Morabaha Marina Financing Company
(A Saudi Joint Stock Company)

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

FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2024

Morabaha Marina Financing Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT
For the three-month period ended 31 March 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF MORABAHA MARINA FINANCING COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Morabaha Marina Financing Company - A Saudi Joint Stock Company ("the Company") and its subsidiary (collectively referred to as "the Group") as at 31 March 2024, and the related interim condensed consolidated statement of comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes. The Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

For Ernst & Young Professional Services

Hesham A. Alatiqi
Certified Public Accountant
License No. (523)

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EY
سجل تجاري ١٠١٠٣٨٣٨٢١
CR. 1010383821
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Riyadh: 23 Shawwal 1445H
(2 May 2024)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31March 2024

	Note	*2024 (Unaudited) SR*	*2023 (Unaudited) SR*
Special commission income	3	**44,798,028**	43,349,949
Special commission expense		**(11,873,962)**	(9,984,199)
NET SPECIAL COMMISSION INCOME		**32,924,066**	33,365,750
Other operating income			
Other income, net	4	**2,691,659**	2,945,207
TOTAL OPERATING INCOME		**35,615,725**	36,310,957
Operating expenses			
General and administration expenses	5	**(24,642,977)**	(19,437,396)
Impairment losses / (reversal of impairment losses) on Islamic financing receivables, net	6	**(5,683,897)**	2,422,197
TOTAL OPERATING EXPENSES		**(30,326,874)**	(17,015,199)
Income from short-term deposits		**1,026,377**	482,874
INCOME BEFORE ZAKAT		**6,315,228**	19,778,632
Zakat	9	**(2,512,891)**	(4,573,037)
NET INCOME FOR THE PERIOD		**3,802,337**	15,205,595
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**3,802,337**	15,205,595
Attributable to:			
Equity holders of the Parent		**5,356,890**	16,223,424
Non-controlling interest		**(1,554,553)**	(1,017,829)
		3,802,337	15,205,595
Basic and diluted earnings per share			
Earnings per share from net income attributable to equity holders of the Parent		**0.07**	0.32

Chief Financial Officer	Executive Managing Director	Chairman of the Board of Directors

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2024

	Note	*31 March 2024 (Unaudited) SR*	*31 December 2023 (Audited) SR*
ASSETS			
Cash and cash equivalents		**163,887,479**	91,937,978
Restricted cash deposits		**16,000,000**	16,000,000
Fair value of derivatives	10	**2,569,880**	2,842,693
Islamic financing receivables	6	**1,154,430,463**	1,089,345,610
Repossessed assets held for sale	6	**44,366,595**	45,980,281
Investment at fair value through other comprehensive income (FVTOCI)		**892,850**	892,850
Prepayments and other assets		**21,576,814**	22,063,767
Right-of-use assets	7	**16,892,933**	18,199,496
Intangible assets		**50,358,506**	48,080,507
Property and equipment		**7,102,159**	7,242,436
TOTAL ASSETS		**1,478,077,679**	1,342,585,618
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts payable, accruals and others	8	**26,557,464**	23,588,023
Provision for zakat	9	**11,955,832**	9,442,940
Borrowings	10	**564,243,063**	443,541,947
Lease liabilities	7	**16,068,506**	17,523,342
Employees' defined benefit liabilities		**5,876,234**	6,256,561
TOTAL LIABILITIES		**624,701,099**	500,352,813
EQUITY			
Share capital	11	**714,285,720**	714,285,720
Share premium	11	**64,256,255**	64,314,817
Statutory reserve		**25,747,980**	25,747,980
Treasury shares	11	**(16,062,300)**	(16,062,300)
Retained earnings		**54,287,382**	48,930,492
Equity attributable to equity holders of Parent		**842,515,037**	837,216,709
Non-controlling interests		**10,861,543**	5,016,096
TOTAL EQUITY		**853,376,580**	842,232,805
TOTAL LIABILITIES AND EQUITY		**1,478,077,679**	1,342,585,618

Chief Financial Officer | Executive Managing Director | Chairman of the Board of Directors

Morabaha Marina Financing Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three-month period ended 31 March 2024

	Attributable to equity holders of the parent							
	Share capital SR	*Share premium SR*	*Statutory reserve SR*	*Treasury shares SR*	*Retained earnings SR*	*Total SR*	*Non-controlling interests SR*	*Total equity SR*
For the three-month period ended 31 March 2023								
Balance at 1 January 2023 (audited)	500,000,000	-	22,085,321	(16,062,300)	52,769,978	558,792,999	10,696,435	569,489,434
Net income for the period	-	-	-	-	16,223,424	16,223,424	(1,017,829)	15,205,595
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	16,223,424	16,223,424	(1,017,829)	15,205,595
Balance at 31 March 2023 (unaudited)	500,000,000	-	22,085,321	(16,062,300)	68,993,402	575,016,423	9,678,606	584,695,029
For the three-month period ended 31 March 2024								
Balance at 1 January 2024 (audited)	**714,285,720**	**64,314,817**	**25,747,980**	**(16,062,300)**	**48,930,492**	**837,216,709**	**5,016,096**	**842,232,805**
Transaction cost related to issuance of Share capital (note 11)	-	**(58,562)**	-	-	-	**(58,562)**	-	**(58,562)**
Net income for the period	-	-	-	-	**5,356,890**	**5,356,890**	**(1,554,553)**	**3,802,337**
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	**5,356,890**	**5,356,890**	**(1,554,553)**	**3,802,337**
Increase in share capital of subsidiary	-	-	-	-	-	-	**7,400,000**	**7,400,000**
Balance at 31 March 2024 (unaudited)	**714,285,720**	**64,256,255**	**25,747,980**	**(16,062,300)**	**54,287,382**	**842,515,037**	**10,861,543**	**853,376,580**

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Chief Financial Officer | Executive Managing Director | Chairman of the Board of Directors

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three-month period ended 31 March 2024

	Note	***2024 (Unaudited) SR***	*2023 (Unaudited) SR*
OPERATING ACTIVITIES			
Income before zakat		**6,315,228**	19,778,632
Adjustments for:			
Impairment losses on Islamic financing receivables	6	**5,683,897**	3,001,006
Depreciation and amortisation		**1,743,895**	930,806
Depreciation of right-of-use assets		**1,306,563**	737,268
Finance charge on lease	7	**367,393**	50,270
Finance cost		**11,506,569**	9,933,929
Finance income		**(1,026,377)**	(482,874)
Provision for employees' terminal benefits		**105,335**	420,927
Positive fair value of derivatives	4	**272,813**	726,977
Operating cash flows before working capital changes		**26,275,316**	35,096,941
Working capital adjustments:			
Islamic financing receivables		**(62,420,820)**	(57,159,209)
Prepayments and other assets		**(486,953)**	(6,270,385)
Accounts payable, accruals and others		**2,171,142**	(1,198,569)
Net cash used in operations		**(34,461,315)**	(29,531,222)
Zakat paid	9	**-**	(157,295)
Employees' terminal benefits paid		**(485,662)**	(17,814)
Finance cost paid		**(9,494,558)**	(7,558,399)
Net cash used in operating activities		**(44,441,535)**	(37,264,730)
INVESTING ACTIVITIES			
Addition to property and equipment		**(611,276)**	(459,029)
Addition to intangible assets		**(3,270,345)**	(1,571,001)
Finance income received		**1,026,377**	482,874
Net cash used in investing activities		**(2,855,244)**	(1,547,156)
FINANCING ACTIVITIES			
Proceeds from borrowings		**184,374,494**	125,000,000
Repayment of borrowings		**(63,673,378)**	(90,977,110)
Repayment of principal portion of lease liabilities paid	7	**(1,454,836)**	(601,955)
Net cash from financing activities		**119,246,280**	33,420,935

Chief Financial Officer | Executive Managing Director | Chairman of the Board of Directors

	2024 (Unaudited) SR	*2023 (Unaudited) SR*
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	**71,949,501**	(5,390,951)
Cash and cash equivalents at the beginning of the period	**91,937,978**	69,639,011
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**163,887,479**	64,248,060
SIGNIFICANT NON-CASH TRANSACTIONS:		
Transfer of Repossessed assets held for sale	**1,450,572**	3,252,608

Chief Financial Officer

Executive Managing Director

Chairman of the Board of Directors

1 ACTIVITIES

Morabaha Marina Financing Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010337706 dated 14 Jumad Al Thani 1433H (corresponding to 5 May 2012). The Company's head office is located at Riyadh and registered address is P.O. Box 8055, Riyadh 14925, Kingdom of Saudi Arabia, Ar Rabi district, Thomamah road.

The Company has the following branches:

Branch Commercial Registration Number	***Branch location***	***Date***
3450015199	Arar	8 Jumada II 1437H
1010337706	Riyadh Main	14 Jumada II 1433H
1010351999	Riyadh	16 Dhul-Qadah 1433H
1010453589	Riyadh	2 Dhul-Qadah 1439H
1116010899	Dawadmi	19 Jumada II 1436H
2050125719	Dammam	8 Ramdan 1440H
2053112249	Qatif	2 Dhul-Qadah 1439H
3400019877	Skaka	20 Sahwwal 1437H
3452010771	Qurayyat	27 Sha'aban 1438H
4030288370	Jeddah	8 Jumada II 1437H
4030305936	Jeddah	2 Dhul-Qadah 1439H
5850064133	Abha	4 Sha'aban 1435H
5900034225	Jizan	8 Jumada II 1437H
1131307492	Buraydah	8 Muharram 1442H
3350149330	Hail	8 Muharram 1442H
5950028443	Najran	25 Muharram 1435H
5855359542	Khamis mushait	27 Sha'aban 1443H
4032258441	Taif	27 Sha'aban 1443H

The Company is engaged in Finance lease, financing facilities to medium and small enterprises and consumer finance in accordance with The Saudi Central Bank ("SAMA") approval number 22/201410 dated 19 Dhul Qadah 1435H (corresponding to 13 September 2014).

On 20 August 2019 the shareholders of the Company decided to go for an Initial Public Offering (IPO). On 26 December 2022, the Capital Market Authority's (CMA) Board has issued its resolution approving the Company's application for the registration and offering of 21,428,572 shares representing 30% of Company's share capital post listing in Saudi Stock Exchange (Tadawul).

On 1 May 2023, the Company announced its intention to proceed with the initial public offering and listing of its ordinary shares by way of issuance of 21,428,572 new shares.

On 14 May 2023, the Company announced commencement of retail subscription period from 28 May 2023 to 29 May 2023 and institutional investors subscription period from 14 May 2023 to 18 May 2023 at an offer price of SR 14.6 per share. Allotment of shares to new shareholders completed on 5 June 2023 and the Company's ordinary shares trading was commenced in Saudi Stock Exchange (Tadawul) on 21 June 2023 (also refer to note 11).

Shareholder	*Pre-Offering*			*Post-Offering*		
	No. of shares	*Ownership (%)*	*Nominal value*	*No. of shares*	*Ownership (%)*	*Nominal value*
Founding shareholders	50,000,000	100%	500,000,000	50,000,000	70%	500,000,000
Public	-	-	-	21,428,572	30%	214,285,720
	50,000,000	100%	500,000,000	71,428,572	100%	714,285,720

1 ACTIVITIES (continued)

These interim condensed consolidated financial statements include the financial statements of the Company and the financial statements of Digital Payments Company for Financial Technology, a 80% owned subsidiary (collectively with the Company referred to as the "Group"). Digital Payments Company for Financial Technology is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010949680 issued on 28 Sha'ban 1439H (corresponding to 14 May 2018). Digital Payments Company is engaged in building the technology of payments getaway (aggregation model), capable of satisfying the rapidly growing electronic commerce payments (Bayan) and providing electronic wallet services (Bayan wallet) in the Kingdom of Saudi Arabia.

2 BASIS OF PREPARATION

a. Statement of compliance

The interim condensed consolidated financial statements of the Group as at and for the three-month period ended 31 March 2024 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants. These interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

An interim period is considered an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

These interim condensed consolidated financial statements have been presented in Saudi Riyals, as it is the functional currency of the Group.

The Group presents its statement of financial position in order of liquidity based on the Group's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item.

b. Significant accounting policies judgments, estimates and assumptions

The accounting policies, judgments, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023.

c. New standards, interpretations and amendments

Following standards, interpretations or amendments are effective from the beginning of the current year and are adopted by the Group, however, these do not have any impact on the accompanying interim condensed consolidated financial statements of the year. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

2 BASIS OF PREPARATION (continued)

c. New standards, interpretations and amendments (continued)

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group’s interim condensed consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group’s interim condensed consolidated financial statements.

Accounting standards issued but not yet effective

Lack of exchangeability – Amendments to IAS 21
In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21).

The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity’s objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows. The amendments is effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The amendments do not have impact on the Group’s interim condensed consolidated financial statements.

2 BASIS OF PREPARATION (continued)

c. New standards, interpretations and amendments (continued)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions.

The amendments is effective for annual reporting periods beginning on or after 1 January 2025.

3 SPECIAL COMMISSION INCOME, NET

Special commission income comprises of income from the following financing products:

	For the three-month period ended 31 March	
	2024 (Unaudited) SR	*2023 (Unaudited) SR*
Tawarruq	**42,853,811**	41,805,215
Ijara	**1,944,217**	1,544,734
	44,798,028	43,349,949

All the special commission income are from financing products which are Shariah compliant.

4 OTHER INCOME, NET

	For the three-month period ended 31 March	
	2024	*2023*
	(Unaudited)	*(Unaudited)*
	SR	*SR*
Income from early settlement fees	**1,121,989**	999,540
Unrealized loss on fair value of derivatives	**1,086,565**	1,148,028
Gain on sale of repossessed assets	**750,570**	1,452,623
Realized loss on fair value of derivatives	**(272,813)**	(726,977)
Others	**5,348**	71,993
	2,691,659	2,945,207

5 GENERAL AND ADMINISTRATION EXPENSES

	For the three-month period ended 31 March	
	2024	*2023*
	(Unaudited)	*(Unaudited)*
	SR	*SR*
Salaries and employee related costs	**11,965,277**	11,409,596
Depreciation and amortisation	**3,050,458**	2,250,517
Professional fee	**2,592,807**	1,271,862
Subscriptions	**1,276,487**	348,233
Non-claimable VAT	**1,123,444**	1,197,437
Information technology expenses	**1,019,067**	333,484
Utilities expense	**632,061**	212,419
Bank charges	**308,097**	279,110
Government related expenses	**205,685**	386,134
Repair and maintenance	**53,708**	109,379
Board of directors' remuneration (note 12)	**792,000**	1,010,000
Other expenses	**1,623,886**	629,225
	24,642,977	19,437,396

6 ISLAMIC FINANCING RECEIVABLES

	Tawarruq receivables		*Ijara receivables*		*Total*	
	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*	***31 March 2024 (Unaudited) SR***	*31 December 2023 (Audited) SR*	***31 March 2024 (Unaudited) SR***	*31 December 2023 (Audited) SR*
Gross Islamic financing receivables	**1,514,218,519**	1,400,150,082	**80,722,865**	88,937,544	**1,594,941,384**	1,489,087,626
Less: Unrealised profit	**(381,675,168)**	(336,845,044)	**(21,414,020)**	(24,394,914)	**(403,089,188)**	(361,239,958)
	1,132,543,351	1,063,305,038	**59,308,845**	64,542,630	**1,191,852,196**	1,127,847,668
Less: Allowance for impairment losses	**(30,318,820)**	(31,910,123)	**(7,102,913)**	(6,591,935)	**(37,421,733)**	(38,502,058)
Islamic financing receivables, net	**1,102,224,531**	1,031,394,915	**52,205,932**	57,950,695	**1,154,430,463**	1,089,345,610

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

Analysis of risk concentration in gross carrying amounts and corresponding ECL in the loans portfolio by type is presented below:

31 March 2024 (unaudited)

	Gross Carrying Amount				*Allowance for ECL*				*ECL Coverage %*			
	Stage 1 SR	***Stage 2 SR***	***Stage 3 SR***	***Total SR***	***Stage 1 SR***	***Stage 2 SR***	***Stage 3 SR***	***Total SR***	***Stage 1 %***	***Stage 2 %***	***Stage 3 %***	***Total %***
Tawarruq	**769,785,095**	**203,695,927**	**159,062,330**	**1,132,543,352**	**4,312,691**	**6,316,262**	**19,689,867**	**30,318,820**	**0.6%**	**3.1%**	**12.4%**	**2.7%**
Ijara	**18,565,524**	**22,512,687**	**18,230,633**	**59,308,844**	**73,816**	**884,195**	**6,144,902**	**7,102,913**	**0.4%**	**3.9%**	**33.7%**	**12.0%**
Total	**788,350,619**	**226,208,614**	**177,292,963**	**1,191,852,196**	**4,386,507**	**7,200,457**	**25,834,769**	**37,421,733**	**0.6%**	**3.2%**	**14.6%**	**3.1%**

31 December 2023 (Audited)

	Gross carrying amount				*Allowance for ECL*				*ECL Coverage %*			
	Stage 1 SR	*Stage 2 SR*	*Stage 3 SR*	*Total SR*	*Stage 1 SR*	*Stage 2 SR*	*Stage 3 SR*	*Total SR*	*Stage 1 %*	*Stage 2 %*	*Stage 3 %*	*Total %*
Tawarruq	652,169,348	247,099,896	164,035,794	1,063,305,038	1,333,635	6,727,607	23,848,882	31,910,124	0.2%	2.7%	14.5%	3.0%
Ijara	22,748,907	20,737,009	21,056,713	64,542,629	45,133	551,630	5,995,171	6,591,934	0.2%	2.7%	28.5%	10.2%
Total	674,918,255	267,836,905	185,092,507	1,127,847,667	1,378,768	7,279,237	29,844,053	38,502,058	0.2%	2.7%	16.1%	3.4%

6 ISLAMIC FINANCING RECEIVABLES (continued)

Analysis of credit quality of Islamic financing receivables is as follows:

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Neither past due nor impaired	**748,205,889**	746,832,495
Past due but not impaired	**274,405,331**	281,503,439
Past due and impaired	**169,240,976**	99,511,734
	1,191,852,196	1,127,847,668

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

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Performing	**1,081,438,980**	1,028,335,934
Non-performing	**110,413,216**	99,511,734
	1,191,852,196	1,127,847,668

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Current	**510,460,614**	483,528,197
Non-current	**681,391,582**	644,319,471
	1,191,852,196	1,127,847,668

Movement in the allowance for impairment losses were as follows:

	For the three-month period ended 31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*	*For the three-month period ended 31 March 2023 (Unaudited) SR*
At beginning of the period / year	**38,502,058**	52,814,358	43,584,489
Charge for the period / year	**12,172,532**	25,395,437	9,343,243
Written-off during the period / year	**(13,252,857)**	(39,707,737)	(8,143,244)
At end of the period / year	**37,421,733**	38,502,058	44,784,488

6 ISLAMIC FINANCING RECEIVABLES (continued)

The following table shows reconciliations from the opening to the closing balance of the impairment allowance for financings to customers at amortized cost.

31 March 2024 (Unaudited)	***Stage 1*** ***12 months ECL*** ***SR***	***Stage 2*** ***Lifetime ECL not credit impaired*** ***SR***	***Stage 3*** ***Lifetime ECL credit impaired*** ***SR***	***Total*** ***SR***
Balance at 1 January 2024	**1,378,767**	**7,279,240**	**29,844,051**	**38,502,058**
Transfer from stage 2 & 3 to stage 1	**166,908**	**(156,677)**	**(10,231)**	**-**
Transfer from stage 1 & 3 to stage 2	**(619,357)**	**3,396,511**	**(2,777,154)**	**-**
Transfer from stage 1 & 2 to stage 3	**(58,443)**	**(3,097,105)**	**3,155,548**	**-**
Charge for the year	**3,518,632**	**(221,512)**	**8,875,412**	**12,172,532**
Write-offs	**-**	**-**	**(13,252,857)**	**(13,252,857)**
Balance as at 31 March 2024	**4,386,507**	**7,200,457**	**25,834,769**	**37,421,733**

31 December 2023 (Audited)	*Stage 1* *12 months ECL* *SR*	*Stage 2* *Lifetime ECL not credit impaired* *SR*	*Stage 3* *Lifetime ECL credit impaired* *SR*	*Total* *SR*
Balance at 1 January 2023	10,008,141	7,453,771	35,352,446	52,814,358
Transfer from stage 2 & 3 to stage 1	628,737	(538,392)	(90,345)	-
Transfer from stage 1 & 3 to stage 2	(1,165,186)	4,493,972	(3,328,786)	-
Transfer from stage 1 & 2 to stage 3	(17,253,741)	(369,548)	17,623,289	-
Charge for the year	9,160,816	(3,760,563)	19,995,184	25,395,437
Write-offs	-	-	(39,707,737)	(39,707,737)
Balance as at 31 December 2023	1,378,767	7,279,240	29,844,051	38,502,058

The following table shows reconciliations from the opening to the closing balance of the gross outstanding for financings to customers at amortized cost.

31 March 2024 (Unaudited)	***Stage 1*** ***12 months ECL*** ***SR***	***Stage 2*** ***Lifetime ECL not credit impaired*** ***SR***	***Stage 3*** ***Lifetime ECL credit impaired*** ***SR***	***Total*** ***SR***
Balance at 1 January 2024	**904,561,252**	**341,434,861**	**243,091,514**	**1,489,087,626**
Transfer from stage 1 to stage 2 & 3	**(101,774,619)**	**94,642,790**	**7,131,829**	**-**
Transfer from stage 1 & 3 to stage 2	**66,632,783**	**(119,411,593)**	**52,778,810**	**-**
Transfer from stage 2 to 3	**678,359**	**24,254,405**	**(24,932,764)**	**-**
Net movement	**194,815,447**	**(39,965,559)**	**(28,850,965)**	**125,998,923**
Write-offs	**-**	**-**	**(20,145,166)**	**(20,145,166)**
Balance as at 31 March 2024	**1,064,913,222**	**300,954,904**	**229,073,258**	**1,594,941,384**

6 ISLAMIC FINANCING RECEIVABLES (continued)

31 December 2023 (Audited)	*Stage 1* *12 months ECL* *SR*	*Stage 2* *Lifetime ECL not credit impaired* *SR*	*Stage 3* *Lifetime ECL credit impaired* *SR*	*Total* *SR*
Balance at 1 January 2023	1,078,378	26,409,508	16,096,603	43,584,489
Transfer from stage 2 & 3 to stage 1	346,937	(142,330)	(204,607)	-
Transfer from stage 2 & 3 to stage 1	(11,941,654)	18,095,573	(6,153,919)	-
Transfer from stage 3 to stage to stage 1& 3	(13,571,864)	(6,767)	13,578,631	-
Net movement	34,096,344	(36,902,213)	49,255,787	46,449,918
Write-offs	-	-	(37,220,049)	(37,220,049)
Balance as at 31 December 2023	10,008,141	7,453,771	35,352,446	52,814,358

Assignment of Islamic financing receivables

The Group assigned Islamic financing receivables as a collateral amounting to SR 784.92 million (31 December 2023: SR 508.61 million) to local commercial banks for obtaining borrowings.

Impairment losses on Islamic financing receivables

	31 March 2024 (Unaudited) SR	*31 March 2023 (Unaudited) SR*
Provision for expected credit loss allowance (net of reversal)	**(12,172,532)**	(3,001,006)
Recoveries against receivables previously written off	**6,488,635**	5,423,203
Net impairment losses / (reversal of impairment losses) on Islamic financing receivables	**(5,683,897)**	2,422,197

Repossessed assets held for sale

During prior years and current period, the Group acquired real estate properties against defaulted Tawarruq receivables. The Group engage external valuer to determine the fair value, during the year the Group engaged Olat Properties Management (OPM) and Moheet Al-Jazirah Company to determine the fair value. Below is the movement:

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Balance at the beginning of the period/year	**45,980,281**	53,629,422
Addition during the period/year	**1,450,572**	3,252,608
Sale during the period/year	**(3,064,258)**	(10,901,749)
Balance at the end of the period/year	**44,366,595**	45,980,281

7 RIGHT OF USE ASSETS AND LEASE LIABIITIES

The Group have lease contracts for various office spaces and data centre. These leases generally have lease terms between 2 and 5 years. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period/year:

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
As at 1 January	**18,199,496**	7,225,463
Additions during the period/year	**-**	15,211,696
Depreciation expense	**(1,306,563)**	(4,237,663)
	16,892,933	18,199,496

Set out below are the carrying amounts of lease liabilities and the movements during the period/year:

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
At the beginning of the period/year	**17,523,342**	6,649,315
Additions during the period/year	**-**	15,211,696
Accretion of interest	**367,393**	1,237,506
Payments during the period/year	**(1,822,229)**	(5,575,175)
	16,068,506	17,523,342

8 ACCOUNTS PAYABLE, ACCRUALS AND OTHERS

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Accounts payable	**9,153,784**	7,241,299
Bonus Payable	**6,462,500**	5,170,000
Accrued special commission expenses	**4,197,565**	4,300,324
Payable to financial institution	**2,773,266**	2,773,266
Accrued expenses	**1,463,478**	1,856,722
Others	**2,506,871**	2,246,412
	26,557,464	23,588,023

Terms and conditions of the above financial liabilities:

- Accounts payables are non-interest bearing and are normally settled on 60-day terms.
- Accrued special commission expenses are normally settled as and when the instalment is paid.

Accrued special commission expense relates to the special commission expense against borrowings accrued until the period/year end.

9 ZAKAT

Charge for the period / year
The movement in the zakat provision for the period / year was as follows:

	For the three-month period ended 31 March 2024 (Unaudited) SR	*For the year ended 31 December 2023 (Audited) SR*	*For the three-month period ended 31 March 2023 (Unaudited) SR*
At beginning of the period / year	**9,442,940**	9,635,804	9,635,804
Charge for the period / year	**2,512,891**	8,910,933	4,573,037
Paid during the period / year	**-**	(9,103,797)	(157,295)
At end of the period / year	**11,955,832**	9,442,940	14,051,546

Status of assessments

Morabaha Marina Financing Company
The Company has filed its zakat returns with the Zakat, Tax and Customs Authority ("ZATCA") for all previous years up to 2022. The Company had obtained its final zakat assessments for all the years until 2017. The assessments for the years from 2018 to 2022 are still under review by the ZATCA.

Digital Payments Company for Financial Technology
The company has filed its zakat returns with the ZATCA for all previous years up to 2022, which is yet to be reviewed by ZATCA.

10 BORROWINGS

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

		31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
A	Bank borrowings	**501,775,610**	363,868,700
B	Borrowings from government entities	**62,467,453**	79,673,247
		564,243,063	443,541,947
	Current portion	**264,171,725**	231,932,014
	Non-current portion	**300,071,338**	211,609,933
		564,243,063	443,541,947

10 BORROWINGS (continued)

A) The table below shows the details of the bank borrowings obtained by the Group:

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Islamic financing (Notes (i) and (ii) below)	**504,533,879**	364,708,459
Less: unamortised upfront charges	**(2,758,269)**	(839,759)
	501,775,610	363,868,700
Current portion	**221,704,272**	177,258,767
Non-current portion	**280,071,338**	186,609,933
	501,775,610	363,868,700

Islamic financing shown above includes:

i) The balance of fifteen (31 December 2022: fifteen) revolving Islamic facilities for a total amount of SR 468.11 million (31 December 2023: SR 458.57 million) as of 31 March 2024 between 2.5% to 3.5% + SIBOR. Each of these facilities is for an original term of quarterly and renewable for additional periods of another quarter each at the lender's option up to a total of 4 years and carry special commission at floating commercial rates. The facilities are secured by assignment of receivables. The option to refinance or roll over the facilities is at the lender's discretion.

ii) The balance of three (31 December 2022: two) other Islamic facilities for a total amount of SR 33.67 million (31 December 2023: SR 29.6 million) as of 31 March 2024 obtained from commercial banks to finance the Islamic financing assets of the Group at a rate of interest from 3.0% to 3.5%. The facilities are secured by assignment of receivables and are repayable on a monthly and quarterly basis over 36 installments.

iii) During the period, the Group obtained new borrowings amounting to SR 184.38 million (31 December 2023: SR 153.7 million) from a local bank, the loan carries commission average rate of 4.55% and is to be repayable by April 2027. The facilities are secured by assignment of receivables. In line with the requirements of one of the funding facility granted by the bank, the Group is required to set aside SR 16 million as at 31 March 2024 which is disclosed as restricted deposited in the interim condensed consolidated statement of financial position.

B) The table below shows the details of the loan obtained by the Group from a government entity:

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Current portion	**42,467,453**	54,673,247
Non-current portion	**20,000,000**	25,000,000
	62,467,453	79,673,247

During October 2021, the Group received loan from the Social Development Bank (government entity) amounting to SR 20 million. The loans are repayable in monthly instalments commencing from January 2022 with the final instalment due in December 2024.

During 2020, 2021 and 2022, the Group participated in funding for lending program by SAMA and received funding from SAMA in 21 instalments amounting to SR 279 million which is interest free funding with varying maturities, starting from March 2023 to September 2025.

10 BORROWINGS (continued)

The above loans received by the Group from the Social Development Bank carries special commission at rates significantly lower than the currently prevailing market rates while the loan received from SAMA is interest free. These loans provided to the Group carry a number of conditions, one of which is that these loans are to be used for providing loans to specific types/sectors of customers at discounted rates. The benefit being the impact of the “lower than market value” or “interest free” loans obtained by the Group had been identified and accounted for as “government grant” and has initially been recorded as deferred income and classified within “accounts payables, accruals and others”. Such benefit is being recognised in statement of comprehensive income of the Group on a systematic basis as the expense, for which such grant is intended to compensate.

Further, during 2021 and 2022, the Group obtained loans from the Social Development Bank amounting to SR 200 million at the prevailing market rates ranging from 2.32% to 3.56% per annum. The maturities of the loans start from June 2024 to May 2026.

Fair value of derivative

The Group is engaged in commission rate swap agreements with local banks for Notional amount of SR 126.57 million (31 December 2023: SR 141.69 million). The change in fair value of those commission rates that are not designed in hedge relationships, but are, nevertheless, intended to reduce the level of commission rate risk. As at 31 March 2024, the fair value of the derivative instrument at FVTPL amounted to SR 2.57 million (31 December 2023: SR 2.84 million).

The fair value hierarchy for derivatives not designated as hedging instruments for disclosure purpose is in level 2, with significant inputs being directly or indirectly observable.

11 SHARE CAPITAL

Share capital is divided into 71.4 million shares (31 December 2023: 71.4 million shares) of SR 10 each.

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Founding shareholders	**483,937,700**	483,937,700
Public	**214,285,720**	214,285,720
Treasury shares	**16,062,300**	16,062,300
	714,285,720	714,285,720

The treasury shares are held by the Company for the purpose of Employees retention program which will be launched in the coming periods.

As a result of IPO in 2023 (note 1), the Company issued 21,428,572 new shares at an offer price of SR 14.6. The differential price over the nominal value recorded as share premium amounting to SR 64.3 million, after offsetting the issuance cost amounting to SR 34.31 million. The legal formalities of updating the Company’s by-laws are in progress while commercial registration has been updated.

12 RELATED PARTIES TRANSACTIONS AND BALANCES

The Group's shareholders, affiliates and key management personnel are considered as related parties of the Group. Key management personnel of the Group comprise of key members of the management having authority and responsibility for planning, directing and controlling the activities of the Group. In the ordinary course of business, the Group enters into transactions with the related parties, which are based on mutually agreed prices and contract terms approved by the Group's management. Related party balances arise in the normal course of business.

Following are the major related party transactions with key management personnel during the period:

Related parties	*Nature of transactions*	***For the three-month period ended 31 March***	
		2024 (Unaudited) **SR**	*2023 (Unaudited)* SR
Shareholders	Initial Public Offering ("IPO") costs incurred on behalf of shareholders (*)	**58,562**	9,283,633
Key management personnel	Compensation – salaries and other incentive	**1,203,000**	3,465,000
	Provision for employees' defined benefit liabilities	**1,526,130**	1,294,281
Board of Directors	Board of Directors remuneration	**792,000**	1,010,000

(*) This amount represents the IPO cost which was agreed to be reimbursed by the shareholders once the IPO is completed. As during the period, the IPO process completed, the IPO cost has been adjusted against share premium (refer note 10).

Below are the balances receivables from key management personnel as at period/year end, these are included within Islamic financing receivables presented in interim condensed consolidated statement of financial position.

Related parties	*Nature of transactions*	***31 March 2024 (Unaudited) SR***	*31 December 2023 (Audited) SR*
Key management personnel	Islamic financing receivables	**1,478,418**	1,932,534

13 FINANCIAL INSTRUMENTS AND FAIR VALUE

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, restricted cash deposits, investment, Islamic financing receivables and other receivables. Financial liabilities consist of borrowings, accrued expenses and other payables.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

13 FINANCIAL INSTRUMENTS AND FAIR VALUE (continued)

Following table indicates fair value level hierarchy of the financial instruments of the Group. Islamic financing receivables, investment at Fair Value Through Other Comprehensive Income ("FVOCI") and borrowings are classified within level 3 of the fair value hierarchy while the rest of the financial assets and financial liabilities included in the below table are classified within level 2 of the fair value hierarchy. Management believes that the fair value of the financial assets and liabilities included in the table below at the reporting date, approximate their carrying values mainly due to the short maturities of most of these financial assets and liabilities.

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Financial assets		
Cash and cash equivalents	**163,887,479**	91,937,978
Restricted cash deposits	**16,000,000**	16,000,000
Other assets (excluding special commission receivable)	**7,118,035**	7,456,912
Financial liabilities		
Accounts payables, accruals and other liabilities (excluding accrued special commission expense)	**22,725,105**	19,287,696

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

Fair value of Islamic financing receivables

	31 March 2024		*31 December 2023*	
	Carrying Value (Unaudited) SR	***Fair Value (Unaudited) SR***	*Carrying Value (Audited) SR*	*Fair Value (Audited) SR*
Financial assets				
Islamic financing receivables	**1,154,430,463**	**1,227,408,269**	1,089,345,610	1,138,228,127

For determination of the fair value of Islamic financing receivables, management assesses the market under the current conditions, and assesses the profit rates that the Group could obtain against its current portfolio. The portfolio is segregated into various categories. The profit rates over the last 5 years have been assessed and used as a base for the discount rate relating to the valuation of the portfolio. Premiums have then been added to each category based on the prevailing economic conditions in the country. The premiums move from 50 basis points to 250 basis points.

The initial base rate, before premiums, were calculated using the average quoted rate against contracts for the last 5 years. This quoted rate was compared to the average effective yield that the contracts generate to derive the factor to translate the quoted rate to an effective rate in order to lift the base rate from a quoted rate to an effective rate. The average of the quoted rate for the Group's portfolio over this period was 13.71% (2023: 14.38%), and the average effective rate for this same portfolio was 14.16% (2023: 14.30%), resulting in a lift factor of 1.03x (2023: 0.99x).

13 FINANCIAL INSTRUMENTS AND FAIR VALUE (continued)

Deemed premium for each category has been added to the base quoted rate, and the lift factor was applied to arrive at the effective yield which was used as a proxy discount rate to fair value the portfolio.

The cash flows of each category were discounted using the proxy discount rate applicable to each category to arrive at the fair value of the portfolio. Provision carried against the portfolio was then deducted to compare the carrying value to the deemed fair value.

The discount rates used range from 14.68% to 16.7% (2023: 14.80% to 16.8%).

Fair value of borrowings (including accrued special commission expense):

The fair value of bank borrowings, sukuk payable and government loans is based on discounted value of expected future cash flows using the applicable market rates for similar types of instruments as of reporting date. The table below shows the fair value of bank borrowings as at 30 September 2023 and 31 December 2022, respectively:

	31 March 2024 (Unaudited)		*31 December 2023 (Audited)*	
	Carrying value SR	***Fair value SR***	*Carrying value SR*	*Fair value SR*
<u>*Financial liabilities*</u>				
Bank borrowings	**501,775,611**	**509,083,731**	363,868,700	376,794,557
Borrowings from a government entity	**62,467,453**	**66,420,213**	79,673,247	80,330,323

Fair Value of Investment at FVOCI

Management believes that the fair value of investment at FVTOCI approximates its carrying value.

14 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including special commission rate risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by management. The most important types of risk are summarized below.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

The Group's maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as disclosed in the table below.

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Cash and cash equivalents	**163,887,479**	91,937,978
Islamic financing receivables	**1,154,430,463**	1,089,345,610
Other assets	**7,118,035**	7,456,912
Restricted cash deposits	**16,000,000**	16,000,000
	1,341,435,977	1,204,740,500

14 FINANCIAL RISK MANAGEMENT (continued)

Special commission rate risk

Special commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Group is subject to special commission rate risk on its special commission bearing assets and liabilities, including bank deposits, Islamic financing receivables and borrowings.

All of the Group's special commission bearing assets, sukuk payable and loans from a government entity carry special commission at fixed rates and therefore, management believes that the Group is not exposed to any special commission rate risk in respect of these assets.

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

	31 March 2024 (Unaudited)	
	Change in basis points	***Increase (decrease) in net income SR***
Saudi Riyals	**+50**	**474,728**
Saudi Riyals	**-50**	**(474,728)**

	31 March 2023 (Unaudited)	
	Change in basis points	*Increase (decrease) in net income SR*
Saudi Riyals	+50	377,920
Saudi Riyals	-50	(377,920)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by ensuring that bank facilities are available.

The table below summarizes the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted repayment obligations. The contractual maturities of financial liabilities have been determined based on the remaining period at the reporting date to the contractual maturity date.

Analysis of financial liabilities by remaining contractual maturities

	Within 3 months SR	***3 to 12 months SR***	***1 to 5 years SR***	***Total SR***
31 March 2024 (Unaudited)				
Accounts payable, accruals and other liabilities	**22,162,400**	**197,500**	**-**	**22,359,900**
Borrowings*	**81,219,124**	**187,150,166**	**300,071,338**	**568,440,628**
	103,381,524	**187,347,666**	**300,071,338**	**590,800,528**

14 FINANCIAL RISK MANAGEMENT (continued)

Analysis of financial liabilities by remaining contractual maturities (continued)

	Within 3 months SR	*3 to 12 months SR*	*1 to 5 years SR*	*Total SR*
31 December 2023 (Audited)				
Accounts payable, accruals and other liabilities	14,936,244	3,096,593	1,254,860	19,287,697
Borrowings*	67,814,354	165,816,659	221,836,853	455,467,866
	82,750,598	168,913,252	223,091,713	474,755,563

* Accrued special commission expense as at the reporting date has been included as part of borrowings for the purpose of the above disclosure**.**

Foreign currency risk
Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is not subject to fluctuations in foreign exchange rates in the normal course of its business as it does not have any significant financial assets and liabilities denominated in foreign currency.

15 CAPITAL MANAGEMENT
The Group's policy is to maintain a strong capital base to maintain creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The Group's objectives for managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing the services commensurately with the level of risk.

The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. The Group informally monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group includes within net debt, short term loans, trade and other payables, less cash and bank balances.

	31 March 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Accounts payable, accruals and others	**26,557,464**	23,588,023
Provision for zakat	**11,955,832**	9,442,940
Borrowings	**564,243,063**	443,541,947
Lease liabilities	**16,068,506**	17,523,342
Employees' defined benefit liabilities	**5,876,234**	6,256,561
Less: Bank balances and cash	**(163,887,479)**	(91,937,978)
Net debt	**460,813,620**	408,414,835
Equity	**853,376,580**	842,232,805
Capital and net debt	**1,314,190,200**	1,250,647,640
Gearing ratio	**35%**	33%

16 SEGMENT INFORMATION

The Group objective is to provide financing for Retails & SME`s. The Group has only one geographical segment and it operates in the Kingdom of Saudi Arabia. All assets, liabilities and operations as reflected in the statement of financial position and statement of comprehensive income belongs to the Retail & SME`s segment. For management purposes, the Group is organised into the following primary business segments:

Retail

These represents financing products granted to individuals' customers.

SME

These represents finance products granted to small and medium sized businesses ("SMEs").

Digital payments

These represents electronic commerce payments (Bayan) and providing electronic wallet services.

Head office

Head office is responsible for managing the surplus liquidity of the Group through short term market placements. It also provides support services to the business functions.

The Group's total assets and liabilities at 31 March 2024 and 31 December 2023 and its total operating income, expenses and net income for the three month periods ended 31 March 2024 and 31 March 2023 are as follows:

	Retail SR	*SME`s SR*	*Head office SR*	*Digital payment Co SR*	*Total SR*
Statement of comprehensive income					
31 March 2024 (unaudited)					
Income	**28,624,026**	**17,290,152**	**2,561,046**	**40,840**	**48,516,064**
Expense	**(16,528,795)**	**(12,307,377)**	**-**	**(7,680,763)**	**(36,516,935)**
Allowance for expected credit losses	**(23,638,389)**	**17,954,492**	**-**	**-**	**(5,683,897)**
Zakat	**(1,432,991)**	**(1,067,009)**	**-**	**(12,891)**	**(2,512,891)**
Segment profit / (loss)	**(12,976,149)**	**21,870,258**	**2,561,046**	**(7,652,814)**	**3,802,341**
31 March 2023 (unaudited)					
Income	27,132,668	17,216,819	2,174,096	254,446	46,778,029
Expense	(13,832,017)	(10,299,351)	-	(5,290,227)	(29,421,595)
Reversal of allowance for impairment losses	(15,787,963)	18,210,161	-	-	2,422,198
Zakat	(2,386,373)	(2,133,301)	-	(53,363)	(4,573,037)
Segment profit / (loss)	(4,873,685)	22,994,328	2,174,096	(5,089,144)	15,205,595

Statement of financial position	*Retail SR*	*SME`s SR*	*Head office SR*	*Digital Payment Co SR*	*Total SR*
31 March 2024 (unaudited)					
Total assets	**623,879,128**	**530,551,335**	**276,615,636**	**46,227,396**	**1,477,273,495**
Total liabilities	**323,422,186**	**240,820,877**	**42,099,342**	**18,358,694**	**624,701,099**
31 December 2023 (Audited)					
Total assets	635,017,083	454,328,523	225,660,343	27,579,669	1,342,585,618
Total liabilities	254,236,720	189,305,226	37,094,402	19,716,465	500,352,813

17 EVENTS AFTER REPORTING DATE

No events subsequent to the reporting date that would significantly affect the amounts reported in the interim condensed consolidated financial statements as at and for the three-month and nine-months period ended 30 September 2023.

18 COMPARATIVE FIGURES

Certain prior period amounts have been reclassified to conform with the presentation in the current period.

19 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the Board of Directors on 21 Shawwal 1445H (corresponding to 30 April 2024).