

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
Condensed Interim Financial Statements (Unaudited)
and Independent Auditor's Review Report
For the three-month period ended 31 March 2026

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2026

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KPMG Professional Services Company

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P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

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

المركز الرئيسي في الرياض

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

To the Shareholders of Quara Finance Company

Introduction

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

- the condensed interim statement of financial position as at 31 March 2026;
- the condensed interim statement of comprehensive income for the three-month period ended 31 March 2026;
- the condensed interim statement of changes in shareholders' equity for the three-month period ended 31 March 2026;
- the condensed interim statement of cash flows for the three-month period ended 31 March 2026; and
- the notes to the condensed interim financial statements.

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the period ended 31 March 2026 of the Company are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

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

To the Shareholders of Quara Finance Company (continued)

Other Matter

The condensed interim financial statements of the Company for the three-month period ended 31 March 2025, were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 27 April 2025.

KPMG Professional Services Company



Saleh Mohammed S. Mostafa

License No: 524

Riyadh: 10 Dhu al-Qi'dah 1447H

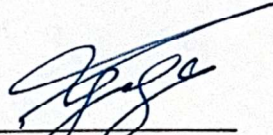
Corresponding to 27 April 2026



QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

	<i>Notes</i>	31 March 2026 (Unaudited)	31 December 2025 (Audited)
<u>ASSETS</u>			
Cash and cash equivalents	11	134,958,580	151,772,796
Murabaha receivables, net	5	865,448,950	801,803,537
Prepayments and other receivables		31,583,817	28,730,156
Intangibles		14,206,408	13,986,557
Property and equipment		1,720,742	2,165,607
Total assets		1,047,918,497	998,458,653
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Liabilities			
Term loans	7	430,107,454	413,320,976
Loan from a related party	6	91,152,929	89,066,274
Accrued and other liabilities		43,205,235	24,301,706
Provision for zakat	8	4,406,439	2,358,803
Employees' termination benefits	9	2,161,200	2,161,200
Total liabilities		571,033,257	531,208,959
Shareholders' equity			
Share capital	10	300,000,000	300,000,000
Statutory reserve		12,542,513	12,542,513
Equity contribution on a related party loan		34,345,344	34,345,344
Retained earnings		129,997,383	120,361,837
Shareholders' equity		476,885,240	467,249,694
Total liabilities and shareholders' equity		1,047,918,497	998,458,653


The attached notes 1 to 18 form part of these condensed interim financial statements.



Abdullah Shilash
Chairman



Faisal Al Alshaikh
Chief Executive Officer




Amrish Shah
Chief Financial Officer

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the three-month period ended 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)


	<i>Notes</i>	For the three-month period ended 31 March	
		<u>2026</u>	<u>2025*</u>
Murabaha income		66,673,946	64,993,630
Finance income		821,116	-
Financial charges		<u>(10,506,004)</u>	<u>(7,158,932)</u>
		56,989,058	57,834,698
Other income		942,642	503,979
General and administrative expenses		(25,406,604)	(25,762,315)
Provision for expected credit losses	5.6	(12,823,986)	(13,238,705)
Salaries and other benefits		<u>(8,017,928)</u>	<u>(8,953,846)</u>
Net income for the period before zakat		11,683,182	10,383,811
Zakat charge for the period	8	<u>(2,047,636)</u>	<u>(1,828,306)</u>
Net income for the period after zakat		9,635,546	8,555,505
Other comprehensive income		-	-
Total comprehensive income		<u>9,635,546</u>	<u>8,555,505</u>
Earnings per share			
Basic and diluted earnings per share (Saudi Riyal)		<u>0.32</u>	<u>0.29</u>
Weighted average number of shares		<u>30,000,000</u>	<u>30,000,000</u>

* Please see note 16 for details.


The attached notes 1 to 18 form part of these condensed interim financial statements.



Abdullah Shilash
Chairman



Faisal Al Alshaikh
Chief Executive Officer




Amrish Shah
Chief Financial Officer


QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the three-month period ended 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Equity contribution on a related party loan	Total
1 January 2026 (Audited)	300,000,000	12,542,513	120,361,837	34,345,344	467,249,694
Comprehensive income					
Net income for the period	-	-	9,635,546	-	9,635,546
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	9,635,546	-	9,635,546
31 March 2026 (Unaudited)	300,000,000	12,542,513	129,997,383	34,345,344	476,885,240
1 January 2025 (Audited)	300,000,000	12,542,513	112,363,528	34,345,344	459,251,385
Comprehensive income					
Net income for the period	-	-	8,555,505	-	8,555,505
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	8,555,505	-	8,555,505
31 March 2025 (Unaudited)	300,000,000	12,542,513	120,919,033	34,345,344	467,806,890

The attached notes 1 to 18 form part of these condensed interim financial statements.


Abdullah Shilash
Chairman


Faisal Al Alshaiikh
Chief Executive Officer


Amrisha Shah
Chief Financial Officer

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
For the three-month period ended 31 March 2026

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the three-month period ended 31 March	
		2026 (Unaudited)	2025 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before zakat		11,683,182	10,383,811
<u>Adjustments for non-cash items</u>			
Depreciation and amortisation		986,809	822,475
Financial charges	6,7	10,506,004	6,920,457
Provision for expected credit losses	5.6	19,875,970	16,137,441
Provision for employees' termination benefits	9	469,851	169,169
<u>Changes in working capital</u>			
Murabaha receivables		(83,521,385)	(105,372,398)
Prepayments and other receivables		(2,853,657)	(16,414,180)
Accrued and other liabilities		18,903,526	28,898,837
Employee termination benefits paid	9	(469,851)	(67,169)
Financial charges paid	7	(8,961,242)	(4,399,646)
Net cash used in operating activities		(33,380,793)	(62,921,203)
CASH FLOW FROM INVESTING ACTIVITY			
Purchase of property and equipment and intangibles		(761,794)	(1,575,189)
Net cash used in investing activity		(761,794)	(1,575,189)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan proceeds		55,000,000	100,000,000
Loan payments		(37,671,629)	(33,564,347)
Net cash generated from financing activities		17,328,371	66,435,653
Net change in cash and cash equivalents		(16,814,216)	1,939,261
Cash and cash equivalents at beginning of period	11	151,772,796	64,818,672
Cash and cash equivalents at end of period		134,958,580	66,757,933
Murabaha income received during the period		69,166,688	63,148,878

The attached notes 1 to 18 form part of these condensed interim financial statements.



Abdullah Shilash
Chairman



Faisal Al Alshaikh
Chief Executive Officer



Amrish Shah
Chief Financial Officer

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the Three-Month Period Ended 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

1 GENERAL INFORMATION

Quara Finance Company (the "Company") is a joint stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010262141 issued in Riyadh on 9 Safar1430H (corresponding to 4 February 2009).

As per the Saudi Central Bank ("SAMA") license number 45/HA/201605 dated 2 Sha'ban 1437H (corresponding to 9 May 2016), the Company is authorized to provide lease finance, consumer finance and small and medium enterprise finance in the Kingdom of Saudi Arabia.

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

Quara Finance Company
P.O. Box 271188, Riyadh 11352
Kingdom of Saudi Arabia

The accompanying condensed interim financial statements were authorized for issue by the Board of Directors on 22 April 2026.

2 MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed interim financial statements of the Company as at and for the period ended 31 March 2026 have been prepared in accordance with International Accounting Standard "Interim Financial Reporting"- ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

The condensed interim statement of financial position is stated broadly in order of liquidity.

These condensed interim financial statements do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended 31 December 2025. The interim results may not be an indicator of the annual results of the Company.

The accounting and risk management policies adopted in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements for the year ended 31 December 2025.

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month period ended 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

3 IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS

Standards, interpretations and amendments effective

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

Standard/ interpretation	Description	Effective from periods beginning on or after
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026
Annual improvements to IFRS Accounting – 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.	1 January 2026

Standards, interpretations and amendments not yet effective

IASB has issued the following accounting standards, interpretation and amendments, which become effective from periods starting on or after 1 January 2027. The Company has opted not to early adopt these pronouncements and the Company is currently evaluating the impact of the adoption of these standard on the financial statement.

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month period ended 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

3. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS (CONTINUED)

Standards, interpretations and amendments not yet effective (continued)

Standard/ interpretation	Description	Effective from periods beginning on or after
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the statutory financial statements as at and for the year ended 31 December 2025.

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month period ended 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

5 MURABAHA RECEIVABLES, NET

	31 March 2026 (Unaudited)		
	Retail	SME financing	Total
Murabaha receivables	1,310,877,188	17,901,835	1,328,779,023
Less: Unearned revenue	(413,501,597)	(2,957)	(413,504,554)
Gross carrying value of Murabaha receivables	897,375,591	17,898,878	915,274,469
Provision for expected credit losses	(48,946,562)	(878,957)	(49,825,519)
	848,429,029	17,019,921	865,448,950
Current portion of Murabaha receivables	449,887,627	16,935,789	466,823,416
Non-current portion of Murabaha receivables	447,487,964	963,089	448,451,053
	897,375,591	17,898,878	915,274,469
Provision for expected credit losses	(48,946,562)	(878,957)	(49,825,519)
	848,429,029	17,019,921	865,448,950

	31 December 2025 (Audited)		
	Retail	SME financing	Total
Murabaha receivables	1,211,886,361	19,922,604	1,231,808,965
Less: Unearned revenue	(375,564,230)	(622,189)	(376,186,419)
Gross carrying value of Murabaha receivables	836,322,131	19,300,415	855,622,546
Provision for expected credit losses	(52,886,629)	(932,380)	(53,819,009)
	783,435,502	18,368,035	801,803,537
Current portion of Murabaha receivables	435,080,611	18,766,024	453,846,635
Non-Current portion of Murabaha receivables	401,241,520	534,391	401,775,911
	836,322,131	19,300,415	855,622,546
Provision for expected credit losses	(52,886,629)	(932,380)	(53,819,009)
	783,435,502	18,368,035	801,803,537

5.1 The net carrying amount of Murabaha receivables is as follows:

	31 March 2026 (Unaudited)		
	Retail	SME financing	Total
Stage 1	721,893,064	150,260	722,043,324
Stage 2	62,534,464	-	62,534,464
Stage 3	112,948,063	17,748,618	130,696,681
Gross Murabaha receivables	897,375,591	17,898,878	915,274,469
Provision for expected credit losses	(48,946,562)	(878,957)	(49,825,519)
Murabaha receivables, net	848,429,029	17,019,921	865,448,950

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month period ended 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

5 MURABAHA RECEIVABLES, NET (CONTINUED)

5.1 The net carrying amount of loan receivables is as follows (continued):

	31 December 2025 (Audited)		
	Retail	SME financing	Total
Stage 1	669,413,118	522,564	669,935,682
Stage 2	47,741,213	-	47,741,213
Stage 3	119,167,800	18,777,851	137,945,651
Gross Murabaha receivables	836,322,131	19,300,415	855,622,546
Provision for expected credit losses	(52,886,629)	(932,380)	(53,819,009)
Murabaha receivables, net	<u>783,435,502</u>	<u>18,368,035</u>	<u>801,803,537</u>

5.2 Stage wise analysis of Murabaha receivables - retail segment is as follows:

	For the three-month period ended 31 March 2026 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
	Murabaha receivables	1,079,158,664	88,009,883	143,708,641
Unearned revenue	(357,265,600)	(25,475,418)	(30,760,579)	(413,501,597)
Provision for expected credit losses	(3,936,701)	(1,783,568)	(43,226,293)	(48,946,562)
Murabaha receivables, net	<u>717,956,363</u>	<u>60,750,897</u>	<u>69,721,769</u>	<u>848,429,029</u>

	For the year ended 31 December 2025 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Murabaha receivables	989,075,717	67,626,098	155,184,546	1,211,886,361
Unearned revenue	(319,662,599)	(19,884,885)	(36,016,746)	(375,564,230)
Provision for expected credit losses	(3,899,005)	(1,591,140)	(47,396,484)	(52,886,629)
Murabaha receivables, net	<u>665,514,113</u>	<u>46,150,073</u>	<u>71,771,316</u>	<u>783,435,502</u>

5.3 Stage wise analysis of Murabaha receivables - SME segment is as follows:

	For the three-month period ended 31 March 2026 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
	Murabaha receivables	151,703	-	17,750,132
Unearned revenue	(1,443)	-	(1,514)	(2,957)
Provision for expected credit losses	(79)	-	(878,878)	(878,957)
Murabaha receivables – net	<u>150,181</u>	<u>-</u>	<u>16,869,740</u>	<u>17,019,921</u>

	For the year ended 31 December 2025 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Murabaha receivables	544,994	-	19,377,610	19,922,604
Unearned revenue	(22,430)	-	(599,759)	(622,189)
Provision for expected credit losses	(1,513)	-	(930,867)	(932,380)
Murabaha receivables – net	<u>521,051</u>	<u>-</u>	<u>17,846,984</u>	<u>18,368,035</u>

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month period ended 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

5 MURABAHA RECEIVABLES, NET (CONTINUED)

5.4 The movement in Provision for expected credit losses of retail segment is as follows:

	For the three-month period ended 31 March 2026 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	3,899,005	1,591,140	47,396,484	52,886,629
Charge for the period	37,696	192,428	19,699,269	19,929,393
Written-off during the period	-	-	(23,869,460)	(23,869,460)
Closing balance	<u>3,936,701</u>	<u>1,783,568</u>	<u>43,226,293</u>	<u>48,946,562</u>
	For the year ended 31 December 2025 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	1,240,822	1,068,340	31,510,228	33,819,390
Charge for the year	2,658,183	522,800	84,282,641	87,463,624
Written-off during the year	-	-	(68,396,385)	(68,396,385)
Closing balance	<u>3,899,005</u>	<u>1,591,140</u>	<u>47,396,484</u>	<u>52,886,629</u>

5.5 The movement in Provision for expected credit losses of SME segment is as follows:

	For the three-month period ended 31 March 2026 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	1,513	-	930,867	932,380
Reversal for the period	(1,434)	-	(51,989)	(53,423)
Written-off during the period	-	-	-	-
Closing balance	<u>79</u>	<u>-</u>	<u>878,878</u>	<u>878,957</u>
	For the year ended 31 December 2025 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	21,557	42,260	1,225,362	1,289,179
(Reversal)/Charge for the year	(20,044)	(42,260)	14,305,768	14,243,464
Written-off during the year	-	-	(14,600,263)	(14,600,263)
Closing balance	<u>1,513</u>	<u>-</u>	<u>930,867</u>	<u>932,380</u>

5.6 Reconciliation for Provision for expected credit losses with condensed interim statement of comprehensive income:

	For the three-month period ended 31 March (Unaudited)	
	<u>2026</u>	<u>2025</u>
Expected credit losses charge for the period	19,875,970	16,137,441
Recoveries from previously written-off customers	(7,051,984)	(2,898,736)
	<u>12,823,986</u>	<u>13,238,705</u>

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month period ended 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

5 MURABAHA RECEIVABLES, NET (CONTINUED)

5.7 The analysis of movement in gross carrying amount of Murabaha receivables and loss allowance for impairment of Murabaha receivables is as follows:

Retail	For the three-month period ended 31 March 2026 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2026	669,413,118	47,741,213	119,167,800	836,322,131
New financial assets originated	214,923,223	-	-	214,923,223
Transferred from Stage 1	(54,910,300)	49,373,808	5,536,492	-
Transferred from Stage 2	10,429,641	(30,431,379)	20,001,738	-
Transferred from Stage 3	1,335,676	2,730,658	(4,066,334)	-
Repayments and settlements	(119,298,294)	(6,879,836)	(3,822,173)	(130,000,303)
Write-offs	-	-	(23,869,460)	(23,869,460)
Gross carrying amount as at 31 March 2026	721,893,064	62,534,464	112,948,063	897,375,591

Retail	For the three-month period ended 31 March 2026 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2026	3,899,005	1,591,140	47,396,484	52,886,629
New financial assets originated	949,883	-	-	949,883
Transferred from Stage 1	(525,538)	456,021	69,517	-
Transferred from Stage 2	237,663	(1,182,108)	944,445	-
Transferred from Stage 3	534,043	1,179,073	(1,713,116)	-
Remeasurement of loss allowance	(1,032,854)	(140,119)	22,651,676	21,478,703
Financial assets – settled	(125,501)	(120,439)	(2,253,253)	(2,499,193)
Write-offs	-	-	(23,869,460)	(23,869,460)
Loss allowance as at 31 March 2026	3,936,701	1,783,568	43,226,293	48,946,562

Retail	For the year ended 31 December 2025 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2025	623,485,711	41,432,808	81,493,444	746,411,963
New financial assets originated	695,198,629	-	-	695,198,629
Transferred from Stage 1	(143,113,108)	56,483,485	86,629,623	-
Transferred from Stage 2	7,219,701	(36,145,809)	28,926,108	-
Transferred from Stage 3	1,192,289	458,592	(1,650,881)	-
Repayments and settlements	(514,570,104)	(14,487,863)	(7,834,110)	(536,892,077)
Write-offs	-	-	(68,396,384)	(68,396,384)
Gross carrying amount as at 31 December 2025	669,413,118	47,741,213	119,167,800	836,322,131

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5 MURABAHA RECEIVABLES, NET (CONTINUED)

5.7 The analysis of movement in gross carrying amount of Murabaha receivable and loss allowance for impairment of Murabaha receivable is as follows: (continued)

Retail	For the year ended 31 December 2025 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2025	1,240,822	1,068,340	31,510,228	33,819,390
Financial assets originated	2,620,448	-	-	2,620,448
Transferred from Stage 1	(305,050)	76,092	228,958	-
Transferred from Stage 2	89,098	(870,833)	781,735	-
Transferred from Stage 3	494,305	164,562	(658,867)	-
Remeasurement of loss allowance	303,826	1,313,750	86,276,058	87,893,634
Financial assets – settled	(544,444)	(160,771)	(2,345,244)	(3,050,459)
Write-off	-	-	(68,396,384)	(68,396,384)
Loss allowance as at 31 December 2025	<u>3,899,005</u>	<u>1,591,140</u>	<u>47,396,484</u>	<u>52,886,629</u>

SME financing	For the Three-month period ended 31 March 2026 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2026	522,564	-	18,777,851	19,300,415
Transferred from Stage 1	-	-	-	-
Transferred from Stage 2	-	-	-	-
Transferred from Stage 3	-	-	-	-
Repayments and settlements	(372,304)	-	(1,029,233)	(1,401,537)
Write-offs	-	-	-	-
Gross carrying amount as at 31 March 2026	<u>150,260</u>	<u>-</u>	<u>17,748,618</u>	<u>17,898,878</u>

SME Financing	For the Three -month period ended 31 March 2026 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2026	1,513	-	930,867	932,380
Transferred from Stage 1	-	-	-	-
Transferred from Stage 2	-	-	-	-
Transferred from Stage 3	-	-	-	-
Remeasurement of loss allowance	(310)	-	(35,957)	(36,267)
Financial assets – settled	(1,124)	-	(16,032)	(17,156)
Write-off	-	-	-	-
Loss allowance as at 31 March 2026	<u>79</u>	<u>-</u>	<u>878,878</u>	<u>878,957</u>

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5 MURABAHA RECEIVABLES, NET (CONTINUED)

5.7 The analysis of movement in gross carrying amount of Murabaha receivable and loss allowance for impairment of Murabaha receivable is as follows: (continued)

SME financing	For the year ended 31 December 2025 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2025	18,165,098	3,528,986	38,657,137	60,351,221
Transferred from Stage 1	(211,525)	-	211,525	-
Transferred from Stage 2	-	(549,538)	549,538	-
Transferred from Stage 3	-	-	-	-
Repayments and settlements	(17,431,009)	(2,979,448)	(6,040,086)	(26,450,543)
New financial assets originated	-	-	--	
Write-offs	-	-	(14,600,263)	(14,600,263)
Gross carrying amount as at 31 December 2025	<u>522,564</u>	<u>-</u>	<u>18,777,851</u>	<u>19,300,415</u>

SME Financing	For the year ended 31 December 2025 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2025	21,557	42,260	1,225,362	1,289,179
Transfer from Stage 1	(8)	-	8	-
Transfer from Stage 2	-	(19,153)	19,153	-
Transfer from Stage 3	-	-	-	-
Remeasurement of loss allowance	1,356	-	14,401,629	14,402,985
Financial assets – settled	(21,392)	(23,107)	(115,022)	(159,521)
Financial assets originated				
Write-offs			(14,600,263)	(14,600,263)
Loss allowance as at 31 December 2025	<u>1,513</u>	<u>-</u>	<u>930,867</u>	<u>932,380</u>

Management receives collaterals in form of real estate property and Kafalah.

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5 MURABAHA RECEIVABLES, NET (CONTINUED)

5.8 Credit quality of Murabaha receivables based on past due days is as follows:

Retail – 31 March 2026 (Unaudited)	Gross receivables	ECL	Total
0 – 30	743,659,617	(6,068,239)	737,591,378
31 – 60	32,159,414	(1,215,657)	30,943,757
61 – 90	15,249,902	(1,100,775)	14,149,127
91 – 180	19,195,110	(7,779,146)	11,415,964
181 – 270	20,743,213	(8,238,760)	12,504,453
271 – 360	26,307,187	(9,979,736)	16,327,451
361 – 450	40,061,148	(14,564,249)	25,496,899
Above 450	-	-	-
	<u>897,375,591</u>	<u>(48,946,562)</u>	<u>848,429,029</u>

Retail – 31 December 2025
(Audited)

	Gross receivables	ECL	Total
0 – 30	685,391,944	(6,771,993)	678,619,951
31 – 60	25,508,840	(1,424,287)	24,084,553
61 – 90	16,584,619	(1,531,646)	15,052,973
91 – 180	10,304,202	(4,429,574)	5,874,628
181 – 270	28,378,980	(11,722,183)	16,656,797
271 – 360	29,775,161	(11,664,498)	18,110,663
361 – 450	40,378,385	(15,342,448)	25,035,937
Above 450	-	-	-
	<u>836,322,131</u>	<u>(52,886,629)</u>	<u>783,435,502</u>

SME – 31 March 2026 (Unaudited)	Gross receivables	ECL	Total
0 – 30	902,467	(37,689)	864,778
31 – 60	-	-	-
61 – 90	-	-	-
91 – 180	-	-	-
181 – 270	-	-	-
271 – 360	182,540	(8,975)	173,565
361 – 720	3,261,377	(156,215)	3,105,162
Above 720	13,552,494	(676,078)	12,876,416
	<u>17,898,878</u>	<u>(878,957)</u>	<u>17,019,921</u>

SME – 31 December 2025
(Audited)

	Gross receivables	ECL	Total
0 – 30	522,564	(1,513)	521,051
31 – 60	-	-	-
61 – 90	-	-	-
91 – 180	-	-	-
181 – 270	184,054	(9,123)	174,931
271 – 360	2,116,637	(109,933)	2,006,704
361 – 720	2,921,874	(135,331)	2,786,543
Above 720	13,555,286	(676,480)	12,878,806
	<u>19,300,415</u>	<u>(932,380)</u>	<u>18,368,035</u>

6 LOAN FROM A RELATED PARTY

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	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Opening balance	89,066,274	81,186,517
Financial charges accrued during the period / year	2,086,655	7,879,757
Closing balance	<u>91,152,929</u>	<u>89,066,274</u>
Current portion	-	-
Non-current portion	<u>91,152,929</u>	<u>89,066,274</u>
	<u>91,152,929</u>	<u>89,066,274</u>

During 2021, the Company obtained loan amounting to SR 100 million in 4 equal tranches for a period of 3 years. These loans were profit-free and were recorded at fair value. In April 2024, the Company renewed the facility for another 3 years and as a result an equity contribution by the shareholders has been recognised in the statement of changes in shareholder's equity to reflect the benefit of the profit-free terms. The loan does not carry any covenants and is repayable in full on maturity in March 2027. Refer note 14 for details of loan from a related party.

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7 TERM LOANS

	<i>Notes</i>	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Term loan – SAMA	7.1	-	3,063,364
Loan from banks and other financial institutions	7.2	430,107,454	410,257,612
		430,107,454	413,320,976

7.1 Loan from SAMA - Funding for lending

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Opening balance	3,063,364	68,296,697
Principal repayment during the period / year	(3,063,364)	(65,233,333)
Closing balance	-	3,063,364
Current portion	-	3,063,364
Non-current portion	-	-
	-	3,063,364

During the year 2020, the Company entered into SAMA's Funding for Lending Program, whereby Kafalah (SME financing guarantee program) guaranteed 95% of the financing amount to the SME customers. The financing tenure of the loan was thirty-six months. The Company has not received any additional financing since May 2023 and has repaid all the remaining amount during the period.

7.2 Loan from banks and other financial institutions

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Opening balance	410,257,612	212,771,623
Loans obtained during the period / year	55,000,000	362,632,738
Financial charges accrued during the period / year	8,419,349	29,275,002
Principal repayments made during the period / year	(34,608,265)	(166,195,700)
Financial charges paid during the period / year	(8,961,242)	(28,226,051)
Closing balance	430,107,454	410,257,612
Current portion	103,801,563	107,923,249
Non-current portion	326,305,891	302,334,363
	430,107,454	410,257,612

The Company has multiple short, medium and long-term borrowing facilities from local banks with credit ratings of A1–A2, for the purpose of funding the Company's lending operations. These facilities are repayable in quarterly instalments. All facilities carry finance charges at prevailing market borrowing costs plus SIBOR, except for a loan from a financial institution which bears a fixed profit rate of 10.99% p.a. per annum.

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7 TERM LOANS

7.2 Loan from banks and other financial institutions

Under the agreements with banks and financial institutions, the Company has an aggregate maximum borrowing limit of SR 650 million (31 December 2025: SR 650 million). The Company's term loans are subject to certain financial and non-financial covenants that are required to be complied with on a quarterly basis. These include the assignment of a portfolio ranging between 120% – 130% of the loan amount. The Company is also required to maintain a current ratio of at least 1.0 and a financial leverage ratio of not more than 2.0.

As at 31 March 2026, the Company has maintained a current ratio of 3.83 and a leverage ratio of 1.81 and thus complying with the covenants of the financing arrangements. Furthermore, the Company is expected to comply with the covenants of the arrangements in the next 12 months.

8 PROVISION FOR ZAKAT

8.1 The movement in the zakat provision is as follows:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Opening balance	2,358,803	11,272,234
Charge for the period	2,314,104	2,029,279
Reversal of previous year	(266,468)	-
Payments made during the period	-	(10,942,710)
Closing balance	<u>4,406,439</u>	<u>2,358,803</u>

8.2 Status of assessments

The Company has filed its zakat returns with Zakat, Tax and Custom Authority (ZATCA) for the years until 2024. The Company has received the final zakat certificates until the year 2024.

No assessment orders have been received from ZATCA.

9 EMPLOYEES' TERMINATION BENEFITS

Provision for employees' termination benefits is made in accordance with the Saudi Arabian Labour Law assuming the maximum payable based on current remuneration and cumulative years of service at the end of the reporting period.

The following tables summaries the components of net benefits expenses recognised in the condensed interim statement of comprehensive income:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Opening balance	2,161,200	1,753,200
Current service cost	469,851	710,636
End of service paid during the period/year	(469,851)	(421,441)
Actuarial losses on rereasurement of employees' termination benefits	-	118,805
Closing balance	<u>2,161,200</u>	<u>2,161,200</u>

10 SHARE CAPITAL

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As at 31 March 2026, the Company's authorised, issued and paid-up share capital was 300 million Saudi Riyals (31 December 2025: 300 million Saudi Riyals) divided into 30 million shares (31 December 2025: 30 million shares) with a nominal value of Saudi Riyals 10 each.

11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cashflows comprise of the following:

	31 March 2026	31 December 2025
	(Unaudited)	Audited
Cash and bank balances	94,889,677	55,351,428
Short-term deposit	40,068,903	96,421,368
	134,958,580	151,772,796

12 OPERATING SEGMENTS

Operating segments are identified based on internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in its function as the Chief Operating Decision Maker to allocate resources to segments and to assess their performance. Performance is measured based on operating profit of the segment, as management believes that this indicator is the most relevant in evaluating the results of segments relative to other entities that operate within these sectors.

The Company's operations are in the Kingdom of Saudi Arabia and the Company currently provides financing to Saudi individuals from government and private sectors and to SMEs. Accordingly, the Company's operations represent the following operating segments. None of a single customer of the Company generates more than 10% of the revenue.

The Company's reportable segments are as follows:

- 1) Retail (Personal financing): These personal financing is provided to retail segment.
- 2) SME financing: These financing to provide to small and medium enterprises.

The segments wise breakup of income and expenses is as follows:

For the three-month period ended 31 March 2026 (Unaudited)	Retail	SME financing	Total
Revenue			
Murabaha income	66,663,260	10,686	66,673,946
Finance charges	(10,506,004)	-	(10,506,004)
Expenses			
Other general and administrative	(13,840,900)	(52,545)	(13,893,445)
Provision for expected credit losses	(11,947,208)	(876,778)	(12,823,986)
Salaries and other benefits	(6,220,758)	-	(6,220,758)
Other income	940,143	-	940,143
	25,088,533	(918,637)	24,169,896
Unallocated income*			823,615
Unallocated expenses**			(13,310,329)
Net income before zakat			11,683,182

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12 OPERATING SEGMENTS (CONTINUED)

For the Three-month period ended 31 March 2025 (Unaudited)	Retail	SME financing	Total
<i>Revenue</i>			
Murabaha income	63,976,382	1,017,248	64,993,630
Finance charges	(7,273,802)	114,870	(7,158,932)
<i>Expenses</i>			
Other general and administrative	(15,810,587)	(55,563)	(15,866,150)
Provision for expected credit losses	(13,110,547)	(128,158)	(13,238,705)
Salaries and other benefits	(2,050,656)	-	(2,050,656)
Other income	482,498	-	482,498
	<u>26,213,288</u>	<u>948,397</u>	<u>27,161,685</u>
Unallocated income*	-	-	21,480
Unallocated expenses**	-	-	(16,799,354)
<i>Net income before zakat</i>	<u>-</u>	<u>-</u>	<u>10,383,811</u>

* Unallocated income mainly includes profit on deposit and nationalization rebates

** Unallocated other general and administrative expenses are common expenses which mainly include bank charges, depreciation, taxes and other common expenses which are not relevant to a particular segment.

The segments wise breakup of assets and liabilities are as follows:

As at 31 March 2026 (Unaudited)	Retail	SME financing	Total
Murabaha receivables, net	848,429,029	17,019,921	865,448,950
Unallocated assets	-	-	182,469,547
Total assets			<u>1,047,918,497</u>
Loans	521,260,383	-	521,260,383
Other unallocated liabilities	-	-	49,772,874
Total liabilities			<u>571,033,257</u>
As at 31 December 2025 (Audited)			
Murabaha receivables, net	783,435,502	18,368,035	801,803,537
Unallocated assets	-	-	196,655,116
<i>Total assets</i>			<u>998,458,653</u>
Loans	499,323,886	3,063,364	502,387,250
Other unallocated liabilities	-	-	28,821,709
<i>Total Liabilities</i>			<u>531,208,959</u>

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13 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability the principal or the most advantageous market must be accessible to the Company.

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of Murabaha receivables and due from related party. Financial liabilities consist of loans from a related party and long term loans. Fair value of all financial assets and financial liabilities that are measured at amortized cost approximate their fair value.

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

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

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 inputs 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.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. For financial assets and financial liabilities which are not measured at fair value, the Company has assessed that the carrying amount approximates the fair value due to their short-term nature and frequent re-pricing. Cash and cash equivalents has been classified as level 1 while all remaining financial assets and liabilities are classified as level 3 as per the fair value hierarchy have been determined by using expected cash flows discounted at relevant current effective profit rate.

There have been no transfers between levels of the fair value hierarchy during the current and prior period.

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13 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	Carrying Value	Fair value			Total
		Level 1	Level 2	Level 3	
31 March 2026 (Unaudited)					
<i>Financial assets at amortised cost:</i>					
Murabaha receivables, net	865,448,950	-	-	866,850,353	866,850,353
Cash and cash equivalents	134,958,580	134,958,580	-	-	134,958,580
<i>Financial liabilities at amortised cost:</i>					
Loan from a related party	91,152,929	-	-	93,606,665	93,606,665
Term loans	430,107,454	-	-	430,107,454	430,107,454
31 December 2025 (Audited)					
	Carrying value	Level 1	Level 2	Level 3	Total
<i>Financial assets at amortised cost:</i>					
Murabaha receivables, net	801,803,537	-	-	822,686,599	822,686,599
Cash and cash equivalents	151,772,796	151,772,796	-	-	151,772,796
<i>Financial liabilities at amortised cost:</i>					
Loan from a related party	89,066,274	-	-	92,389,152	92,389,152
Long term loan	412,616,601	-	-	412,616,601	412,616,601

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14 RELATED PARTY TRANSACTIONS

Related parties include the Company's shareholders, the Board of Directors and key management personnel. Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise the directors as well as the senior management executives including the Chief Executive Officer and the Chief Financial Officer of the Company. The Company transacts with its related parties in the ordinary course of business. The nature and balances resulting from such transactions are as follows:

Major Shareholders with significant influence:	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Profit-free loan from a shareholder	100,000,000	100,000,000

Following are the major related party transactions during the period:

Key Management Personnel	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Salaries and other short-term employee benefits	2,370,180	1,681,417
End of service benefits – paid	27,611	30,400
Directors' meeting attendance fee accrued	120,000	90,000
Loans to key management of the Company	30,000	29,231

15 CAPITAL MANAGEMENT

The Company's objective when managing capital are to safeguard Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits to other stakeholders and to maintain optimal capital structure to reduce the cost of capital. For the purpose of the Company's capital management, capital includes share capital, and all other equity reserves attributable to the shareholders.

The Company's objective when managing capital are to safeguard Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits to other stakeholders and to maintain optimal capital structure to reduce the cost of capital. The Company is in compliance with maintaining an equity to net receivable (excluding expected credit losses) ratio as per approved limits.

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

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15 CAPITAL MANAGEMENT (CONTINUED)

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
<u>Debt to equity ratio</u>		
Debt	521,260,383	502,387,250
Shareholders' equity	476,885,240	467,249,694
Debt to Equity Ratio	1.09	1.08
<u>Net receivables to equity ratio</u>		
Net receivables (excluding ECL)	915,274,469	855,622,546
Shareholders' equity	476,885,240	467,249,694
Net receivables to equity ratio	1.92	1.83

16 RECLASSIFICATIONS

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

Enquiry and subscription expense and Marketing expense: The cost of accepted loans and commission on loans which was previously included in other general and administrative expenses have been reclassified to Murabaha income.

Discount on settlement: The discount on settlement, previously netted off against Murabaha income has been reclassified to Provision for expected credit losses.

The following table shows the impact on each statement of comprehensive income caption affected by the reclassification as of the comparative prior period:

	31 March 2025 (before reclassification)	Enquiry and Marketing expense	Discount on Settlement	31 March 2025 (after reclassification)
Murabaha income	70,540,336	(6,855,800)	1,309,094	64,993,630
General and administrative expenses	32,618,115	(6,855,800)	-	25,762,315
Provision for expected credit loss	11,929,611	-	1,309,094	13,238,705

These reclassifications were made to conform to the current period presentation. The reclassification did not affect the statement of changes in shareholders' equity and cash flows.

The above reclassifications do not have any impact on the Company's basic and diluted earnings per share.

17 SUBSEQUENT EVENTS

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

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month period ended 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

18 IMPACT OF GEO-POLITICAL SITUATION ON EXPECTED CREDIT LOSSES (“ECL”)

Since 28 February 2026, the geopolitical situation in the Middle East has become increasingly volatile. Management has assessed the potential impact of these developments on the Company’s operations and financial position. Given the Company’s primary focus on domestic retail financing, no material impact has been identified on its operations or financial performance as at the reporting date.

The Company continues to monitor developments in the region and has considered available forward-looking information in its assessment of expected credit losses (ECL). Given the inherent uncertainty, management will continue to reassess the situation and update its assumptions, including ECL inputs, as more reliable information becomes available.