IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW STANDARDS (CONTINUED)

4.2 New standards or amendments issued but not yet effective (continued)

Standard interpretation and amendments	Description	Effective from periods beginning on or after
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

5 CASH AND BANK BALANCES

	<i>Note</i>	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Cash at Bank	5.1	47,656,558	15,850,372

5.1 This represents current account with local banks having sound credit ratings ranging from A1 to A2 according to Moody's as at 30 June 2025 (31 December 2024: A1 to A2)

Tamam Finance Company
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(All amounts in Saudi Riyals unless stated otherwise)

6 ISLAMIC FINANCING RECEIVABLES – NET

The business activities of the Company are in the Kingdom of Saudi Arabia and primarily represent Tawarruq.

6.1 Reconciliation of gross to net Islamic financing receivables:

	<i>30 June 2025</i> <i>(Unaudited)</i>	<i>31 December 2024</i> <i>(Audited)</i>
Gross Islamic financing receivables	1,312,750,528	1,197,457,347
Unrealized Islamic financing income	(280,068,481)	(263,747,242)
	1,032,682,047	933,710,105
Less: Allowance for expected credit losses	(66,767,302)	(64,508,509)
Islamic financing receivables - net	965,914,745	869,201,596

6.2 Movement in the allowance for expected credit losses was as follows:

	<i>Note</i>	<i>For the six-month period ended 30 June</i>	
		<i>2025</i>	<i>2024</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Balance at the beginning of the period		64,508,509	58,787,687
Written-off during the period		(54,722,848)	(53,316,469)
Charge for the period – net	<i>6.4</i>	56,981,641	39,594,247
Balance at the end of the period		66,767,302	45,065,465

6.3 Classification of Islamic financing receivables is as follows:

Management classifies Islamic financing receivables that are either not yet due or otherwise past due but for 90 days or less as “performing” while all receivables that are past due for more than 90 days are classified as “non-performing”. Below is the breakdown of performing and non-performing Islamic financing receivables:

	<i>30 June 2025</i> <i>(Unaudited)</i>	<i>31 December 2024</i> <i>(Audited)</i>
Performing	891,421,254	818,334,356
Non-performing	141,260,793	115,375,749
Gross Islamic financing receivables (net of unrealized income)	1,032,682,047	933,710,105
Less: Allowance for expected credit losses	(66,767,302)	(64,508,509)
Islamic financing receivables - net	965,914,745	869,201,596

6.4 Charge for expected credit loss allowance - net

	<i>For the six-month period ended 30 June</i>	
	<i>2025</i>	<i>2024</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Provision for expected credit loss allowance	64,334,750	45,650,139
Recoveries against receivables previously written off	(7,353,109)	(6,055,892)
Charge for expected credit loss allowance – net	56,981,641	39,594,247

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(All amounts in Saudi Riyals unless stated otherwise)

6 ISLAMIC FINANCING RECEIVABLES – NET (CONTINUED)

6.5 Stage wise movement in gross financing receivables

<u>30 June 2025 (Unaudited)</u>	<i>Gross carrying amount (SR)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
<i>Murabaha Financing Receivables</i>				
At 1 January 2025	563,351,818	254,982,538	115,375,749	933,710,105
Transfer to 12-months	44,197,075	(28,022,560)	(16,174,515)	-
Transfer to lifetime not credit-impaired	(103,965,242)	108,865,656	(4,900,414)	-
Transfer to lifetime credit-impaired	(10,129,369)	(96,763,288)	106,892,657	-
Net other movements*	141,521,600	17,383,026	(5,209,836)	153,694,790
Write-offs	-	-	(54,722,848)	(54,722,848)
At 30 June 2025	<u>634,975,882</u>	<u>256,445,372</u>	<u>141,260,793</u>	<u>1,032,682,047</u>

<u>31 December 2024 (Audited)</u>	<i>Gross carrying amount (SR)</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
<i>Murabaha Financing Receivables</i>				
At 1 January 2024	362,722,560	158,598,539	134,571,215	655,892,314
Transfer to 12-months	11,592,981	(8,023,671)	(3,569,310)	-
Transfer to lifetime not credit-impaired	(103,861,843)	106,983,632	(3,121,789)	-
Transfer to lifetime credit-impaired	(6,137,161)	(53,799,094)	59,936,255	-
Net other movements*	299,035,281	51,223,132	14,762,472	365,020,885
Write-offs	-	-	(87,203,094)	(87,203,094)
At 30 December 2024	<u>563,351,818</u>	<u>254,982,538</u>	<u>115,375,749</u>	<u>933,710,105</u>

* Net other movements include financial assets originated, financial assets settled and other measurements.

Tamam Finance Company
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(All amounts in Saudi Riyals unless stated otherwise)

6 ISLAMIC FINANCING RECEIVABLES – NET (CONTINUED)

6.6 Stage wise movement in expected credit allowances of Islamic financing receivables

<i>30 June 2025 (Unaudited)</i>	<i>Credit loss allowance (SR)</i>			<i>Total</i>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	
	<i>(12-month ECL)</i>	<i>(lifetime ECL for SICR)</i>	<i>(lifetime ECL for credit impaired)</i>	
At 1 January 2025	6,158,346	8,879,972	49,470,191	64,508,509
Transfer to 12-months	7,919,589	(1,258,840)	(6,660,749)	-
Transfer to lifetime not credit-impaired	(1,489,516)	3,205,519	(1,716,003)	-
Transfer to lifetime credit-impaired	(140,628)	(3,142,322)	3,282,950	-
New originated	4,695,008	1,525,957	10,130	6,231,095
Net other movements*	(8,488,917)	1,322,543	57,916,920	50,750,546
Write-offs	-	-	(54,722,848)	(54,722,848)
At 30 June 2025	8,653,882	10,532,829	47,580,591	66,767,302

<i>31 December 2024 (Audited)</i>	<i>Credit loss allowance (SR)</i>			<i>Total</i>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	
	<i>(12-month ECL)</i>	<i>(lifetime ECL for SICR)</i>	<i>(lifetime ECL for credit impaired)</i>	
At 1 January 2024	681,864	11,586,830	46,518,993	58,787,687
Transfer to 12-months	1,788,337	(538,735)	(1,249,602)	-
Transfer to lifetime not credit-impaired	(208,703)	1,281,208	(1,072,505)	-
Transfer to lifetime credit-impaired	(18,216)	(4,616,410)	4,634,626	-
New originated	5,504,365	4,742,527	360,129	10,607,021
Net other movements*	(1,589,301)	(3,575,448)	87,481,644	82,316,895
Write-offs	-	-	(87,203,094)	(87,203,094)
At 31 December 2024	6,158,346	8,879,972	49,470,191	64,508,509

* Net other movements include financial assets settled and net re-measurement of loss allowance.

6.7 Ageing analysis of Islamic financing receivables and expected credit loss allowance

For Islamic financing receivables, the Company uses a provision matrix based on the historic default rates observed and adjusted for forward looking factors to measure ECL as given below.

<i>Ageing brackets of Islamic financing receivables*</i>	30 June 2025	
	Gross carrying amount (net of unearned)	Lifetime ECL
Not due /< 30 days	634,975,882	8,653,882
31 – 60 days	144,059,797	6,496,051
61 – 90 days	112,385,575	4,036,778
91 – 120 days	67,962,195	15,644,898
121 –450 days	73,298,598	31,935,693
	1,032,682,047	66,767,302

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6 ISLAMIC FINANCING RECEIVABLES – NET (CONTINUED)

6.7 Ageing analysis of Islamic financing receivables and expected credit loss allowance (continued)

	31 December 2024	
	Gross carrying amount (net of unearned)	Lifetime ECL
Ageing brackets of Islamic financing receivables*		
Not due /< 30 days	563,351,818	6,158,346
31 – 60 days	147,844,289	5,008,860
61 – 90 days	107,138,249	3,871,112
91 – 120 days	7,647,732	1,760,507
121 -450 days	107,728,017	47,709,684
	<u>933,710,105</u>	<u>64,508,509</u>

* As of 30 June 2025, any outstanding more than 450 days (31 December 2024: 450 days), are written off.

7 RIGHT OF USE ASSET AND LEASE LIABILITY

The Company has a lease contract for its head office building. Set out below is the carrying amount of right-of-use asset and the movements during the period:

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Balance as at beginning of the period	1,720,094	3,237,684
Additions during the period	-	-
Adjustment	-	160,552
Depreciation for the period	(839,070)	(839,071)
Balance as at the end of the period	881,024	2,559,165

Set out below is the carrying amount of lease liability and the movements during the period are as follows:

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Balance as at beginning of the period	1,782,741	5,014,284
Addition during the period	-	-
Adjustment	-	228,691
Financial charges on lease liability	2,742	55,598
Payment made towards lease liability	(1,785,483)	(3,570,966)
Balance as at the end of the period	-	1,727,607

8 MURABAHA FINANCING

As at 31 December 2024, the Company had availed financing of SR 120 million for working capital management under a Murabaha financing facility agreement of SR 1 billion, signed between the Parent (including its subsidiaries) and commercial local banks, in September 2020. This facility, along with all accrued finance cost, was fully repaid in April 2025. The facility was partially secured by a financial guarantee from the Mobile Telecommunications Company K.S.C.(a related party), a pledge of the Parent company's shares owned by certain founding shareholders, the assignment of certain contracts and receivables of the Parent Company, and a lien on fixed assets of the Parent Company. Under the terms of this financing arrangements, the Company was adhered to financial covenants. The Company was required to maintain a leverage ratio equal to or less than 3.75.

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8 MURABAHA FINANCING (CONTINUED)

On 30 April 2025, the Company entered into short-term financing agreement with a limit amounting to SR 200 million with a local bank to finance working capital needs out of which SR 170 million was utilized as of 30 June 2025. This financing facility is repayable in twelve months with quarterly interest installments. The commission rate on financing availed is three months SIBOR plus a margin of 0.75%. A financial guarantee has been provided by the Parent Company to support this facility.

As at 30 June 2025, the balance of Murabaha financing includes accrued finance cost amounting to SR 1.475 million. (31 December 2024: SR 23,210)

Under the terms of the financing arrangements, the Company is required to adhere a leverage ratio equal to or less than 3.75 to 1 (EBITDA to total facility drawdown). As at 30 June 2025, the Company has maintained the leverage ratio of 2.4 to 1 thus complying with the financial covenant of the financing arrangements.

9 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Parent, key management personnel, the Board of Directors, and entities controlled, jointly controlled or significantly influenced by such parties. Key management personnel of the Company include Chief executive officer and his direct reports. The Company has entered into transactions with these related parties according to the mutually agreed terms. In addition to transactions disclosed elsewhere in these condensed interim financial statements, the nature, transactions and balances with related parties are as follows:

- i) During the period, the Company had the following transactions with related parties:

Related party	Relationship	Nature	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Mobile Telecommunications Company Saudi Arabia	Parent Company	Expenses paid on behalf of the Company	(78,931,044)	(51,383,585)
		Repayments relating to expenses incurred on behalf of the Company	50,000,000	52,999,765
		Amount paid for acquisition of intangible assets and property and equipment on behalf of the Company	(4,031,955)	(4,941,020)
		Transfer to proposed increase in capital	-	100,000,000
		Increase in share capital	-	100,000,000
		Merchant purchases for Digital Instalments	(4,858,014)	(11,047,023)
		Payments for merchant purchases	6,670,403	13,000,000
Key management personnel	Executives	Compensation – salaries and related expenses	4,174,157	4,663,524
		Provision of employees' defined benefit liabilities	176,501	104,298
Board of Directors	Directors	Compensation / Remuneration	537,500	362,500

- ii) The Company had following related party balance as at the period / year end:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Due to Parent		
Mobile Telecommunications Company Saudi Arabia	239,777,697	208,627,087
Board of Directors and Key management personnel remuneration		
Directors remuneration payable	1,325,000	787,500
Key management personnel remuneration payable	706,150	951,080

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10 ZAKAT PROVISION

	<i>30 June 2025</i> <i>(Unaudited)</i>	<i>30 June 2024</i> <i>(Unaudited)</i>
Balance at the beginning of the period	12,066,880	10,022,817
Charge for the period	6,546,818	4,897,749
Payments made during the period	(12,003,536)	(2,781,434)
Balance at the end of the period	6,610,162	12,139,132

Status of assessments

Till the year ended 31 December 2020, the Parent Company had filed a consolidate zakat return including the information related to zakat of the Company and obtained the certificates. Afterwards, the Company filed its own separate Zakat returns for the years ended 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024 and obtained the certificates for respective years. Final assessments have not been raised by Zakat, Tax and Customs Authority ("ZATCA") yet.

11 SHARE CAPITAL

As at 30 June 2025, the authorized capital, issued and fully paid-up share capital of the Company was SR 348 million (31 December 2024: 248 million) divided into 34,800,000 shares (31 December 2024: 24,800,000) with a nominal value of SR 10 each.

On 25 June 2024, the Board of Directors approved an increase in the Company's share capital from SR 248 million to SR 348 million. This increase was executed by transferring SR 100 million from the "Due to Parent" account to the "Proposed increase in Capital" account. The Saudi Central Bank had approved this increase through approval number 46023610 dated 17 October 2024. During the period ended 30 June 2025, the Company has updated its commercial registration certificate and By-laws and increased the share capital accordingly.

12 STATUTORY RESERVE

In accordance with the new Companies Law issued by Royal Decree No. M/132 dated 1 Dhul Hijjah 1443H (corresponding to 30 June 2022), which came into force on 26 Jumada al-Akhirah 1444H (corresponding to 19 January 2023), companies have an option to allocate reserves for specific purposes as defined in their By-laws. Pursuant to this provision, the Company amended its By-laws during the period ended 30 June 2025, following the Extraordinary General Assembly meeting held on 5 January 2025, and accordingly transferred the statutory reserve balance to retained earnings

13 INCOME FROM ISLAMIC FINANCING - NET

	<i>For the three-month period ended</i> <i>30 June 2025</i> <i>(Unaudited)</i>	<i>30 June 2024</i> <i>(Unaudited)</i>	<i>For the six-month period ended</i> <i>30 June 2025</i> <i>(Unaudited)</i>	<i>30 June 2024</i> <i>(Unaudited)</i>
Special commission income	106,268,521	85,844,232	212,123,989	166,024,537
Expenses related to issuance of financing	(2,486,716)	(2,008,327)	(4,504,074)	(3,793,081)
Processing fee	2,163,358	1,880,190	4,297,787	4,182,714
	105,945,163	85,716,095	211,917,702	166,414,170

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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14 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques that maximise the use of relevant observable inputs and minimize the use of unobservable inputs.

Determination of fair value and fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments, which reflects the significance of the inputs used in making the measurements:

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using : quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes input not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

All financial assets and financial liabilities are measured at amortised cost. Financial assets of the Company includes cash and bank balances, islamic financing receivables - net and other receivables. Financial liabilities of the Company includes accruals and other payables, Murabaha financing and due to Parent.

The carrying amount of all financial assets and financial liabilities approximate their fair values due to their short-term nature and these are classified under level 3 except for cash and cash equivalents which are classified under level 1. There have been no transfers between various fair value hierarchy level during the current or prior period.

15 CAPITAL MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern, maintain healthy capital ratios in order to support its business and to provide an optimal return to its shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of Islamic bank financing and the advantages and security afforded by a sound capital position. The Company monitors the aggregate amount of financing offered by the Company on the basis of the regulatory requirements which requires to maintain aggregate financing to a capital ratio of two times.

	<i>30 June 2025</i> <i>(Unaudited)</i>	<i>31 December 2024</i> <i>(Audited)</i>
Islamic financing receivables – net divided by total equity	1.710 times	1.712 times

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16 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments of the Company as at 30 June 2025 and 31 December 2024.

17 EVENTS OCCURRING AFTER THE REPORTING DATE

No events have occurred since the reporting date that require adjustments to or disclosure in these condensed interim financial statements.

18 COMPARATIVE FIGURES

Certain comparative numbers has been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements wherever necessary to facilitate comparison and better presentation.

- a) The following reclassifications have been made in the condensed interim financial statement of profit or loss and other comprehensive income

Previously classified in condensed interim financial statements	Reclassified in these condensed interim financial statements	Three-month period ended 30 June 2024	Six-month period ended 30 June 2024
Customer information inquiry fee	Income from Islamic financing - net	2,008,327	3,793,081

- b) The following reclassification has been made in the condensed interim statement of financial position

Previously classified in condensed interim financial statements	Reclassified in these condensed interim financial statements	As at 31 December 2024
Accruals and other payables	Murabaha financing	23,210
Islamic financing receivables - net	Prepayments and other receivable	4,657,130

19 DATE OF APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Board of Directors on 2 Safar 1447H (corresponding to 27 July 2025).