

**TAMAM FINANCE COMPANY**  
(A Closed Joint Stock Company)  
**FINANCIAL STATEMENTS**  
together with  
**AND INDEPENDENT AUDITOR'S REPORT**  
**For the year ended 31 December 2025**

**TAMAM FINANCE COMPANY**  
(A Closed Joint Stock Company)  
**FINANCIAL STATEMENTS**  
**For the year ended 31 December 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

To the Shareholder of Tamam Finance Company

## Opinion

We have audited the financial statements of **Tamam Finance Company** (the "Company"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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 International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, 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.

## Other Matter – Comparative Information

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 20 February 2025.

## 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 that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, the Company's By-laws and for such internal control as the 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, the 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 the 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 Board of Directors and Audit Committee, is responsible for overseeing the Company's financial reporting process.

# Independent Auditor's Report

To the Shareholder of Tamam Finance Company (continued)

## 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 International Standards on Auditing 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 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism 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 the management.
- Conclude on the appropriateness of the 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, then 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 of **Tamam Finance Company** (the "Company").

### KPMG Professional Services Company



**Fahad Mubark Aldossari**  
License No: 469



Al Riyadh on: 13 Ramadan 1447H  
Corresponding to: 02 March 2026

**TAMAM FINANCE COMPANY**  
(A Closed Joint Stock Company)  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2025**  
(All amounts in Saudi Riyals)

	<i>Notes</i>	<b>2025</b>	<b>2024*</b>
<b><u>ASSETS</u></b>			
Cash and bank balances	6	59,386,860	15,850,372
Islamic financing receivables, net	7	951,335,124	869,201,596
Prepayments and other receivables		4,360,525	4,657,130
Property and equipment, net	8	944,432	1,677,842
Intangible assets, net	9	13,652,727	10,786,444
Right of use asset	12	-	1,720,094
<b>Total assets</b>		<b><u>1,029,679,668</u></b>	<b><u>903,893,478</u></b>
<b><u>LIABILITIES AND EQUITY</u></b>			
Accruals and other payables	10	55,804,849	52,273,202
Murabaha financing	13	171,402,415	120,023,210
Due to Parent	11	202,845,231	208,627,087
Lease liability	12	-	1,782,741
Zakat Provision	19	9,389,040	12,066,880
Provision for employees' end of service benefits	14	1,004,401	1,352,175
<b>Total liabilities</b>		<b><u>440,445,936</u></b>	<b><u>396,125,295</u></b>
<b>Equity</b>			
Share capital	17	348,000,000	248,000,000
Proposed increase in capital		-	100,000,000
Statutory reserve	18	-	18,118,601
Other reserves	14	575,366	230,608
Retained earnings		240,658,366	141,418,974
<b>Total equity</b>		<b><u>589,233,732</u></b>	<b><u>507,768,183</u></b>
<b>Total Liabilities and Equity</b>		<b><u>1,029,679,668</u></b>	<b><u>903,893,478</u></b>

The accompany notes (1) to (26) form an integral part of these financial statements

\*Please see note 25 for details.



**Mohammed AlFaraj**  
Chief Financial Officer &  
Acting Chief Executive Officer



**Saad AlSadhan**  
Vice Chairman

**TAMAM FINANCE COMPANY**  
(A Closed Joint Stock Company)  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the year ended 31 December 2025**  
(All amounts in Saudi Riyals)

	<i>Notes</i>	<u>2025</u>	<u>2024*</u>
Income from Islamic financing, net	15	425,661,013	359,074,341
<b>Expenses</b>			
Charge for expected credit loss allowance, net	7.3	(141,668,189)	(92,923,916)
General, administration and selling expenses	16	(87,774,624)	(56,668,707)
Customer information inquiry fees		(37,923,953)	(47,852,345)
Employees' salaries and related expenses		(32,694,076)	(21,390,254)
IT related expenses		(15,902,188)	(13,898,270)
Depreciation and amortization		(6,577,675)	(6,391,751)
Business consulting		(1,462,500)	(165,000)
<b>Total operating income</b>		<u>101,657,808</u>	<u>119,784,098</u>
Finance cost		(11,211,321)	(3,684,320)
<b>Income before Zakat</b>		<u>90,446,487</u>	<u>116,099,778</u>
Zakat charge	19	(9,325,696)	(10,898,410)
<b>Net income for the year</b>		<u>81,120,791</u>	<u>105,201,368</u>
<b>Other comprehensive income</b>			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of employees' end of service benefits	14	344,758	306,479
<b>Total comprehensive income for the year</b>		<u>81,465,549</u>	<u>105,507,847</u>

The accompanying notes (1) to (26) form an integral part of these financial statements

\*Please see note 25 for details.



**Mohammed AlFaraj**  
Chief Financial Officer &  
Acting Chief Executive Officer



**Saad AlSadhan**  
Vice Chairman

**TAMAM FINANCE COMPANY**  
(A Closed Joint Stock Company)  
**STATEMENT OF CHANGES IN EQUITY**  
**For The Year Ended 31 December 2025**  
(All amounts in Saudi Riyals)

<u>2025</u>	<i>Notes</i>	Share capital	Proposed increase in capital	Statutory reserve	Other reserve	Retained earnings	Total
Balance as at 1st January 2025		248,000,000	100,000,000	18,118,601	230,608	141,418,974	507,768,183
Increase in Share Capital		100,000,000	-	-	-	-	100,000,000
Proposed increase in capital	17	-	(100,000,000)	-	-	-	(100,000,000)
Transfer from statutory reserve	18	-	-	(18,118,601)	-	18,118,601	-
<i>Comprehensive Income:</i>							
Net income for the year after zakat		-	-	-	-	81,120,791	81,120,791
Remeasurement of defined benefit liability		-	-	-	344,758	-	344,758
Total Comprehensive Income For the year		-	-	-	344,758	81,120,791	81,465,549
<b>Balance at 31 December 2025</b>		<b>348,000,000</b>	<b>-</b>	<b>-</b>	<b>575,366</b>	<b>240,658,366</b>	<b>589,233,732</b>
 <u>2024</u>							
Balance as at 1st January 2024		148,000,000	-	7,598,464	(75,871)	46,737,743	202,260,336
Increase in Share capital	11	100,000,000	-	-	-	-	100,000,000
Proposed increase in capital	11,17	-	100,000,000	-	-	-	100,000,000
Transfer to statutory reserve		-	-	10,520,137	-	(10,520,137)	-
<i>Comprehensive Income:</i>							
Net income for the year after zakat		-	-	-	-	105,201,368	105,201,368
Remeasurement of defined benefit liability		-	-	-	306,479	-	306,479
Total comprehensive income for the year		-	-	-	306,479	105,201,368	105,507,847
<b>Balance at 31 December 2024</b>		<b>248,000,000</b>	<b>100,000,000</b>	<b>18,118,601</b>	<b>230,608</b>	<b>141,418,974</b>	<b>507,768,183</b>

The accompany notes (1) to (26) form an integral part of these financial statements



**Mohammed AlFaraj**  
Chief Financial Officer & Acting Chief Executive Officer



**Saad AlSadhan**  
Vice Chairman

**TAMAM FINANCE COMPANY**  
(A Closed Joint Stock Company)  
**STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2025**  
(All amounts in Saudi Riyals)

	<i>Notes</i>	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before zakat		<b>90,446,487</b>	116,099,778
<b>Adjustments to reconcile income to net cashflows used in operating activities:</b>			
Charge for expected credit losses allowance, net	7,3	<b>141,668,189</b>	92,923,916
Finance cost on Murabaha financing	13	<b>8,911,238</b>	3,658,074
Finance cost on lease liability	12	<b>2,742</b>	110,732
Depreciation and amortization	8,9,12	<b>6,577,675</b>	6,391,751
Provision for employees' end-of-service benefits	14	<b>892,229</b>	778,181
		<b>248,498,560</b>	219,962,432
<b>Net (increase) / decrease in operating assets:</b>			
Islamic financing receivables, net		<b>(223,801,717)</b>	(365,020,885)
Prepayments and other receivables		<b>296,605</b>	(3,226,012)
<b>Net increase / (decrease) in operating liabilities:</b>			
Accrual and other payables		<b>3,531,647</b>	5,778,107
Due to Parent		<b>(5,781,856)</b>	37,610,761
		<b>22,743,239</b>	(104,895,597)
Zakat paid	19	<b>(12,003,536)</b>	(8,854,347)
Employees' end-of-service benefits paid	14	<b>(895,245)</b>	(44,247)
<b>Net cash flows generated from / (used in) operating activities</b>		<b>9,844,458</b>	(113,794,191)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment	8	<b>(383,962)</b>	(526,761)
Acquisition of intangible assets	9	<b>(6,606,492)</b>	(5,855,677)
<b>Net cash flows used in investing activities</b>		<b>(6,990,454)</b>	(6,382,438)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceed from Murabaha financing	13	<b>170,000,000</b>	120,000,000
Repayment of Murabaha financing	13	<b>(120,000,000)</b>	-
Finance cost paid		<b>(7,532,033)</b>	(3,634,864)
Payment towards lease liability	12	<b>(1,785,483)</b>	(3,570,966)
<b>Net cash generated from financing activities</b>		<b>40,682,484</b>	112,794,170
<b>Net increase / (decrease) in cash and bank balances</b>			
Cash and bank balances at beginning of the year		<b>15,850,372</b>	23,232,831
<b>Cash and bank balances at end of the year</b>	6	<b>59,386,860</b>	15,850,372
<b>NON-CASH ITEMS</b>			
Transferred from due to parent to proposed increase in capital	11,17	-	100,000,000
Transferred from due to parent to increase in share capital	11,17	-	100,000,000
Right of use assets	12	-	2,139,629
Lease liability	12	-	1,754,957

The accompany notes (1) to (26) form an integral part of these financial statements

  
**Mohammed AlFaraj**  
Chief Financial Officer &  
Acting Chief Executive Officer

  
**Saad AlSadhan**  
Vice Chairman

**TAMAM FINANCE COMPANY**  
(A Closed Joint Stock Company)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2025**  
(All amounts in Saudi Riyals)

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**1. GENERAL INFORMATION AND ACTIVITIES**

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  
6675 Makkah Al Mukarramah Rd, King Abdullah Dt.  
RHKB4268, 4268, Riyadh 12421  
Kingdom of Saudi Arabia

**2. BASIS OF PREPARATION**

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standard “IFRS” that are endorsed in the Kingdom of Saudi Arabia and other pronouncement that are endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA) and the provision of the Companies’ Law and Company’s By-laws.

***Basis of measurement***

These financial statements have been prepared on the historical cost basis unless otherwise described in the notes.

***Functional and presentation currency***

These financial statements are presented in Saudi Riyals (SR) which is the functional currency of the Company. All the amounts have been rounded off to the nearest Saudi Riyals.

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

**3. MATERIAL ACCOUNTING POLICIES**

The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2025. The material accounting policies applied in the preparation of these financial statements are set out below.

***Property and equipment***

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

The Company applies the following annual rates of depreciation to its property and equipment:

	<b><u>Life</u></b>
Computers	33.33%
Leasehold improvements	20% or shorter of lease term
Furniture	20%

**TAMAM FINANCE COMPANY**  
(A Closed Joint Stock Company)  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2025**  
(All amounts in Saudi Riyals)

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

***Property and equipment (continued)***

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

***Intangible assets***

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Company applies the following annual rates of amortization to its intangible assets:

	<u>Life</u>
Computer software, IT systems	20%

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss when the asset is derecognized.

***Impairment of non-financial assets***

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

***Cash and bank balances***

For the purposes of the cash flows statement, it consists of balances which are subject to an insignificant risk of changes in value.

**TAMAM FINANCE COMPANY**  
(A Closed Joint Stock Company)  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2025**  
(All amounts in Saudi Riyals)

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

*Employee benefits*

End of service benefits

The end-of-service indemnity provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of changes in equity as a remeasurement reserve / other reserves with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income will not be reclassified to profit or loss in subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- Re-measurements

The Company presents the first two components of defined benefit costs in profit or loss in the line item "Employees' salaries and related charges."

Retirement benefits

The Company pays retirement contributions for its Saudi Arabian employees to the General Organization for Social Insurance. This represents a defined contribution plan. The payments made are expensed as incurred.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, sick leave and air tickets in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

*Foreign currencies*

Transactions in currencies other than the Company's functional currency (foreign currencies), which is Saudi Riyals, are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

*Zakat*

Zakat is provided in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia and on accruals basis. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

*Share capital*

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

**TAMAM FINANCE COMPANY**  
(A Closed Joint Stock Company)  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2025**  
(All amounts in Saudi Riyals)

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

***Provisions***

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

***Contingencies***

Contingent assets are not recognized as an asset until realization becomes virtually certain. Contingent liabilities are not recognized as a liability unless as a result of past events it is probable that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Contingent liabilities arising in a business combination are recognized if their fair value can be measured reliably.

***Revenue***

**Income from financing**

Income from financing is recognized 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 amortized 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. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees 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 amortized cost and income from financing***

The 'amortized 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 amortization 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 amortized cost of a financial asset before adjusting for any expected credit loss allowance.

In calculating income from financing, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

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

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

**TAMAM FINANCE COMPANY**  
(A Closed Joint Stock Company)  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 31 December 2025**  
(All amounts in Saudi Riyals)

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

*Financial instruments*

*Financial assets*

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss (FVTPL)*

Financial assets fair valued through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of profit or loss in the finance income or expense line. The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Financial assets fair valued through other comprehensive income are carried at fair value with changes in fair value recognized in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to statement of profit or loss and other comprehensive income.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognized on settlement date with any change in fair value between trade date and settlement date being recognized in the fair value through other comprehensive income reserve. The Company does not have any such financial assets. The Company does not have any financial instruments measured at FVOCI.

*Amortized cost*

These assets arise principally from the provision of services to customers (e.g. Islamic financing receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and profit. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective profit rate method, less provision for impairment, if any.

*Subsequent measurement of financial assets*

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order 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 profit on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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 profit on the principal amount outstanding.

The Company does not have any debt instruments measured at FVOCI.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). The Company does not have any financial assets measured at FVTPL.

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

*Financial instruments (continued)*

*Subsequent measurement of financial assets (continued)*

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

A financial asset (unless it is a Islamic financing receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see below). Financing income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

*Impairment of financial assets*

The financial assets at amortized cost consist of Islamic financing receivables, cash and bank balances, and other receivables.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since 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) - In order to arrive at the PD, an expert judgment-based scorecard is built to assign the customers into different score pools depending on their risk profile.
- Loss given default (LGD) – The Company used proxy estimates of LGD.
- Exposure at default (EAD) - EAD is an estimate of the Company's exposure to its counterparty at the time of default and is expressed as the sum of the principal outstanding on an account and the profit accrued between the account's delinquency date and default date.

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 impairment 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 impairment allowance is recorded based on lifetime ECL. The impairment allowance is recorded based on lifetime PD.
- Stage 3 – For financial assets that are impaired, the Company recognizes the impairment allowance based on lifetime PD.

The Company has elected to measure loss allowances for Islamic financing receivables at an amount equal to lifetime ECLs.

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

***Financial instruments (continued)***

***Impairment of financial assets (continued)***

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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 informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- The borrower 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 is held); or
- The financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

***Measurement of ECLs***

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured 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).

ECLs are discounted at the effective interest rate of the financial asset.

***Write-off***

Financings 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.

***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 financing 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 financing 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 cashflows has reduced significantly and there are no other indicators of impairment. In addition, a financing that is overdue for 90 days or more is considered impaired.

***Presentation of impairment***

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment loss allowance related to Islamic financing and other receivables and are presented separately in statement of profit or loss and other comprehensive income.

***De-recognition of financial assets***

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained profit in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

***Financial liabilities***

***Fair value through profit or loss***

Financial liabilities fair valued through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss account. The Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

Accounts and other payables, which are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method.

***De-recognition***

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

***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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

***IFRS 16 Leases***

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is amortised over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

***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 impairment losses, and adjusted for any remeasurement 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 is 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 lease incentives receivable if any, 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 in which the event or condition that triggers the payment occurs.

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

***Lease liabilities (continued)***

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 remeasured 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.

The Company presents right of use assets that do not meet the definition of investment property and corresponding liabilities in separate line items captioned 'Right of use assets' and 'Lease liabilities' respectively, in the statement of financial position.

***Short-term leases and leases of low-value assets***

The Company applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of property and equipment that are considered 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

**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 financial statements.

<b>Standard interpretation and amendments</b>	<b>Description</b>	<b>Effective from periods beginning on or after</b>
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. Following new standards and amendments that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below:

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**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)**

<b>Standard interpretation and amendments</b>	<b>Description</b>	<b>Effective from periods beginning on or after</b>
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
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.	January 1, 2026
Amendments to IFRS 9 and IFRS 7 Contracts referencing Nature-dependent Electricity	Contracts Referencing Nature-dependent Electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity's financial statements.	January 1, 2026
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows.	January 1, 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.	01 January 2027

Except for IFRS 18, the management has assessed that the above amendments have no significant impact on the Company's financial statements.

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**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)**

The Company has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards which have been published and are mandatory for compliance with effect from future dates.

**5. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATED AND ASSUMPTIONS**

The preparation of financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

**5.1 Material estimates in applying accounting policies**

***Impairment of Islamic financing receivables***

An estimate of the collectible amount of Islamic financing receivable is made based on the expected credit loss model at an amount equal to the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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 informed credit assessment and including forward-looking information.

***Useful lives and residual values of property and equipment and intangible assets***

An estimate of the useful lives and residual values of property and equipment and intangible assets, which comprise a significant portion of the Company's total assets, is made for the purposes of calculating depreciation and amortization respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

***Provision for employees' end of service benefits***

The Company makes various estimates in determining the provision for employees' end of service benefits provision. These estimates are disclosed in note 14.

***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.

**6. CASH AND BANK BALANCES**

	<b>31 December 2025</b>	31 December 2024
Bank balances	<b>59,386,860</b>	15,850,372

**6.1** This represents current account with local banks having sound credit ratings ranging from A1 to Aa3 according to Moody's as at 31 December 2025 (31 December 2024: A1 to Aa3).

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**7. ISLAMIC FINANCING RECEIVABLES, NET**

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

	<u>31 December 2025</u>	<u>31 December 2024</u>
Performing	913,886,073	818,334,356
Non-performing	95,879,323	115,375,749
<b>Gross Islamic financing receivables (net of unrealized income)</b>	<b>1,009,765,396</b>	<b>933,710,105</b>
Less: Allowance for expected credit losses	<u>(58,430,272)</u>	<u>(64,508,509)</u>
<b>Islamic financing receivables, net</b>	<b>951,335,124</b>	<b>869,201,596</b>

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”

**7.1 Reconciliation of gross to net Islamic financing receivables:**

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<i>Note</i>	
Gross Islamic financing receivables	1,357,590,532	1,196,059,207
Unrealized Islamic financing income	<u>(347,825,136)</u>	<u>(262,349,102)</u>
	1,009,765,396	933,710,105
Less: Allowance for expected credit losses	7.2 <u>(58,430,272)</u>	<u>(64,508,509)</u>
<b>Islamic financing receivables, net</b>	<b>951,335,124</b>	<b>869,201,596</b>

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

	<u>For the year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
	<i>Note</i>	
Balance at the beginning of the year	64,508,509	58,787,687
Written-off during the year	<u>(147,746,426)</u>	<u>(87,203,094)</u>
Charge for the year, net	7.3 <u>141,668,189</u>	<u>92,923,916</u>
Balance at the end of the year	<b>58,430,272</b>	<b>64,508,509</b>

**7.3 Charge for expected credit loss allowance, net**

	<u>For the year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Provision for expected credit loss allowance	168,362,982	112,042,444
Recoveries against receivables previously written-off	<u>(26,694,793)</u>	<u>(19,118,528)</u>
<b>Charge for expected credit loss allowance, net</b>	<b>141,668,189</b>	<b>92,923,916</b>

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**7. ISLAMIC FINANCING RECEIVABLES, NET (CONTINUED)**

**7.4 Stage wise movement in gross financing receivables**

<u>31 December 2025</u>	<i>Gross carrying amount</i>			<i>Total</i>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	
<b>At 1 January 2025</b>	<b>563,351,818</b>	<b>254,982,538</b>	<b>115,375,749</b>	<b>933,710,105</b>
Transfer to 12-months	86,407,336	(55,500,615)	(30,906,721)	-
Transfer to lifetime not credit-impaired	(278,339,815)	282,702,726	(4,362,911)	-
Transfer to lifetime credit-impaired	(29,163,029)	(109,704,741)	138,867,770	-
New originated	768,059,783	-	-	768,059,783
Net other movements*	(475,565,804)	(93,344,124)	24,651,862	(544,258,066)
Write-offs	-	-	(147,746,426)	(147,746,426)
<b>At 31 December 2025</b>	<b>634,750,289</b>	<b>279,135,784</b>	<b>95,879,323</b>	<b>1,009,765,396</b>

<u>31 December 2024</u>	<i>Gross carrying amount</i>			<i>Total</i>
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	
<b>At 1 January 2024</b>	<b>362,722,560</b>	<b>158,598,539</b>	<b>134,571,215</b>	<b>655,892,314</b>
Transfer to 12-months	11,592,981	(8,023,671)	(3,569,310)	-
Transfer to lifetime not credit-impaired	(226,956,459)	230,078,248	(3,121,789)	-
Transfer to lifetime credit-impaired	(7,627,574)	(53,799,094)	61,426,668	-
New originated	624,786,257	-	-	624,786,257
Net other movements*	(201,165,947)	(71,871,484)	13,272,059	(259,765,372)
Write-offs	-	-	(87,203,094)	(87,203,094)
<b>At 30 December 2024</b>	<b>563,351,818</b>	<b>254,982,538</b>	<b>115,375,749</b>	<b>933,710,105</b>

\* Net other movements include financial assets settled and other measurements.

<u>31 December 2025</u>	<i>Credit loss allowance</i>			<i>Total</i>
	<i>Stage 1 (12-month ECL)</i>	<i>Stage 2 (lifetime ECL for SICR)</i>	<i>Stage 3 (lifetime ECL for credit impaired)</i>	
<b>At 1 January 2025</b>	<b>6,158,346</b>	<b>8,879,972</b>	<b>49,470,191</b>	<b>64,508,509</b>
Transfer to 12-months	17,134,183	(3,301,734)	(13,832,449)	-
Transfer to lifetime not credit-impaired	(6,794,399)	8,109,267	(1,314,868)	-
Transfer to lifetime credit-impaired	(3,697,804)	(3,691,189)	7,388,993	-
New originated	15,929,923	-	-	15,929,923
Net other movements*	(21,762,239)	(1,010,685)	148,511,190	125,738,266
Write-offs	-	-	(147,746,426)	(147,746,426)
<b>At 31 December 2025</b>	<b>6,968,011</b>	<b>8,985,630</b>	<b>42,476,631</b>	<b>58,430,272</b>

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**7. ISLAMIC FINANCING RECEIVABLES, NET (CONTINUED)**

**7.4 Stage wise movement in gross financing receivables (continued)**

31 December 2024	<i>Credit loss allowance</i>			<i>Total</i>
	<i>Stage 1 (12-month ECL)</i>	<i>Stage 2 (lifetime ECL for SICR)</i>	<i>Stage 3 (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	(4,951,230)	6,023,735	(1,072,505)	-
Transfer to lifetime credit-impaired	(378,345)	(4,616,410)	4,994,755	-
New originated	10,607,021	-	-	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	<u>6,158,346</u>	<u>8,879,972</u>	<u>49,470,191</u>	<u>64,508,509</u>

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

**7.5 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.

Ageing brackets of Islamic financing receivables*	<b>31 December 2025</b>	
	<b>Gross carrying amount (net of unearned)</b>	<b>Lifetime ECL</b>
Not due /< 30 days	<b>634,750,289</b>	<b>6,968,011</b>
31 – 60 days	<b>145,327,126</b>	<b>4,894,056</b>
61 – 90 days	<b>133,808,658</b>	<b>4,091,574</b>
91 – 120 days	<b>36,128,933</b>	<b>9,445,395</b>
121 -450 days	<b>59,750,390</b>	<b>33,031,236</b>
	<u><b>1,009,765,396</b></u>	<u><b>58,430,272</b></u>
	<b>31 December 2024</b>	
	<b>Gross carrying amount (net of unearned)</b>	<b>Lifetime ECL</b>
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 31 December 2025, any outstanding more than 450 days (31 December 2024: 450 days), are written off.

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**8. PROPERTY AND EQUIPMENT, NET**

	<u>Leasehold improvements</u>	<u>Computers</u>	<u>Furniture</u>	<u>Total</u>
<b>Cost</b>				
At 1 January 2025	991,748	467,558	824,270	2,283,576
Additions	-	383,962	-	383,962
<b>At 31 December 2025</b>	<u>991,748</u>	<u>851,520</u>	<u>824,270</u>	<u>2,667,538</u>
<b>Accumulated depreciation</b>				
At 1 January 2025	222,682	198,856	184,196	605,734
Charge for the year	769,066	183,449	164,857	1,117,372
<b>At 31 December 2025</b>	<u>991,748</u>	<u>382,305</u>	<u>349,053</u>	<u>1,723,106</u>
<b>Net book value as at 31 December 2025</b>	<u>-</u>	<u>469,215</u>	<u>475,217</u>	<u>944,432</u>
	<u>Leasehold improvements</u>	<u>Computers</u>	<u>Furniture</u>	<u>Total</u>
<b>Cost</b>				
At 1 January 2024	917,912	112,238	726,664	1,756,814
Additions	73,836	355,320	97,606	526,762
<b>At 31 December 2024</b>	<u>991,748</u>	<u>467,558</u>	<u>824,270</u>	<u>2,283,576</u>
<b>Accumulated depreciation</b>				
At 1 January 2024	30,597	69,444	24,222	124,263
Charge for the year	192,085	129,412	159,974	481,471
<b>At 31 December 2024</b>	<u>222,682</u>	<u>198,856</u>	<u>184,196</u>	<u>605,734</u>
<b>Net book value as at 31 December 2024</b>	<u>769,066</u>	<u>268,702</u>	<u>640,074</u>	<u>1,677,842</u>

**9. INTANGIBLE ASSETS, NET**

	<u>Computer software and IT systems</u>	<u>Capital work in progress *</u>	<u>Total</u>
<b>Cost</b>			
At 1 January 2025	22,120,490	565,711	22,686,201
Additions	6,543,389	63,103	6,606,492
Disposals	-	-	-
Transfer	-	-	-
<b>At 31 December 2025</b>	<u>28,663,879</u>	<u>628,814</u>	<u>29,292,693</u>
<b>Accumulated amortization</b>			
At 1 January 2025	11,899,757	-	11,899,757
Charge for the year	3,740,209	-	3,740,209
<b>At 31 December 2025</b>	<u>15,639,966</u>	<u>-</u>	<u>15,639,966</u>
<b>Net book value as at 31 December 2025</b>	<u>13,023,913</u>	<u>628,814</u>	<u>13,652,727</u>

\* This mainly includes the work in progress related to new ERP that will be completed in 2026.

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**9. INTANGIBLE ASSETS (CONTINUED)**

	Computer software and IT systems	Capital work in progress	Total
Cost			
At 1 January 2024	14,910,013	1,920,510	16,830,523
Additions	5,408,092	565,711	5,973,803
Disposals	-	(118,125)	(118,125)
Transfer	1,802,385	(1,802,385)	-
At 31 December 2024	<u>22,120,490</u>	<u>565,711</u>	<u>22,686,201</u>
Accumulated amortization			
At 1 January 2024	7,834,808	-	7,834,808
Charge for the year	4,064,949	-	4,064,949
At 31 December 2024	<u>11,899,757</u>	<u>-</u>	<u>11,899,757</u>
Net book value as at 31 December 2024	<u>10,220,733</u>	<u>565,711</u>	<u>10,786,444</u>

**10. ACCRUALS AND OTHER PAYABLES**

		<b>For the year ended</b>	
	<i>Note</i>	<b>31 December 2025</b>	31 December 2024
Accrued expenses		<b>40,059,926</b>	46,754,326
Accrued employee benefits		<b>5,553,446</b>	5,114,483
Other payable	<i>10.1</i>	<b>10,191,477</b>	404,393
		<u><b>55,804,849</b></u>	<u>52,273,202</u>

**10.1** These balances majorly include payable to collection agents amounting to SAR 9.2 million.

**11. RELATED PARTY BALANCES AND TRANSACTIONS**

Related parties include the Parent, key management personnel and the Board of Directors of the Company. 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 financial statements, the details of transactions and balances with related parties are as follows:

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

Related party	Relationship	Nature	<b>For the year ended</b>	
			<b>31 December 2025</b>	31 December 2024
Mobile	Parent	Expenses paid on behalf of the Company	<b>(127,665,300)</b>	(191,553,353)
Telecommuni cations Company Saudi Arabia	Company	Repayments relating to expenses paid on behalf of the Company	<b>140,000,000</b>	121,972,350
		Amount paid for acquisition of intangible assets and property and equipment on behalf of the Company	<b>(6,990,459)</b>	(1,069,032)
		Transfer to proposed increase in capital	-	100,000,000
		Increase in share capital	-	100,000,000
		Merchant purchases for Digital Instalments	<b>(8,497,529)</b>	(20,014,256)
		Payments for merchant purchases	<b>8,935,144</b>	53,000,000

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**11. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)**

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

Related party	Relationship	Nature	For the year ended	
			31 December 2025	31 December 2024
Key management personnel	Executives	Compensation – salaries and related expenses	8,275,333	8,498,683
		Provision for employees' end of service benefits	335,237	240,082
Board of Directors	Directors	Compensation / Remuneration expense	587,500	787,500

ii) The Company had following related party balances as at year end:

	31 December 2025	31 December 2024
<b>Due to Parent</b>		
Mobile Telecommunications Company Saudi Arabia	<u>202,845,231</u>	<u>208,627,087</u>
<b>Board of Directors and Key management personnel remuneration</b>		
	31 December 2025	31 December 2024
Directors' remuneration payable	<u>587,500</u>	787,500
Key management personnel remuneration payable	<u>290,131</u>	<u>951,080</u>

**12. RIGHT OF USE ASSET AND LEASE LIABILITY**

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

	31 December 2025	31 December 2024
Balance as at beginning of the year	1,720,094	3,237,684
Adjustment	-	160,552
Depreciation for the year	<u>(1,720,094)</u>	<u>(1,678,142)</u>
<b>Balance as at the end of the year</b>	<u>-</u>	<u>1,720,094</u>

Set out below is the movement of carrying amount of lease liability:

	31 December 2025	31 December 2024
Balance as at beginning of the year	1,782,741	5,014,284
Adjustment	-	228,691
Finance charges on lease liability	2,742	110,732
Payment made towards lease liability	<u>(1,785,483)</u>	<u>(3,570,966)</u>
<b>Balance as at the end of the year</b>	<u>-</u>	<u>1,782,741</u>

There is nil balance n ROUA and lease liability as at 31 December 2025 as the lease agreement for old head office expired on 9 January 2026. However, the management has entered contract for new head office with effective from 9 January 2026 till 8 January 2031.

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**13. MURABAHA FINANCING**

	<b>31 December 2025</b>	31 December 2024
Balance at beginning of the year	<b>120,023,210</b>	-
Additions	<b>170,000,000</b>	120,000,000
Finance charges on financing facility	<b>8,911,238</b>	3,658,074
Repayments	<b>(127,532,033)</b>	(3,634,864)
<b>Balance at the end of the year</b>	<b>171,402,415</b>	120,023,210

On 30 April 2025, the Company entered into a 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 till 31 December 2025. This financing facility is repayable in twelve months with quarterly interest installments. The commission rate on financing availed is three-month SIBOR plus a margin of 0.75%. A financial guarantee has been provided by the Parent Company to support this facility at guarantee fees of 2% of the amount of loan utilized. Further, 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 and for the year ended 31 December 2025, the Company has maintained the leverage ratio of 1.57 to 1 thus complying with the financial covenant of the financing arrangements.

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. However, the loan is repaid during the year ended 31 December 2025.

As at 31 December 2025, the balance of Murabaha financing includes accrued finance cost amounting to SR 1.402 million. (31 December 2024: SR 23,210)

**14. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS**

The Company provides end of service benefits to its employees. The entitlement is based upon the employees' final salary and length of service, subject to the completion of a minimum service year, calculated under the provisions of the Saudi Labor Law and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the years of employment.

	<b>31 December 2025</b>	31 December 2024
Opening balance	<b>1,352,175</b>	879,198
Current service cost	<b>832,442</b>	778,181
Interest cost	<b>59,787</b>	45,522
Payment	<b>(895,245)</b>	(44,247)
Actuarial gain	<b>(344,758)</b>	(306,479)
Closing balance	<b>1,004,401</b>	1,352,175

The Company's plan is exposed to actuarial risks such as: discount rate and salary risk.

- Discount risk: A decrease in the discount rate will increase the plan liability.
- Salary risk: The present value of the end of service benefit plan liability is calculated by reference to the estimated future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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**14. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)**

Movements in actuarial gain recognized in OCI are as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Opening balance	230,608	(75,871)
Remeasurement gain – effect of experience adjustments and change in financial assumptions	<u>344,758</u>	<u>306,479</u>
Closing balance	<u><u>575,366</u></u>	<u><u>230,608</u></u>

All movements in the end of service benefits liability are recognized in statement of profit or loss except for the actuarial gain which is recognized in other comprehensive income.

The maturity profile of the undiscounted benefit obligation is as follows:

	<u>2025</u>	<u>2024</u>
Expected employer contributions		
Year 1	32,874	48,654
Year 2	88,149	89,502
Year 3	138,587	155,503
Year 4	178,086	201,920
Year 5	729,632	265,071
Next 5 years	2,315,788	2,801,890

The most recent actuarial valuation was performed by Lux Actuaries & Consultants and was performed using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	<u>2025</u>	<u>2024</u>
Attrition rates	10% to 13%	10% to 13%
Salary increases	2.0%	4.0%
Discount rate	5.75%	5.60%

**Sensitivity analysis:**

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, the amount of defined benefit obligations would have been:

<b>2025</b>	<i>Impact on defined benefit obligation – Increase / (Decrease)</i>		
	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
<b>Base Scenario</b>			
Discount rate	+/-1%	(107,904)	133,270
Expected rate of salary increase	+/-1%	<u>129,467</u>	<u>(112,527)</u>
<b>2024</b>	<i>Impact on defined benefit obligation – Increase / (Decrease)</i>		
<b>Base Scenario</b>	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
Discount rate	+/-1%	(164,909)	200,317
Expected rate of salary increase	+/-1%	<u>201,581</u>	<u>(168,683)</u>

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**15. INCOME FROM ISLAMIC FINANCING, NET**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	31 December 2024
Special commission income	426,605,803	359,319,457
Expenses related to issuance of financing	(9,653,954)	(8,597,060)
Processing fee income	8,709,164	8,351,944
	<b>425,661,013</b>	<b>359,074,341</b>

**16. GENERAL, ADMINISTRATION AND SELLING EXPENSES**

	<b>For the year ended</b>	
	<b>31 December 2025</b>	31 December 2024
Collection charges	38,422,177	22,587,189
Advertising and marketing	26,602,057	21,869,471
Subscriptions	11,432,327	6,851,659
Legal and professional charges	3,328,877	1,705,899
System support and license	1,849,810	590,098
Others	6,139,376	3,064,391
	<b>87,774,624</b>	<b>56,668,707</b>

**17. SHARE CAPITAL**

As at 31 December 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 year ended 31 December 2025, the Company updated its commercial registration certificate and By-laws and increased the share capital accordingly.

**18. 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 year ended 31 December 2025, following the Extraordinary General Assembly meeting held on 5 January 2025, and accordingly transferred the statutory reserve balance to retained earnings.

**19. ZAKAT PROVISION**

	<b>31 December 2025</b>	31 December 2024
Balance at the beginning of the year	12,066,880	10,022,817
Charge for the year	9,325,696	10,898,410
Payments made during the year	(12,003,536)	(8,854,347)
Balance at the end of the year	<b>9,389,040</b>	<b>12,066,880</b>

**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.

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**20. FINANCIAL RISK MANAGEMENT**

The Company's use of financial instruments exposes it to a variety of financial risks. The Company continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework and developing and monitoring the risk management policies in close co-operation with the Company's operating units. The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. The Company through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company's Board Committee oversees how management monitors compliance with the risk management policies and procedures and reviews adequacy of the risk management framework in relation to the risks faced by the Company. The Board Committee is assisted in its oversight role by the internal audit and the Company risk management department.

The Company is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk.

*i) Market risk*

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to foreign currency risk and commission rate risk only. Management of the Company believes that the market risk for the financial instruments is not significant.

*a) Currency risk*

Saudi Riyal currency is considered as the functional currency of the Company which is pegged against the United States Dollar. Therefore, the Company is only exposed to exchange rate fluctuations from transactions denominated in foreign currencies other than United States Dollar. Since the Saudi riyals is pegged to united states Dollars and Company is not dealings in any other currencies, management of the Company believes that the currency risk for the financial instruments is not significant.

*b) Commission rate risk*

Commission rate risk is the impact on future earnings of the Company resulting from an increase in the market interest rates. The risk arises when there is a mismatch in the assets and liabilities which are subject to interest rate adjustment within a specified period. All of the Company's profit-bearing assets carry profit at fixed rates and therefore, management believes that the Company is not exposed to any risk in respect of these assets.

The following table depicts the sensitivity to a reasonable possible change in rates, with other variables held constant, on the Company's profit or loss relating to the floating rate borrowings for which the Company does not use derivatives for hedging. The sensitivity of the income is the effect of the assumed changes in profit rates on the net financing income for one year, based on such floating rate borrowings held as at the reporting date

	<b>31 December 2025</b>		31 December 2024	
	<b>Change in basis points</b>	<b>Impact on net income</b>	Change in basis points	Impact on net income
Increase	+50	715,834	+50	182,904
Decrease	-50	(715,834)	-50	(182,904)

*c) Price risk*

Price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is not exposed to price risk as it does not have any financial instruments whose prices are fluctuated based on internal or external factors.

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**20. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*ii) Credit risk*

Credit risk is the risk that one of the parties to a financial instrument will fail to discharge their obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk arises principally from Islamic financing receivables. The Company has established procedures to manage credit exposure including robust process regarding evaluation of credit worthiness which includes obtaining formal credit approvals and assigning risk-based credit limits.

The assessment of credit worthiness includes the following key parameters:

- Credit scoring assessment as per the Company policy.
- Repayment capacity by analysing income level and maximum financing burden of the customer.
- Repayment history with other financial institutions.

The Company generally receives repayments through card payments and bank transfers. The Company has an approved collection policy and procedure manual establishing a collection strategy to follow up with delinquent customers. In order to monitor exposure to credit risk, on a monthly basis, reports are produced by the credit risk department and are reviewed by Chief Risk Officer. These reports show the collection and delinquency status of the customers.

The Company has strengthened its collection team to be actively involved in the collection process of delinquent customers. The Company regularly reviews its risk management policies and systems to reflect changes in products market and emerging best practice.

The assessment of credit risk of Islamic financing receivables also requires further estimations of credit risk using ECL which is derived by PD, LGD and EAD.

The Company measures an ECL at an account level taking into account the PD, LGD, EAD and discount rate. PD estimates are estimated at a certain date, based on the term structures as stated above. LGD estimates for Islamic financing portfolio are derived from historical data of subsequent recoveries from defaulted financing based on income of the obligors.

EAD represents the expected exposure in the event of a default. The Company derives EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD is its gross carrying amount. For discounting the Company has used each contract's effective commission rate.

**Expected credit loss (ECL) measurement**

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition wherein if a financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and if the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.

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

Stage 1: When Islamic financing receivables are first recognized, the Company recognizes an allowance based on 12-month ECLs.

Stage 2: When a Islamic financing receivables has shown a significant increase in credit risk since origination, the Company records an allowance for the lifetime ECL.

Stage 3: Islamic financing receivables considered credit-impaired. The Company records an allowance for the lifetime ECL.

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**20. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Generating the term structure of PD*

PD is calculated using an 'observed default rate' method which is based on the actual default history of the portfolio. To generate the term structure, obligors are classified into performing and non-performing categories over a time period which is based on days past due. An obligor is considered as non-performing (Stage 3) whose last instalment is past due by more than 90 days. The ratio of the non-performing customers to performing customers provides the observed default rate. This is then converted to a forward-looking estimate by incorporating probability-weighted current forecasts of selected macroeconomic variables.

*Significant increase in credit risk (SICR)*

In determining whether credit risk has increased significantly since initial recognition, the Company assesses past-due information.

Accordingly, based on instalment collection history, the management believes that a significant increase in credit risk arises only when the instalment is past due by more than 30 days. The management engages the collection team for the purposes of collection of outstanding balance as the receivable is delinquent.

*Credit impaired assets*

The Company considers the financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, there is sufficient doubt about the ultimate collectability; or the customer is past due for more than 90 days.

*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 allowance. The Company considers external actual and forecast information and formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two additional economic scenarios and considering the relative probabilities of each outcome. The base case represents the most-likely outcome and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

The Company has used GDP growth rate and government debt as their key macroeconomic factors giving equal weightages to each. These macro-economic factors have been updated based on the latest available information from the IMF.

The Company has identified and documented key drivers of credit risk and credit losses for the consumer portfolio and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The Company has used below base case near term forecast in its ECL model, which is based on updated information available as at the reporting date:

<u>Economic indicators</u>	<u>Weightage</u>	<u>Forecast calendar years used in 2025 ECL model (in percentage)</u>	
		<u>2026</u>	<u>2027</u>
		<u>SAR (Billions)</u>	
GDP	50%	3,754	3,888
Government debt	50%	1,622	1,811

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**20. FINANCIAL RISK MANAGEMENT (CONTINUED)**

The table below shows the weightage of scenarios and the macro-economic factors to the ECL computed under three different scenarios used by the Company.

<u>Scenarios</u>	<u>Weightage</u>	<u>GDP</u>		<u>Government debt</u>	
		<u>SAR (Billions)</u>		<u>SAR (Billions)</u>	
		<u>2026</u>	<u>2027</u>	<u>2026</u>	<u>2027</u>
Base case	40%	3,754	3,888	1,622	1,811
Upside	30%	3,875	3,993	1,448	1,576
Downside	30%	3,634	3,783	1,796	2,045

iii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available. To mitigate this risk, management manages assets with liquidity in mind, maintaining healthy balance of cash and cash equivalents and monitors future cash flows and liquidity on a daily basis. The Company also has revolving credit facility from commercial bank that it can access to meet future liquidity needs.

Management monitors the maturity profile to ensure that adequate liquidity is maintained. The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

**Analysis of undiscounted financial assets and liabilities by contractual maturities**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

<u>2025</u>	<u>Less than one year</u>	<u>1 to 2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>	<u>No fixed maturity</u>	<u>Total</u>
<u>Assets</u>						
Cash and bank balances	59,386,860	-	-	-	-	59,386,860
Gross Islamic financing receivables	497,125,691	518,680,353	341,784,488	-	-	1,357,590,532
<b>Total assets</b>	<b>556,512,551</b>	<b>518,680,353</b>	<b>341,784,488</b>	<b>-</b>	<b>-</b>	<b>1,416,977,392</b>
<u>Liabilities</u>						
Accruals and other payables	55,804,849	-	-	-	-	55,804,849
Murabaha financing	171,402,415	-	-	-	-	171,402,415
Due to Parent	202,845,231	-	-	-	-	202,845,231
<b>Total liabilities</b>	<b>430,052,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>430,052,495</b>
Liquidity surplus arising from financial instruments	126,460,056	518,680,353	341,784,488	-	-	986,924,897

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**20. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Analysis of undiscounted financial assets and liabilities by contractual maturities**

<u>2024</u>	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	No fixed maturity	Total
<u>Assets</u>						
Cash and bank balances	15,850,372	-	-	-	-	15,850,372
Gross Islamic financing receivables	422,816,161	663,673,704	109,569,342	-	-	1,196,059,207
Total assets	438,666,533	663,673,704	109,569,342	-	-	1,211,909,579
<u>Liabilities</u>						
Accruals and other payables	52,273,202	-	-	-	-	52,273,202
Murabaha financing	120,023,210	-	-	-	-	120,023,210
Due to Parent	208,627,087	-	-	-	-	208,627,087
Lease liability	1,782,741	-	-	-	-	1,782,741
Total liabilities	382,706,240	-	-	-	-	382,706,240
Liquidity surplus arising from financial instruments	55,960,293	663,673,704	109,569,342	-	-	829,203,339

**21. FAIR VALUE OF FINANCIAL INSTRUMENT**

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 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.

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**21. FAIR VALUE OF FINANCIAL INSTRUMENT (CONTINUED)**

All financial assets and financial liabilities are measured at amortized cost.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. For other financial assets and liabilities, including cash and bank balances, prepayments and other receivables

, accruals and other payables, Murabaha financing, and due to Parent, the carrying amounts approximate their fair values due to their short-term nature. Cash and bank balances are classified as Level 1, while all remaining financial assets and financial liabilities are classified as Level 3 within the fair value hierarchy.

There have been no transfers between the fair value hierarchy levels during the current or prior year.

31 December 2025	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b><u>Financial assets as amortised</u></b>					
Islamic financing receivables, net	1,009,765,396	-	-	1,042,758,765	1,042,758,765
<b><u>Financial liabilities at amortised cost:</u></b>					
Murabaha financing	171,402,415	-	-	171,402,415	171,402,415
31 December 2024	Carrying value	Fair value			Total
<b><u>Financial assets as amortised cost:</u></b>					
Islamic financing receivables, net	933,710,105	-	-	961,721,408	961,721,408
<b><u>Financial liabilities at amortised cost:</u></b>					
Murabaha financing	120,023,210	-	-	120,023,210	120,023,210

**22. 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 require to maintain aggregate financing to a capital ratio of two times.

	31 December 2025	31 December 2024
Islamic financing receivables, net divided by total equity	<b><u>1.615 times</u></b>	<u>1.712 times</u>

**23. CONTINGENCIES AND COMMITMENTS**

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

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**24. SUBSEQUENT EVENTS**

There were no events subsequent to the statement of financial position date which required adjustments to or disclosures in these financial statements.

**25. RECLASSIFICATIONS**

During the year, the Company has made the following reclassifications:

- a) **Transaction cost on Islamic Financing receivables:** Transaction costs relating to accepted Islamic Financing receivables that were previously recognised within Customer Information Inquiry Fee expense have been reclassified to Income from Islamic Financing. This reclassification has been made to enhance the accuracy, consistency, and comparability of the financial statements in line with IFRS 9.
- b) **Accrued interest on Murabaha Financing:** Accrued interest on Murabaha financing, previously recognised within Accruals and other Payables, has been reclassified to Murabaha Financing. This reclassification is incorporated for better presentation in the financial statements.
- c) **Prepayments and other receivables:** Prepayments and other receivables, which were previously included within Islamic financing receivables, net in the prior year, have been reclassified and presented as a separate line item in the financial statements. This reclassification is incorporated better presentation in the financial statements.

- 25.1** The following table shows the impact on each statement of profit or loss and other comprehensive income caption affected by the reclassification as of the comparative prior year

Financial statement caption	31 December 2024 (before reclassification)	Transaction cost on Islamic Financing receivables (a)	31 December 2024 (after reclassification)
Income from Murabaha Financing	367,671,401	(8,597,060)	359,074,341
Customer information inquiry fee	56,449,405	(8,597,060)	47,852,345

The above reclassifications do not have any effect on the statement of financial position and statement of cash flows of the Company.

- 25.2** The following table shows the impact on each statement of financial position caption affected by the reclassification as of 31 December 2024 to facilitate comparison and better presentation:

Financial statement caption	31 December 2024 (before reclassification)	Accrued interest on Murabaha Financing (b)	31 December 2024 (after reclassification)
Murabaha Financing	120,000,000	23,210	120,023,210
Accruals and other payables	52,296,412	(23,210)	52,273,202

  

Financial statement caption	31 December 2024 (before reclassification)	Prepayment and other receivables (c)	31 December 2024 (after reclassification)
Prepayments and other receivables	-	4,657,130	4,657,130
Islamic Financing Receivables	873,858,726	(4,657,130)	869,201,596

The above reclassifications have no effect on the statement of profit or loss and comprehensive income and statement of cash flows of the Company.

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**26. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved by the Board of Directors on 12 Ramadan 1447H (corresponding to 01 March 2026).