

## **No 1**

**To Review and discuss the  
Board of Directors' Report for  
the fiscal year ended ,31  
December 2025.**



# Annual Report

**Sustainable Development Strategy**

2025  
هـ1447-1446



“Quara Finance”, a leading Saudi Company  
in Providing Innovative Sharia-Compliant  
Financing Services and solutions

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

The Board of Directors of Quara Finance is pleased to present its annual report for the fiscal year ended December 31, 2025. This report includes the annual financial statements, along with an overview of the company's business and developments throughout the year. It also outlines the composition of the Board of Directors and its committees, highlighting the most significant changes and achievements realized by the company during 2025.



**Custodian of the Two Holy Mosques**

الملك محمد بن سلمان بن عبدالعزيز آل سعود

May Allah protect him.



**His Royal Highness Prince**

محمد بن سلمان بن عبدالعزيز آل سعود

**Crown Prince and Prime Minister**

May Allah protect him.



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## Chairman's Statement

### Dear Honorable Shareholders,

It is my pleasure to present the Company's annual report for the fiscal year 2025, which marks our first full operational year following the listing on the Parallel Market (Nomu). This year represents a significant milestone in the Company's journey, as we transitioned from a phase of transformation to a stage of consolidating our position and enhancing sustainability.

The year 2025 witnessed a strong launch for the Company's operations, supported by a clear vision and an integrated strategy aimed at providing innovative financing solutions that meet the needs of individuals, while maintaining a steadfast commitment to implementing best practices in governance and rational management. Through our investment in advanced financial technologies and the enhancement of operational efficiency, we have succeeded in establishing the foundations for sustainable growth, enabling the Company to deliver added value to both our shareholders and clients.

In light of rapid economic shifts, the Company continued its efforts throughout the year to strengthen operational flexibility and adapt to changes, focusing on diversifying its financing portfolio and expanding its service range. We also worked on fostering strategic partnerships across various sectors, contributing to our direction toward achieving sustainable growth and enhancing our competitiveness in the market.

The finance sector is one of the thriving industries in the Kingdom of Saudi Arabia, experiencing accelerated growth driven by the increasing demand for flexible and innovative financing solutions. This growth aligns with the objectives of Saudi Vision 2030, which places the development of the financial sector as one of its primary pillars. In this context, the Company continues to focus on growing its business in the retail financing sector by offering flexible solutions that meet customers' financial needs and keep pace with market developments.

In conclusion, I extend my sincere thanks and appreciation to our esteemed shareholders, Board members, Executive Management, and all employees for their hard work, dedication, and unwavering commitment to achieving the Company's goals. I also express my deep gratitude to our shareholders, partners, and clients for their continuous support, and we look forward to continuing our journey of growth and excellence in the coming years.

**Chairman of the Board**  
**Abdullah bin Abdulrahman AlShilash**

# 01

## Executive Summary

# Board Members



**Board Chairman**  
Abdullah bin Abdulrahman AlShilash



**Deputy Chairman**  
Abdulkarim bin Abdulaziz Aldoaiji



**Board Member**  
Abdulrahman bin Abdulaziz Al Misned



**Board Member**  
Khalid bin Mohammed Fagih



**Board Member**  
Mohammed bin Misfer Al-Malki



**Board Member**  
Tarek bin Sami Zeitoun



**Board Member**  
Anand Sudarshan Raheja

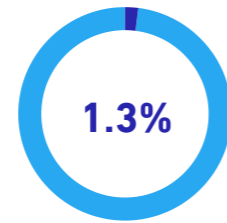
# Key Financial Performance Indicators for 2025



Total financing provided by the company in 2025G

# 685.5

Million ₹



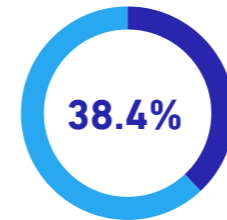
Increase in total financing compared to 2024G



Total Annual Revenue for the Year 2025

# 259.3

Million ₹



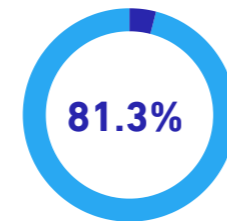
Annual Revenue Growth Rate compared to 2024



Total Annual Net Profit for the Year 2025

# 8.1

Million ₹



Annual Net Profit Decrease Rate compared to 2024

# Key Operational Performance Indicators for 2025



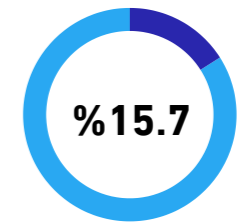
Number of Financing Programs Provided by the Company for the Year 2025

# 2



Number of Beneficiaries in the Retail Sector for the Year 2025

# 135.601



Growth Rate of Retail Sector Beneficiaries compared to 2024

## Company Plans and Decisions in 2025G



The company's journey during 2025G witnessed a major development on all the following levels:

### 01 Institutional level

During 2025, the Company witnessed significant institutional development, characterized by the continuous expansion and diversification of its partnerships. The number of active partnerships surpassed 1,000 partners across several vital sectors, most notably: electronics, furniture, travel and tourism, and the medical sector, including one-day surgery procedures. The Company continues to target additional sectors to further diversify its partnership portfolio and support sustainable growth.

In the context of digital transformation, the number of customers benefiting from the Company's services has exceeded one million since the launch of the digital transformation and the "Quara Finance" platform. Furthermore, 2025 saw an increasing demand for the Company's digital solutions, with more than one million customers applying for financing through the "Quara" app during the year. This reflects growing customer trust and the effectiveness of the digital platform in meeting their financing needs.

### 02 Financial and operational level

In 2025G, the Company successfully implemented one of its key operational strategies by developing a comprehensive mechanism and plan to train partners' employees on executing various operational procedures, from receiving customers and promoting Quara products to completing delivery processes within branches. This approach contributed to enhancing operational efficiency and achieving a remarkable reduction in operating costs.

In this context, the Company continues to monitor sales performance on a daily basis through specialized teams, while also focusing on attracting new success partners. These efforts support the continuity of the Company's operations and strengthen its ability to achieve sustainable long-term growth.

### 03 Prospects and Future Plans

Quara continues to implement its development strategy aimed at achieving further growth by launching and expanding a range of innovative financing solutions that meet the needs and requirements of its customers in both the individual sector and the small and medium enterprises (SME) sector.

This comes in parallel with the Company's strategic direction toward attracting additional investors, particularly in the financial and digital sectors, as well as sectors that support the programs of Saudi Arabia's Vision 2030. These efforts strengthen the Company's position and support its future expansion.

# 02

## Our Story

Sustainable  
Development  
Journey

# Sustainable Development Journey

## Incorporation and Milestones

**2009**

Quara Finance Company was initially established as a limited liability company under the name "Maalem Installment Company", where the company's capital upon establishment amounted to three million (3,000,000) Saudi ٮ.

**2012**

The partners decided to increase the company's capital from three million 3,000,000 Saudi ٮ to thirty million 30,000,000 Saudi ٮ, by transferring part of the partners' current account equivalent to twenty-seven million 27,000,000 Saudi ٮ, according to the auditor's certificate issued on 03/12/2012G. The partners also decided to amend the value of the share to become ten 10 Saudi ٮ.

**2020**

The Extraordinary General Assembly approved increasing the company's capital from one hundred and fifty million (150,000,000) ٮ to three hundred million 300,000,000 Saudi ٮ.

**2013**

The partners decided to convert the company from a limited liability company to a closed joint stock company and increase the company's capital to reach one hundred million (100,000,000) Saudi ٮ.

**2017**

The Extraordinary General Assembly approved amending Article Two of the company's Articles of Association in its name and amending it from Maalem Installment Company to Maalem Financing Company. This assembly also approved increasing the company's capital from one hundred million (100,000,000) Saudi ٮ to one hundred and fifty million 150,000,000 Saudi ٮ.

**2021**

The Extraordinary General Assembly approved amending Article Two of the company's bylaws to change the company name from Maalem Financing Company to "Quara Financing Company".

**2024**

Obtaining the approval of the Capital Market Authority to offer the Company's shares for public subscription and listing the Company on the Saudi Parallel Market (Nomu) on Tadawul.

**2025**

Quara Finance continued in 2025G to strengthen its role in providing innovative financing solutions, drawing on its expertise in the financing sector and leveraging the rapid growth of financial technology services, supported by increasing regulatory efforts to develop the sector's infrastructure. The Company focuses on offering Sharia-compliant financing solutions that meet the needs of individuals and support the business growth of enterprises.

Throughout the year, the Company continued investing in the development of its technological infrastructure and enhancing innovation within its operational processes. These efforts contributed to accelerating the assessment of financing applications and improving the overall customer experience. Quara also continues to implement its strategic vision aimed at solidifying its position as a leading provider of innovative financing solutions in the Kingdom of Saudi Arabia, keeping pace with technological advancements and meeting the evolving expectations of its customers.



## Vision

To be a pioneer in providing innovative financial solutions and optimal option for individuals and institutions.



## Mission

To provide financing products that suit the needs of individuals and entities, through high-performance institutional transactions, using the latest systems in accordance with the provisions of Islamic Sharia.

## Company Main Activities

The company operates under Commercial Registration No. (1010262141), dated 09/02/1430H (corresponding to 04/02/2009G). The company's activity, according to the commercial registration of the main branch, is consumer finance, financing small and medium enterprises, and financial leasing. The company operates under a license issued by the Saudi Central Bank No. (45/A SH/201605), dated 02/08/1437H. This license was renewed for five years to end on 29/07/1452H. The purpose of the company, as stated in the Articles of Association, is to finance companies and individuals in accordance with the provisions of the Companies Law, the Finance Companies Control Law and its implementing regulations, related regulations, and instructions issued by the competent authorities, including the Saudi Central Bank. "Quara Finance" constantly focuses on providing financing products that are compatible with Islamic Sharia and seeks to develop innovative products and expand its customer base through building collaborative strategic partnerships.

The company classifies its target customer segments from the financing products it provides to the Saudi market into three main sectors:

### 01 Public sector employees:

military employees and retired employees in government agencies and bodies and other sectors of the state.

### 02 Private sector employees

### 03 Small and medium enterprises

The company strives to provide innovative and flexible financing solutions through multiple channels to efficiently and easily meet their needs. This is done through the following:

- **Digital platforms**

The Company has developed integrated digital platforms the most distinguished of which is the Application that enables customers to submit their finance applications and complete procedures quickly and easily from anywhere and at any time, while ensuring a smooth and secure experience that enhances the service efficiency and customer experience quality.

- **Authorized partners**

The Company has succeeded in establishing a network of authorized sales partners across strategic locations in various regions of the Kingdom of Saudi Arabia, allowing customers to easily access financing services and supporting the Company's expansion and geographical coverage.

## Company Trademarks

The Company owns two (2) registered trademarks used in its commercial transactions, both of which have been officially registered with the Saudi Authority for Intellectual Property under Class (36), which covers insurance services, financial services, and real-estate affairs. These two trademarks have been granted the necessary legal protection in accordance with the trademark regulations in force in the Kingdom, allowing the Company to use them on its products, as well as on the exterior façades of its buildings, offices, and affiliated points of sale.

# Innovative Programs and Products

“Quara Finance” provides a range of innovative services, solutions and programs that cover the needs of a wide range of beneficiaries, each according to their requirements and ability to meet the financing conditions.

## First | Financing individuals

It is an innovative program that provides Saudi and resident customers, who meet the conditions, with cash liquidity of up to 50,000 Saudi ر, in installments that extend to 5 years, and without a guarantor or salary transfer.

Number of customers who applied for financing through the Quara App during 2025G reached 1,230,000 customers.

In the individual-financing segment, customers are primarily acquired through marketing campaigns carried out across social media platforms and digital channels, which help enhance direct reach and increase awareness of the financing solutions offered.

During 2025G, the company carried out several promotional campaigns in collaboration with specialized digital-marketing firms through in-app advertising, including Axponant and 14Dot. Approved promotional materials were used within designated advertising spaces inside these applications, supporting the attraction of new customers for individual-financing products.

The Company also used direct communication channels with customers by establishing in-site promotional points, including a promotional booth inside Al Qasr Mall, aimed at strengthening direct engagement with customers and providing the necessary information about individual-financing solutions.

On the digital-channel side, the company launched advertising campaigns across several applications and online platforms, including Jahez, Noon, OpenSooq, and Wala Plus, with the goal of expanding the individual-financing customer base and enhancing the digital presence of the Company's services.

## Second | Purchase Financing

The Company provides purchase-financing solutions to customers, both citizens and residents, with financing amounts ranging from 1,500 Saudi ر to 30,000 Saudi ر, depending on the commercial partner, with repayment periods of up to three years. In 2025G, the Company introduced an extended repayment option of up to 42 months as a competitive advantage, enhancing the flexibility of its financing solutions and meeting customer needs.

As part of expanding its purchase-financing activities, the Company worked during 2025G to establish and activate several strategic partnerships with major commercial entities in the electronics, electrical appliances, and technology sectors. Notable partners include Aleph, Hamad Abdullah Al-Manea Trading Company, Abdul Latif Jameel Electronics (REDSEA), and Sharaf DG. These partnerships contributed to expanding the scope of purchase financing and increasing the Company's presence through a diverse network of points of sale across various regions of the Kingdom, supporting the customer experience and enhancing growth opportunities in this sector.



# A Glance on the Company's Departments

Quara Finance is committed to implementing an advanced business strategy, according to an advanced organizational structure integrated with the best operational practices in the field of finance, considering the current market requirements and all its diverse customer segments. According to a comprehensive corporate governance framework.

## 01 Collection Department

The Collection Department is responsible for ensuring that the amounts due to the company from customers are collected according to the established mechanisms, which contributes to maintaining cash flow and enhancing financial sustainability. The department's tasks include following up and organizing debt collection operations, in addition to developing payment mechanisms and procedures and implementing them to ensure that dues are collected on time. The department also seeks to develop effective strategies for dealing with overdue debts to contribute to improving the performance of collection operations to maintain the company's financial stability and ensure the achievement of its financial goals.

## 02 Credit Department

The Credit Department is responsible for assessing and analyzing the creditworthiness of customers, with the aim of determining the extent of customers' ability to meet the amounts due. The department's tasks include studying and analyzing the financial data and credit history of customers to ensure that informed credit decisions are made that contribute to reducing the company's financial risks. The department also sets appropriate credit policies that are in line with the company's strategic objectives, while ensuring compliance with applicable laws and regulations. The Credit Department seeks to strike the balance between supporting the growth of the customer portfolio and achieving financial sustainability for the company, by providing appropriate credit solutions that contribute to strengthening the relationship with customers without affecting the integrity of the company's financial position.

### Elements for maintaining the quality of the financing portfolio and reducing credit risks:

- |  |  |
|--|--|
| <p>01 Assessing the creditworthiness of customers.</p>                 | <p>02 Diversifying the financing portfolio.</p>  |
| <p>03 Periodic following-up to re-evaluate the pledged collateral.</p> | <p>04 Continuous updating of credit policies to ensure gaps are identified and addressed</p> |

## Credit Evaluation

Quara Finance is committed to applying an advanced methodology in the credit evaluation that includes a comprehensive analysis and evaluation of the creditworthiness and credit rating of customers to determine their capabilities and financial ability to pay installments on their due dates. It relies on a set of financial elements such as credit history, guarantees and assets that are used in making decisions to grant financing and determine appropriate terms.

The importance of credit evaluation lies in reducing credit risks to reduce the exposure rate so as to ensure the calculation of an appropriate monthly installment that is consistent with the customer's monthly income and does not impose additional burdens on the customer.

## 03 Compliance and Anti-Money Laundering and Combating the Financing of Terrorism Department

The Compliance and Anti-Money Laundering and Counter-Terrorist Financing Department operates as an independent unit responsible for ensuring the Company's adherence to the regulations, rules, and directives issued by supervisory and regulatory authorities. Its responsibilities include monitoring the compliance of executive departments, assessing non-compliance risks, and identifying any potential regulatory, financial, or reputational impacts on the company.

The Department also oversees financial transactions, monitors, analyzes, and reports suspicious activities, ensuring the integrity of financial transactions and preventing their use in illicit financing activities. In addition, it contributes to strengthening a culture of compliance across the Company.

## 04 Internal Audit Department

The Internal Audit Department is an essential part of the company's governance and an important pillar for enhancing integrity and transparency. The internal audit aims to evaluate the control systems and operational and financial processes to ensure compliance with regulations and standards, in addition to identifying risks and improving institutional performance through its independent and objective role. It also highlights opportunities for improvement and addresses any shortcomings that may affect the company's performance.

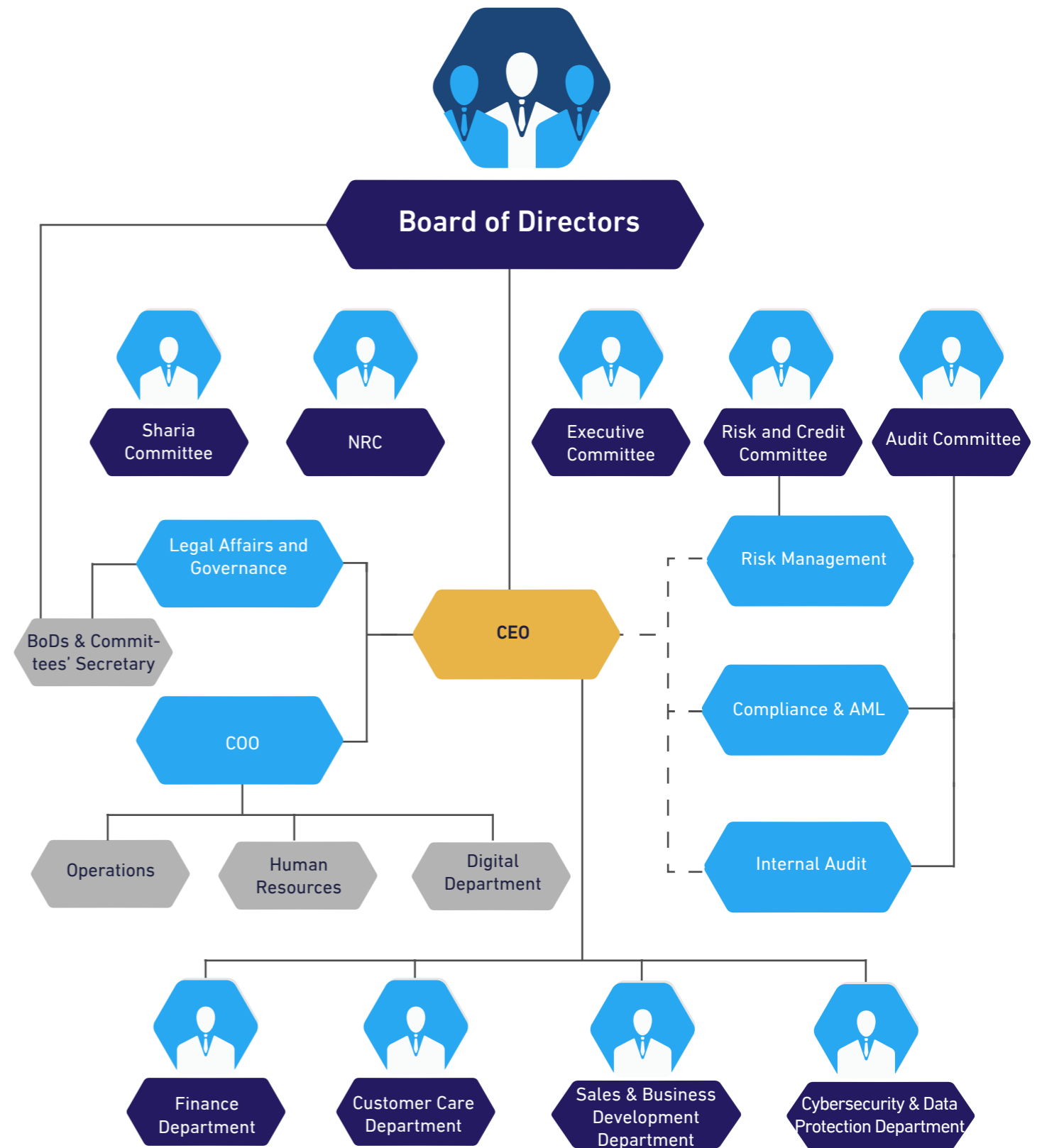
# Geographical presence

Quara Finance continues to implement its expansion plan to deliver its innovative financing solutions and products across all regions of the Kingdom of Saudi Arabia. This is achieved through cooperation agreements with more than 1,000 stores and a network of up to 3,000 branches distributed throughout the Kingdom, ensuring the company remains close to its customer segments and able to meet their needs and requirements with the highest standards of quality, efficiency, and security.

This expansion is supported by multiple communication channels, including a toll-free number, a dedicated WhatsApp messaging line, and the Company's official email.



# Organization Structure



# 03

## Strategic Direction

Sustainable  
Development  
Pillar

## Company Strategy

In pursuit of achieving sustainable growth across all financial and operational levels, Quara Finance Company implements a comprehensive development strategy aimed at strengthening its position as a leading digital financing company in the Kingdom of Saudi Arabia for individuals and small and medium-sized enterprises (SMEs). This is achieved through leveraging the latest financial technologies and providing innovative financing solutions that are compliant with Sharia principles.

### Pillars of implementing the company's strategy

#### 01 Providing Instant Digital Financing

The Company focuses on offering instant, paperless financing based on automation and digital transformation, enabling customers to obtain financing as quickly as possible with minimal requirements. To achieve this, the company has established a specialized technical team dedicated to developing and implementing advanced digital solutions that allow financing procedures to be completed without the need for physical documents and with minimal customer information.

Quara is also among the first companies to activate API integrations in the fintech sector, in addition to developing an advanced business-rules engine that enables instant creditworthiness assessment for customers.

#### 02 Offering Innovative Products for Diverse Customer Segments

The Company is committed to focusing on its core activities by providing innovative, Sharia compliant financing products that meet the needs of various customer segments. The Company aims to expand its customer base by developing new solutions and strengthening collaborative partnerships with relevant entities.

#### 03 Creating Sustainable Value for All Stakeholders

The company is dedicated to delivering added value to all stakeholders, including shareholders, customers, and employees, through close monitoring of key performance indicators. These include maintaining the quality of the credit portfolio, achieving balanced and sustainable portfolio growth, providing integrated digital financing solutions, controlling operating costs, and generating attractive returns on equity. Additionally, the company prioritizes attracting and retaining top talent.

## The Company's Competitive Advantages

Quara Finance enjoys a set of competitive advantages that strengthen its position within the financing sector in the Kingdom of Saudi Arabia. The most notable include:

#### ● Technological Readiness

The company has developed advanced technological solutions to support the growth of its digital-financing products. These include automating parts of the collection system, activating interactive voice-response (IVR) systems to serve customers around the clock, and developing an advanced engine for instant credit-worthiness assessment. These capabilities enable the company to launch new products within short timeframes and provide it with a strong competitive edge in the market.

#### ● Professionally Developed Governance Structure, Policies, and Procedures

The company adopts an effective governance framework that includes specialized committees reporting directly to the Board of Directors. These committees work to define risk and return within the company's strategy, as well as identify, monitor, and manage potential risks. Quara also maintains a systematic credit framework and an integrated risk-management structure to ensure effective identification, monitoring, and mitigation of risks.

Among its strengths is the availability of multiple channels for financing-installment payments,

including the Company's dedicated electronic payment gateway and the option to add a credit card for automatic deductions from the customer's bank account. This is supported by a highly qualified collection team and automated communication systems, such as auto-dialing and SMS messaging, which contribute to high collection efficiency, lower delinquency rates, and improved asset quality.

#### ● Broad and Unique Network of Partners Across Saudi Arabia

The company has an extensive network of partnerships in the customer-purchase-financing sector, collaborating with leading partners across multiple industries. This enables the Company to offer flexible financing solutions that meet customer needs across all regions of the Kingdom.

## Strategic Partnerships

Aligned with its commitment to delivering the highest levels of value, quality, efficiency, and security to its customers, Quara Finance has successfully built a network of strategic partnerships with top providers of consumer products and services. These partnerships are selected based on high standards of quality and reliability, ensuring that the needs of diverse customer segments are met and that the financing experience is enhanced. This approach supports the company's strategic direction toward sustainable expansion and strengthens its presence in the digital-financing sector within the Kingdom.



# 04

## Human Capital De- velopment

## Human Capital Development Path



In line with its commitment to developing the work environment and raising production efficiency across all its work channels, Quara Finance Company strives to invest in attracting competencies and expertise from young Saudi talents, to raise their capabilities and refine their knowledge, and support them with a wide range of development programs, initiatives and training workshops that enable them to continuously raise their performance and enhance their ability to give and innovate. This contributes to enriching the local labor market with more jobs and real job opportunities with real competitive advantages, in an effort to enhance human development, one of the goals of the Kingdom’s Vision 2030 programs. The following table shows the numbers and percentages of male and female employees in the company:

| Statement                        | 2023G | 2024G | 2025G |
|----------------------------------|-------|-------|-------|
| Number of Saudi male employees   | 49    | 43    | 43    |
| Number of Saudi female employees | 41    | 45    | 41    |
| Number of non-Saudi employees    | 22    | 23    | 23    |
| Total number of employees        | 107   | 111   | 107   |

## Localization Program

The company is committed to implementing an integrated strategy to localize new jobs in its various departments and divisions, in addition to its continued commitment to replacing Saudi male and female employees at many of its job levels, which ensures the company’s continued classification within the platinum range in the Nitaqat program at a rate of %80.99 at the company level in all its business sectors.

## Excellent operational work environment

Quara Finance Company continues to apply an advanced, integrated methodology towards establishing a competitive and stimulating work environment, through which it endeavors to ensure job stability for all its employees at all levels, and to involve them in all the company’s activities and events, from social, national and cultural events throughout the year, through which it ensures achieving the highest level of satisfaction with the services and programs provided by the company to all employees during the year.

## Social Responsibility Initiatives

In line with its commitment to strengthening its leadership presence in the market for innovative financing solutions and programs, Quara Finance places great importance on its role in community development and on conducting its business responsibly toward its employees, customers, shareholders, and the broader society in which it operates. Building on this commitment, the company works to establish partnerships and launch impactful initiatives aimed at delivering added value to the community and supporting social programs, enhancing the sustainability of its positive impact and ensuring the continuity of its contributions in the future.





# 05

## Sustainability

In the context of its commitment to implementing its comprehensive development strategy, through which it aims to achieve its strategic objectives by raising its operational and organizational efficiency according to a comprehensive corporate governance framework, “Quara Finance” is keen to integrate the concept of sustainability into all details of its business across all business sectors in the company, in a way that ensures its sustainability and growth according to the highest standards of efficiency and quality. Accordingly, the company strives to develop a comprehensive strategy and an advanced action plan through which it applies the best environmental, social and corporate governance practices to be implemented in the coming period, according to the following strategic streams:

## Environmental Practices

### ● Digital Transformation

Digital transformation plays a pivotal role in preserving the environment and reducing reliance on paper. This is achieved through several sustainable environmental practices. Digital transformation can reduce paper use through electronic contracts, electronic invoices, and online meetings.

## Social practices

### ● Community Participation

Launching community service programs that encourage employees at all levels and roles to participate in local community development projects.

### ● Digital Safety and Security Programs

Implement advanced measures to protect stakeholders’ personal data and ensure privacy and secure digital practices throughout the organization.

### ● Empowering Women at Work

Empowering women at work is a process that aims to increase women’s participation in the workforce, achieve gender equality in employment opportunities, and enhance women’s role in leadership and decision-making positions.

## Governance Practices

### ● Stakeholder Engagement

The Company has established a structured institutional approach to stakeholder engagement through regular communication channels with shareholders, customers, and employees. This approach ensures that their feedback and suggestions are incorporated into governance processes and policy-making. The objective is to enhance the quality of decision-making, strengthen trust, and maintain a balanced alignment of interests among all relevant parties.

### ● Financial Control and Risk Management

The company continued to strengthen its financial-control and risk-management framework by conducting periodic reviews of financial statements and internal controls, under the supervision of independent committees reporting to the Board of Directors. These practices aim to ensure the integrity of financial reporting, reinforce principles of transparency and accountability, and support the company’s long-term financial sustainability.



# 06

## Risks Management and Business Continuity

Quara Finance is committed to implementing an integrated risk management policy based on accurately identifying risks, objectively assessing them, effectively addressing them, and continuously monitoring them. This policy aims to enhance operational stability, ensure business continuity and development, and achieve the company's strategic objectives with efficiency and flexibility.

Risk Management Department at the Company operates as an independent function under the supervision of the Risk and Credit Management Committee. It is responsible for monitoring and managing credit risks for individuals and businesses, market risks, operational risks, as well as all other risks highlighted by the Saudi Central Bank.

The Risk Management Department also undertakes the development and activation of related policies and procedures, measuring and assessing the Company's risk-bearing capacity, and preparing and implementing operational risk assessment plans in accordance with the plan approved by the Risk and Credit Management Committee. Its responsibilities further include reviewing relevant company policies and ensuring the effectiveness of business controls.

Risk Management Department is committed to preparing and submitting periodic quarterly risk reports to the Risk and Credit Management Committee and the Board of Directors. These reports include analyses of existing and potential risks, along with recommendations necessary to mitigate their future impact. The Department also works continuously to develop and enhance the Company's risk management framework, contributing to the avoidance of potential risks and reducing their negative effects on the Company's operations.

## Types of Potential Risks to the Company's Business

### ● Credit risk

Credit risk is one of the most significant risks the Company may face. It represents the possibility that the counterparty in a financing transaction may be unable to fulfill its contractual obligations, which could result in financial losses. These risks arise primarily from credit facilities granted to customers and may be influenced by changes in local or global economic conditions or by changes in the financial system in general.

If such factors materialize, they may affect the value and collectability of financing assets, potentially requiring an increase in provisions for bad debts and doubtful receivables against financing assets and collateral. Failure to maintain the quality of the credit portfolio could lead to higher default rates and debt write-offs, which would negatively impact the Company's financial position, business results, and future prospects.

As part of its credit risk management framework, the Company conducts a comprehensive assessment of customers' creditworthiness using a methodology based on quantitative and qualitative criteria, helping to build a strong and balanced financing portfolio. The Company also applies periodic review mechanisms for existing financings to detect early signs of weakness and take appropriate corrective measures in a timely manner.

### ● Market and liquidity risks

Liquidity risk represents the possibility that the Company may be unable to meet its financial obligations as they fall due, or that it may be unable to secure the necessary liquidity without incurring substantial losses that could affect its financial position or reputation. These risks are linked to the nature of the Company's financial operations and may increase due to several factors, most notably significant mismatches between the maturities of assets and liabilities, excessive reliance on specific funding sources, whether short- or long-term, or dependence on a particular sector, in addition to changes in credit ratings, market disruptions, or exceptional circumstances.

In this context, the Company has adopted a clear liquidity management policy that includes allocating adequate reserves to address potential liquidity risks, along with continuous monitoring of the maturity structure of financial assets and liabilities. Based on the periodic analyses conducted by management, the Company believes that its available liquidity levels are sufficient to support its operations and meet its financial obligations, while continuing to monitor these risks regularly in anticipation of any future developments.

### ● Operational risks

Operational risks arise from a range of factors related to the nature of day-to-day activities. These include, but are not limited to: internal or external fraud, human error, failure to document transactions in accordance with regulatory requirements, failure to obtain necessary internal approvals, or non-compliance with regulatory requirements and approved best practices. They also include system and technology failures, external system breakdowns, or natural disasters. The occurrence of any of these risks may have negative impacts on the Company's operations, financial position, and business results.

In this context, the Company adopts an integrated framework for managing operational risks, which includes identifying, measuring, and continuously monitoring these risks. Consolidated assessment results for the year 2025G showed that operational risk levels remained within acceptable and manageable limits, without exceeding high-risk thresholds. This reflects the effectiveness of the Company's approach and its ability to manage this type of risk.

## ● Concentration risks

Concentration risk arises when the Company relies excessively on a specific customer segment or a particular sector, which may increase its vulnerability to changes or shocks in the business environment. Accordingly, the Company is committed to diversifying its customer base and geographic reach, helping to reduce concentration risk and enhance operational stability.

Customer-base diversity is one of the Company's key strengths, as it serves two primary customer segments:



This diversity, combined with a deep understanding of the needs of each segment, helps reduce concentration risk and strengthens the Company's ability to withstand external changes.

## ● Business continuity

Quara Finance is committed to ensuring the continuity of its operations by implementing effective procedures and approved plans designed to enhance the Company's ability to respond to emergencies, meet its operational obligations, and achieve its strategic objectives. During 2025G, the Company did not encounter any material risks or challenges that could affect the continuity of its business. This outcome reflects the Company's integrated approach to risk management and its proactive preparedness for various potential scenarios, ensuring operational sustainability and performance efficiency.

## ● Maintaining high quality of the financing portfolio

The Company adopts an integrated and systematic framework for credit assessment and risk management aimed at maintaining the quality and sustainability of its financing portfolio. The credit function is one of the core pillars supporting the effectiveness of the Company's operations, where related processes and systems have been organized and streamlined to enhance the quality of credit decisions.

In this context, the Company evaluates the financial strength and creditworthiness of small and medium enterprise (SME) customers and verifies that the purpose of financing aligns with the nature of the business. This is carried out through field visits that include assessing the establishment, its owner, and the executive management team.

For individual financing, the Company relies on analyzing customers' financial behavior and spending patterns, and it applies responsible lending standards rigorously in compliance with the regulations and guidelines issued by the Saudi Central Bank, prior to approving any financing.





# 07

## Financial performance for 2025G

Quara Finance Company has succeeded in achieving high levels of growth during the year 2025G, as reflected by the following set of financial and operational figures and facts:

## 01 Key financial and operational performance indicators for 2025G

| Key Performance Indicators (SAR million) | 20222        | 2023         | 2024         | 2025         |
|--|--------------|--------------|--------------|--------------|
| <b>Income Statement</b>                  |              |              |              |              |
| Murabaha revenues                        | 169.9        | 187.6        | 187.3        | 259.3        |
| Net financing revenues                   | 156.1        | 178.7        | 173.3        | 224.6        |
| Other revenues                           | 27.2         | 7.1          | 4.2          | 3.3          |
| Murabaha loss provision                  | (28.0)       | (6.5)        | (28.3)       | (87.3)       |
| Operating expenses                       | (94.9)       | (116.2)      | (96.3)       | (130.4)      |
| Zakat                                    | (9.6)        | (9.3)        | (9.7)        | (2.0)        |
| <b>Net profit</b>                        | <b>50.8</b>  | <b>53.8</b>  | <b>43.2</b>  | <b>8.1</b>   |
| <b>Balance Sheet</b>                     |              |              |              |              |
| Murabaha receivables, net                | 710.3        | 677.0        | 771.7        | 801.8        |
| Cash and cash equivalents                | 181.4        | 41.8         | 64.8         | 151.8        |
| <b>Total assets</b>                      | <b>930.2</b> | <b>765.1</b> | <b>874.4</b> | <b>998.5</b> |
| Long-term loans                          | 461.1        | 227.2        | 288.3        | 413.3        |
| Payable securities - Sukuk               | 4.1          | -            | -            | -            |
| Loans from related parties               | 93.4         | 98.0         | 81.2         | 89.1         |
| <b>Total liabilities</b>                 | <b>591.5</b> | <b>372.6</b> | <b>415.2</b> | <b>531.2</b> |
| Paid-up capital                          | 300.0        | 300.0        | 300.0        | 300.0        |
| Reserves                                 | 38.7         | 92.5         | 159.3        | 167.2        |
| <b>Shareholders' equity</b>              | <b>338.7</b> | <b>392.5</b> | <b>459.3</b> | <b>467.2</b> |
| <b>Key Ratios</b>                        |              |              |              |              |
| Return on Equity                         | 15.0%        | 13.7%        | 9.4%         | 1.7%         |
| Return on Assets                         | 5.5%         | 7.0%         | 4.9%         | 0.8%         |
| Portfolio Return                         | 23.7%        | 27.7%        | 24.3%        | 32.3%        |
| Cost to Income                           | 48.6%        | 59.7%        | 50.3%        | 49.7%        |
| Provision Coverage                       | 24.8%        | 29.8%        | 28.6%        | 39.0%        |
| Non-Performing Assets                    | 8.4%         | 9.9%         | 15.2%        | 16.1%        |
| - Retail                                 | 4.2%         | 5.2%         | 11.3%        | 14.2%        |
| - Small and medium enterprises           | 14.9%        | 23.4%        | 64.1%        | 97.3%        |
| Financial Leverage                       | 2.1          | 1.8          | 1.8          | 1.8          |
| Debt to Equity Ratio                     | 1.6          | 0.8          | 0.8          | 1.1          |
| <b>Net Margin</b>                        | <b>30.2%</b> | <b>28.7%</b> | <b>23.1%</b> | <b>3.1%</b>  |

## 02 Capital

The Company has maintained the same level of share capital at 300 million Saudi ٮ, with no changes during the period. Total shareholders' equity increased to 467.2 million Saudi ٮ in 2025 (2024: 459.3 million Saudi ٮ; 2023: 392.5 million Saudi ٮ) as a result of retained earnings. There was no change in the statutory reserve, which remained at 12.5

**300** Company's Capital (Million ٮ) **467.2** Total Shareholders' Equity (Million ٮ)

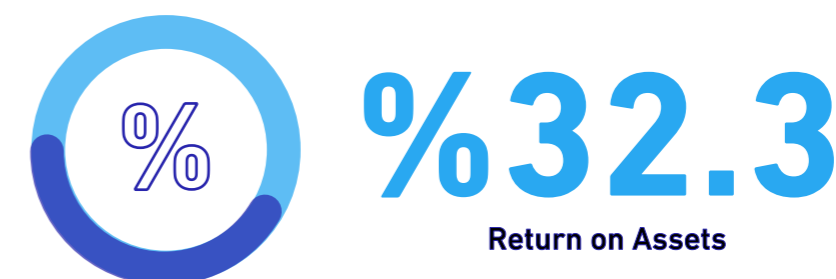
million Saudi ٮ (2024: 12.5 million Saudi ٮ). Likewise, there was no change in the contribution of shareholders' equity to related-party loans, which stood at 34.3 million Saudi ٮ (2024: 34.3 million Saudi ٮ).

**12.5** statutory reserve (Million ٮ) **34.3** contribution of shareholders' equity to related-party loans (Million ٮ)

## 03 Impact of the main activities on the company's size and its effect to the results of the fiscal year 2025G

The company primarily maintained its profitability profile as there was a strategic shift towards higher yield retail financing, which was partially offset by the deterioration in asset quality during the current year. The increase in overall portfolio size and pricing review led to growth in retail financing income.

The return on margin bearing assets has improved to 32.3% over the past four years due to increased high-yield retail financing and a risk-based pricing approach.



## 04 Explaining the material differences in operating results from the results of the previous year or any expectations announced by the company in 2025G.

| Income Statement        | 2024G  | 2025G   | Changes | Change % |
|-------------------------|--------|---------|---------|----------|
| Murabaha Revenue        | 187.3  | 259.3   | 72.0    | 38.4%    |
| Net Financing Revenue   | 173.3  | 224.6   | 51.3    | 29.6%    |
| Other Revenue           | 4.2    | 3.3     | (0.9)   | -22.2%   |
| Murabaha Loss Provision | (28.3) | (87.3)  | (59.0)  | 208.9%   |
| Operating Expenses      | (96.3) | (130.4) | (34.1)  | 35.4%    |
| Zakat                   | (9.7)  | (2.0)   | 7.6     | -79.0%   |
| Net Profit              | 43.2   | 8.1     | (35.1)  | -81.2%   |

- Murabaha revenues for 2025G increased to 259.3 million Saudi  $\text{ﷲ}$ , compared to 187.3 million Saudi  $\text{ﷲ}$  in the 2024G financial year, representing a growth of 38.4%.
- Profit after Zakat for the 2025G financial year amounted to 8.1 million Saudi  $\text{ﷲ}$ , compared to 43.2 million Saudi  $\text{ﷲ}$  for the 2024G financial year, reflecting a decrease of 81.2%.
- In 2025G, the Company provided retail customers with financing totaling 685.5 million Saudi  $\text{ﷲ}$ , compared to 676.6 million Saudi  $\text{ﷲ}$  in 2024G, an increase of 1.3%.
- The Murabaha loss provision for the 2025G financial year reached 87.3 million Saudi  $\text{ﷲ}$ , compared to 28.3 million Saudi  $\text{ﷲ}$  for the 2024G financial year. This increase was primarily driven by the rise in non-performing assets from 15.2% in 2024G to 16.1% in 2025G.

## 05 Geographical analysis of the company's total revenues for the year 2025G

| Region                      | Central | Eastern | Northern | Southern | Western | Total |
|-----------------------------|---------|---------|----------|----------|---------|-------|
| In millions of Saudi riyals | 144.8   | 23.7    | 20.3     | 35.6     | 34.9    | 259.3 |

## 06 Statement of assets, liabilities and shareholders' equity for the past four fiscal years

| Items (in millions of Saudi Riyals) | 2022         | 2023         | 2024         | 2025         |
|-------------------------------------|--------------|--------------|--------------|--------------|
| Current Assets                      | 642.3        | 515.6        | 507.8        | 570.5        |
| Non-Current Assets                  | 287.9        | 249.5        | 366.7        | 428.0        |
| <b>Total Assets</b>                 | <b>930.2</b> | <b>765.1</b> | <b>874.4</b> | <b>998.5</b> |
| Current Liabilities                 | 481.8        | 265.0        | 164.4        | 225.8        |
| Non-Current Liabilities             | 109.7        | 107.5        | 250.8        | 305.4        |
| <b>Total Liabilities</b>            | <b>591.5</b> | <b>372.6</b> | <b>415.2</b> | <b>531.2</b> |
| Paid-up Capital                     | 300.0        | 300.0        | 300.0        | 300.0        |
| Legal Reserve and Retained Earnings | 38.7         | 92.5         | 159.3        | 167.2        |
| <b>Total Shareholders' Equity</b>   | <b>338.7</b> | <b>392.5</b> | <b>459.3</b> | <b>467.2</b> |

## 07 A statement of any financing facilities of the Company (whether payable on demand or otherwise), a statement of the total indebtedness of the Company and its subsidiaries, the amount of the financing facility capital, the lender's shares, its term, and the remaining amount.

| Loan Terms (in millions of Saudi Riyals)                  | Monsha'at  | Saudi Central Bank | Bank         | Related party |
|---|------------|--------------------|--------------|---------------|
| <b>Opening Balance</b>                                    | <b>7.2</b> | <b>68.3</b>        | <b>212.8</b> | <b>81.1</b>   |
| Add: Loans taken during the year                          | -          | -                  | 362.6        | -             |
| Add: Loan management fees accrued during the year         | 0.2        | -                  | 29.3         | 7.9           |
| Less: Principal repayments during the year                | (7.2)      | (65.2)             | (166.2)      | -             |
| Less: Loan management fees paid during the year           | (0.2)      | -                  | (28.2)       | -             |
| Less: Deferred income amortization on interest-free loans | -          | -                  | -            | -             |
| Less: Equity contribution to interest-free loans          | -          | -                  | -            | -             |
| <b>Closing Balance</b>                                    | <b>-</b>   | <b>3.1</b>         | <b>410.3</b> | <b>89.0</b>   |

The company has sufficient financial flexibility to support its investment portfolio growth target of 1.2 billion Saudi  $\text{R}$  by the end of 2026G. According to management, the total available financing lines amount to 1250 million Saudi  $\text{R}$ , of which 675 million Saudi  $\text{R}$  is currently unutilized. This includes a 500 million Saudi  $\text{R}$  Sukuk program approved by the Capital Market Authority, 50 million Saudi  $\text{R}$  short-term lines, and 125 million Saudi  $\text{R}$  long-term bank lines.

## 08 Regulatory payments to government agencies

| Details                                   | Paid       | Due and not paid at the end of the annual financial period | Brief Description |
|---|------------|--|-------------------|
| Zakat                                     | 10,942,710 | None   | Regulatory        |
| Value Added Tax                           | 2,676,518  | None   | Regulatory        |
| Withholding Tax                           | 790,160    | None   | Regulatory        |
| General Organization for Social Insurance | 2,727,621  | None   | Regulatory        |
| Labor Office Fees                         | 197,825    | None   | Regulatory        |
| Licenses and Fees for Government Agencies | 261,000    | None   | Regulatory        |





# 08

## Governance

Sustainable  
Institutional  
Maturity

## Corporate Governance

Quara Finance, led by its Board of Directors, is committed to establishing an effective, advanced, and sustainable governance framework that supports the Company in defining its strategic objectives and working toward their achievement, while adhering to the highest standards of transparency, disclosure, and integrity. Through this approach, the Company aims to realize its vision and mission and deliver sustainable, long-term value to its shareholders and all stakeholders.

Quara Finance also reaffirms its commitment to conducting all its activities in accordance with the principles of Islamic Sharia, in compliance with the requirements of the Finance Companies Control Law. In this context, the Company has adopted comprehensive corporate governance policies, procedures, and a governance manual, which are continuously updated to ensure the application of sound governance practices and to enhance the effectiveness of the governance framework. The Board of Directors and executive management consistently monitor adherence to governance requirements and work to reinforce the principles of transparency and accountability across all Company activities.

## Governance Practices Framework

Quara Finance is committed to applying governance principles within an integrated and professional framework, in line with the best recognized practices in this field. This includes the following:

- 01** Protecting the rights of shareholders and stakeholders, and ensuring that these rights do not conflict with personal interests.
- 02** Applying the principles of transparency and integrity by disclosing material information and events that affect or may affect the interests of shareholders and stakeholders, including disclosure of transactions with related parties.
- 03** Identifying and addressing conflicts of interest, whether potential or actual, that may arise from personal interests that affect or may affect the interests of the Company, its shareholders, or its stakeholders.
- 04** Adopting clear policies and procedures to limit conflicts of interest, protect the rights of shareholders and stakeholders, and strengthen confidence in the Company's practices.

## Principles of Governance



### Transparency

The Board of Directors adheres to the highest standards of transparency, by providing relevant vital information in a clear and understandable manner to all stakeholders, including shareholders, employees, customers and the public, in order to enhance mutual trust and support informed decision making.



### Responsibility

Each member of the Board of Directors bears individual responsibility for performing his duties and obligations, while the Board collectively assumes responsibility for the decisions it makes and for overseeing the Company's performance and ensuring the achievement of its strategic objectives.



### Integrity

The Company is committed to treating all parties fairly and equally, without discrimination or bias, while avoiding any conflicts of interest and placing the interests of the Company above any personal interests.



### Justice

The Company is keen to uphold the principle of fairness in all its dealings, helping to reduce practices of corruption and fraud, and reinforcing an institutional culture built on commitment, responsibility, and sound governance.

## Board of Directors

The Board of Directors of Quara Finance is the highest administrative authority in the Company and is accountable to the General Assembly of shareholders for managing the Company in accordance with its Articles of Association and all relevant laws and regulations. The Board plays a central role in guiding and overseeing the Company's activities in a manner that serves the interests of shareholders and stakeholders and strengthens institutional sustainability.

The key responsibilities of the Board of Directors include setting and approving the Company's strategic directions and primary objectives, approving and monitoring governance frameworks, internal controls, and risk management systems, and ensuring their efficiency and effectiveness. The Board also approves major budgets and financial policies, monitors and evaluates the Company's performance and the work of executive management, and establishes policies governing the Company's relationship with stakeholders while safeguarding their rights.

Additionally, the Board is responsible for establishing and approving policies that ensure compliance with applicable laws and regulations, overseeing their implementation, and ensuring adherence to disclosure requirements related to material information concerning the Company and its performance. This enables shareholders to assess the Company's assets, liabilities, and financial position. The Board also carries out other duties detailed in the Company's Articles of Association.

## Members of the Board of Directors

The Articles of Association of Quara Finance specify that the Board of Directors shall consist of eight (8) members, in accordance with the Companies Law issued by the Ministry of Commerce and the Corporate Governance Regulations issued by the Capital Market Authority.

In line with the Company's Articles of Association, members of the Board of Directors are elected by the General Assembly of shareholders for a three-year term. The General Assembly elected the members of the Board for the fourth (current) term, which began on 11-09-2024G and will end on 10-09-2027G.

## Board Members for the Year 2025G

| The Name                            | Position                       | Membership status | Date of appointment |
|-------------------------------------|--------------------------------|-------------------|---------------------|
| Abdullah bin Abdulrahman AlShilash  | Chairman of Board of Directors | Non-executive     | 11/09/2024G         |
| Abdulkarim bin Abdulaziz Aldoaaji   | Deputy Chairman                | Independent       | 11/09/2024G         |
| Anand Sudarshan Kumar Raheja        | Board Member                   | Non-executive     | 11/09/2024G         |
| Tarek Sami Zeitoun                  | Board Member                   | Non-executive     | 11/09/2024G         |
| Abdulrahman bin Abdulaziz Al Misned | Board Member                   | Non-executive     | 11/09/2024G         |
| Mohammed bin Misfer Al-Malki        | Board Member                   | Independent       | 11/09/2024G         |
| Khalid bin Mohammed Fagih           | Board Member                   | Non-executive     | 11/09/2024G         |

## Board meetings for the year 2025G

| The Name                            | Position        | Board of Directors Meeting Dates for 2025 |       |       |       |
|-------------------------------------|-----------------|---|-------|-------|-------|
|                                     |                 | 25/03                                     | 24/04 | 23/07 | 22/10 |
| Abdullah bin Abdulrahman AlShilash  | Board Chairman  | ✓   | ✓     | ✓     | ✓     |
| Abdulkarim bin Abdulaziz Aldoaaji   | Deputy Chairman | ✓   | ✓     | ✓     | ✓     |
| Anand Sudarshan Kumar Raheja        | Board Member    | ✓   | ✓     | ✓     | ✓     |
| Tarek Sami Zeitoun                  | Board Member    | ✓   | ✓     | ✓     | ✓     |
| Abdulrahman bin Abdulaziz Al Misned | Board Member    | ✓   | ✓     | ✓     | ✓     |
| Mohammed bin Misfer Al-Malki        | Board Member    | ✓   | ✓     | ✓     | ✓     |
| Khalid bin Mohammed Fagih           | Board Member    | ✓   | ✓     | ✓     | ✓     |

## Committees of the Board of Directors

(5) committees have been formed to assist the Board of Directors in implementing and following up on all Board decisions, in coordination and cooperation with members of the Executive Management, and to submit periodic reports to the Board of Directors on the progress of the company's work. They have all commenced their work tasks for the current session in accordance with the regulations, policies and governance requirements. They are as follows:

### 01 Executive Committee

### 02 Audit Committee

### 03 Nominations and Remuneration Committee

### 04 Sharia Committee

### 05 Risk and Credit Management Committee

## 01 1. Executive Committee

The Executive Committee aims to assist the Board of Directors and the CEO in carrying out the activities and tasks assigned to it by the Board of Directors, to ensure the efficiency of the company's operations and it has the right to exercise all the powers granted to it.

#### Competencies and Responsibilities

- The Executive Committee assists the Board of Directors in performing the activities and functions delegated to it by the Board to streamline the operations of the Company.
- The Executive Committee assists the Board of Directors in determining the Company's main strategic objectives and investment strategies, which are approved by the Board of Directors.
- The Executive Committee reviews and approves all major investment decisions in line with the Company's approved strategies.
- The Committee reviews the new investment proposals and monitors their compliance with investment policies and procedures.

## Executive Committee Members

| Before committee reconstitution    |                    | After Committee reconstitution*    |                    |
|------------------------------------|--------------------|------------------------------------|--------------------|
| Name                               | Capacity           | Name                               | Capacity           |
| Abdullah bin Abdulrahman AlShilash | Committee Chairman | Ziad Naim El Chaar                 | Committee Chairman |
| Ghalib Jamal Jarar                 | Member             | Abdullah bin Abdulrahman AlShilash | Member             |
| Tarek Sami Zeitoun                 | Member             | Tarek Sami Zeitoun                 | Member             |
| Ziad Naim El Chaar*                | Member             | Josaf Malik Al-Korani              | Member             |

\*Approval of the Central Bank was obtained to appoint Mr. Ziyad Al-Sha'ar member to the Executive Committee on 04/05/2025G

\*approval of the Central Bank was obtained to reform the Executive Committee on 14/10/2025G and to appoint Mr. Ziyad Al-Sha'ar chairman to the committee in place of Mr. Abdullah AlShilash who became member to the committee. Mr. Josaf Malik Al-Korani also became a committee member in place of Mr. Ghalib Jarar

## Executive Committee Meetings

The Executive Committee held (6) meetings during the year 2025G, as shown in the following table:

| Name  | Membership         | Board of Directors Meeting Dates for 2025 |       |       |       |       |       |
|---|--------------------|---|-------|-------|-------|-------|-------|
|   |                    | 04/03                                     | 20/04 | 13/05 | 20/07 | 19/10 | 18/12 |
| Abdullah bin Abdulrahman bin Abdullah AlShilash   | Committee Chairman | ✓   | ✓     | ✓     | ✓     | ✓     | ✓     |
| Ghaleb Jamal Jarrar                               | Member             | ✓   | ✓     | -     | ✓     | ✓     | ✓     |
| Tarek Sami Zeitoun                                | Member             | ✓   | ✓     | ✓     | ✓     | ✓     | ✓     |
| After obtaining Non-Objection to appointment      |                    |   |       |       |       |       |       |
| Ziad Naim El Chaar*                               | Member             | -   | -     | ✓     | ✓     | -     | -     |
| After obtaining Non-Objection to reconstitution** |                    |   |       |       |       |       |       |
| Ziad Naim El Chaar                                | Committee Chairman | -   | -     | -     | -     | ✓     | ✓     |
| Abdullah bin Abdulrahman bin Abdullah AlShilash   | Member             | -   | -     | -     | -     | ✓     | ✓     |
| Tarek Sami Zeitoun                                | Member             | ✓   | ✓     | ✓     | ✓     | ✓     | ✓     |
| Josaf Malik Al-Korani                             | Member             | -   | -     | -     | -     | ✓     | ✓     |

\*Approval of the Central Bank was obtained to appoint Mr. Ziyad Al-Sha'ar member to the Executive Committee on 04/05/2025G

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## 02 Audit Committee

The Audit Committee aims to assist the Board of Directors in performing its oversight and governance responsibilities with respect to the integrity of the Company's financial statements, the effectiveness of the internal control system, the efficiency of risk management, and the competence and independence of the internal and external auditors. The Audit Committee shall consist of a minimum of three members, one of whom must be independent, and none of the members shall hold any executive position in the Company.

### Competences and Responsibilities

1. Reviewing the annual and quarterly financial statements in preparation for their approval by the Board of Directors.
2. Reviewing the accounting policies and procedures before their acceptance and implementation by the company.
3. Reviewing the annual performance of the external auditors and making recommendations to the Board of Directors regarding their appointment, reappointment or termination of their services.
4. Discussing with the external auditors any audit issues encountered in the normal course of audit work, including any limitations on the scope of the audit or access to information.
5. Reviewing the audit plan submitted by the external auditors before the commencement of the audit process.
6. Reviewing and approve the Compliance and Anti-Money Laundering and Terrorist Financing Management Plan and the Internal Audit Management Plan.
7. Supervising the Internal Audit and Compliance and Anti-Money Laundering and Terrorist Financing Management Departments.
8. Recommending to the Board of Directors the appointment of external auditors and internal and external consultants and determining their compensation and professional fees, in addition to determining the scope of their work and the duration of their assignment.

### Audit Committee Members

| Name                              | Capacity           |
|-----------------------------------|--------------------|
| Essam bin Abdulaziz Al- Segair    | Committee Chairman |
| Abdulkarim bin Abdulaziz Aldoaiji | Member             |
| Ghaleb Jamal Jarar                | Member             |

### Audit Committee Meetings

The Audit Committee shall meet at least four times a year. The dates of the meetings shall coincide after the issuance of the quarterly and annual financial statements and the external auditors' reports. Its meetings shall also be held prior to the Board of Directors' meetings.

| Name                              | Membership         | Audit Committee Meeting Dates for 2025 |       |       |       |
|-----------------------------------|--------------------|--|-------|-------|-------|
|                                   |                    | 19/02                                  | 22/04 | 22/07 | 21/10 |
| Essam bin Abdulaziz Al-Segair     | Committee Chairman | ✓                                      | ✓     | ✓     | ✓     |
| Abdulkarim bin Abdulaziz Aldoaiji | Member             | ✓                                      | ✓     | ✓     | ✓     |
| Ghalib Jamal Jarrar               | Member             | ✓                                      | ✓     | ✓     | ✓     |

As part of its supervisory role and responsibilities to ensure the appointment of an external auditor with the necessary competence and expertise to guarantee the quality and accuracy of the audit process, the Committee recommended the appointment of (KPMG) as the Company's external auditor for the fiscal year 2025 and the first quarter of 2026.

## 03 Nominations and Remuneration Committee

The Nominations and Remuneration Committee aims to make recommendations to the Board of Directors regarding the nomination of candidates for vacancies in the Board of Directors and its committees, as well as nominations for vacancies in executive roles, and to develop clear policies and mechanisms for remuneration and incentives for employees, members of the Board and its committees, and senior executives. The Nominations and Remuneration Committee shall consist of at least three members and no more than five members.

### Competences Responsibilities

1. Approving the incentive and payment plans for senior executives.
2. Approving the proposed human resources policies and procedures and any changes thereto.
3. Evaluating the CEO in accordance with the purposes and objectives set by the Board of Directors.
3. Reviewing the company's organizational structure and recommending it to the Board of Directors.
4. Recommending to the Board of Directors the level of compensation to be paid to the members of the Board of Directors, members of its committees, external members and the Executive Director.
5. Ensuring that the details of the company's financial compensation policy are disclosed in the annual report of the Board of Directors in accordance with the instructions of the Saudi Central Bank.
6. Reviewing and evaluating the structure of the Board of Directors and its committees, ensuring independence and making recommendations regarding the changes that can be made.
7. Annually reviewing the requirements for appropriate skills for membership of the Board of Directors and preparing a description of the capabilities and qualifications required for membership of the Board of Directors.

### Members of the Nominations and Remuneration Committee

At the beginning of the Board tenure

| Name                              | Capacity           |
|-----------------------------------|--------------------|
| Essam bin Abdulaziz Al- Segair    | Committee Chairman |
| Abdulkarim bin Abdulaziz Aldoaiji | Member             |
| Ghalib Jamal Jarrar               | Member             |

After the reconstitution

| Name                               | Capacity           |
|------------------------------------|--------------------|
| Mohamed bin Abdullah Al-Othaim     | Committee Chairman |
| Abdullah bin Abdurrahman AlShilash | Member             |
| Misha'l bin Mohamed Al-Kathiri     | Member             |

\* (Non-objection obtained from the Central Bank to reconstitute the Committee on 14/10/2025G)

### Nominations and Remuneration Committee meetings

| Name                              | Membership         | Nominations and Remuneration Committee Meeting Dates for 2025G (before Reconstitution) |                          |
|-----------------------------------|--------------------|--|--------------------------|
|                                   |                    | 26/06  |                          |
| Essam bin Abdulaziz Al-Segair     | Committee Chairman | ✓  | Committee reconstitution |
| Abdulkarim bin Abdulaziz Aldoaiji | Member             | ✓  |                          |
| Ghaleb Jamal Jarar                | Member             | ✓  |                          |

| Name                               | Membership         | Nominations and Remuneration Committee Meeting Dates for 2025G (after Reconstitution) |       |
|------------------------------------|--------------------|---|-------|
|                                    |                    |   | 29/12 |
| Mohamed bin Abdullah Al-Othaim     | Committee Chairman | Reconstitution  | ✓     |
| Abdullah bin Abdurrahman AlShilash | Member             |   | ✓     |
| Misha'l bin Mohamed Al-Kathiri     | Member             |   | ✓     |

# 04 Risk and Credit Management Committee

The Risk and Credit Management Committee develops and recommends to the Board of Directors oversight processes relating to the Company’s credit and risk management practices. It also oversees credit and risk policies, provides feedback on all policies, monitors the performance of the loan portfolio and reviews the risk management framework, including policies, procedures and practices applied within the Company to manage risks. The Risk and Credit Committee consists of at least three members and no more than five members.

## Responsibilities and roles

1. Supervising the risk reports submitted to the Saudi Central Bank on a quarterly basis.
2. Approving the company’s risk management framework.
3. Monitoring risks and discussing issues affecting the company’s exposure to risks and recommending them to the Board of Directors.
4. Reviewing the implementation of risk management strategies and business continuity strategies through the risk management framework and policies and procedures related to business continuity.
5. Reviewing and recommending to the Board of Directors approval of the risk measurement methodology to identify, analyze and assess risks within the company.
6. Reviewing risks and their impact on the company and verifying the existence of the necessary policies and controls to mitigate these risks.
7. Reviewing and evaluating the different types of risks and any changes to them including market risks, operational risks, credit risks, investment risks, liquidity risks and provide specific recommendations regarding capital management if necessary.

## Members of the Risk and Credit Management Committee

| Name                               | Capacity           |
|------------------------------------|--------------------|
| Anand Sudarshan Kumar Raheja       | Committee Chairman |
| Abdullah bin Abdulrahman AlShilash | Member             |
| Faisal Abdulaziz Al Fouzan         | Member             |

## Risk and Credit Management Committee Meetings

| Name   | Membership         | Risk and Credit Committee Meeting Dates for 2025 |       |       |       |
|--|--------------------|--|-------|-------|-------|
|  |                    | 10/02  | 21/04 | 21/07 | 20/10 |
| Anand Sudarshan Kumar Raheja                     | Committee Chairman | ✓  | ✓     | ✓     | ✓     |
| Abdullah bin Abdulrahman bin Abdullah AlShi-lash | Member             | ✓  | ✓     | ✓     | ✓     |
| Faisal Abdulaziz Al Fouzan                       | Member             | ✓  | ✓     | ✓     | ✓     |

## 05 Sharia Committee

It is an independent body of jurists specialized in Islamic financial transactions jurisprudence. Its existence aims to direct, monitor and supervise the company's activities and ensure their compliance with the provisions and principles of Islamic Sharia. The company's board of directors appoints the committee members upon nomination by the Remuneration and Nominations Committee, provided that their number is not less than two members who are specialized and knowledgeable in Sharia provisions in the field of financial transactions and does not exceed five members, after notifying the Saudi Central Bank.

### Committee competences

1. Approving the legal aspects of the Articles of Association, bylaws, regulations, forms and policies followed in the company's work and approving any amendments thereto.
2. Approving standard and non-standard agreements and contracts related to the financial transactions conducted by the company and participating in amending and developing the aforementioned forms when necessary.
3. Following up on the company's operations, reviewing its activities from a Sharia perspective during the periods determined in coordination with the company's management, and verifying that the transactions concluded were for products and contracts approved by the committee by regularly reviewing the practical steps and auditing the documents from a Sharia perspective to ensure that Sharia requirements are not violated. This review includes the issue of correction to repeat the process or settle obligations and rights in accordance with the provisions of Sharia.
4. Providing guidance and advice to employees concerned with implementing Islamic financial transactions to help them achieve compliance with the provisions and principles of Islamic Sharia.
5. Answering customers' questions and inquiries regarding the legality of some procedures or transactions.
6. Expressing the legal opinion on the company's financial statements during the specified periods in coordination between the committee and the management.
7. Ensuring that the distribution of profits and the allocation of losses were in accordance with the Sharia controls and standards.
8. Ensuring that the company's Zakat is calculated in accordance with the Sharia controls and standards.

### Members of the Sharia Committee

| Name                        | Capacity           |
|-----------------------------|--------------------|
| Mohammed Abdullah Bu Tayban | Committee Chairman |
| Mansour Ali Al-Qudah        | Member             |

### Sharia Committee meetings

The Sharia Committee shall hold periodic meetings as required by the Company's work needs, at least once every six months. It may hold emergency sessions if the interest of work so requires, at the request of the management, the Committee Chairman, or two of its members.

| Name                        | Membership         | Sharia Committee Meeting Dates for 2025G |       |
|-----------------------------|--------------------|--|-------|
|                             |                    | 27/03                                    | 30/06 |
| Mohammed Abdullah Bu Tayban | Committee Chairman | ✓  | ✓     |
| Mansour Ali Al-Qudah        | Member             | ✓  | ✓     |

## Biographies of the members of Board of Directors



### Abdullah bin Abdulrahman bin Abdullah AlShilash

#### Current Position:

- Chairman of the Board of Directors
- Member of the Executive Committee
- Member of the Risk and Credit Management Committee.
- Member of the Nomination and Remuneration Committee

#### Academic Qualifications:

- Master's – Columbia University, New York
- Master's in business administration – Thunderbird University.
- Bachelor's in finance – Arizona State University (USA).

#### Current and Previous Experience and Positions:

- Al Khair Capital Company – CEO.
- Abdullah Al Othaim Investment – Board Member.
- Dar Al Arkan Real Estate Development Company – Financial Analyst.



### Abdulkarim bin Abdulaziz bin Mohammed Aldoaji

#### Current Position:

- Deputy Chairman of the Board of Directors
- Member of the Audit Committee

#### Academic Qualifications:

- Master of Computer Science – West Coast University (USA).
- Bachelor of Computer Science – University of California (USA).

#### Current and Previous Experience and Positions:

- Al Khair Capital Saudi Arabia – Board Member.
- Capital Market Authority – Advisor.
- Investment Capital Company – CEO.
- Bank Al Bilad – CEO Advisor.
- Gulf International Bank – CEO Advisor.
- Dar Al Arkan Real Estate Company – Board Member.



### Abdulrahman bin Abdulaziz Al Misned

#### Current Position:

- Board Member

#### Academic Qualifications:

- Bachelor of Administrative Sciences (Accounting) – King Saud University (Saudi Arabia)

#### Current and Previous Experience and Positions:

- Al Khair Capital Company – Member of the Board of Directors.
- KPMG Al Fozan & Partners – Director of the Consulting Department.
- Alia Group – Head of Real Estate and Assets Department.
- Alia United Company – General Manager.
- Alia United Company – Project Manager.



### Khalid bin Mohammed Fagih

#### Current Position:

- Board Member

#### Academic Qualifications:

- Business Administration Course (Finance and Business) – Stanford University
- Leadership Course (Business Administration) – Harvard University
- Bachelor of Computer Science and Statistics – King Abdulaziz University

#### Current and Previous Experience and Positions:

- Red Sea International Company – CEO – Managing Director.
- Samba Financial Group – General Manager of Corporate Finance Group.
- Saudi Investment Bank – Corporate Finance Officer.
- Saudi United Bank – Corporate Finance Officer.
- Arab National Bank – Corporate Finance Officer.



## Mohammed bin Misfer Al-Malki

### Current Position:

- Board Member

### Current and Previous Experience and Positions:

- Madar Investment Company - CEO.
- Capital Market Authority - Director of Inspection.
- Kasb Financial Company - CEO.
- Najith for Financial Consulting - CEO.
- General Authority for Small and Medium Enterprises - Deputy Governor for Finance.
- Al Anson Trading Company – Member of the Board of Directors, Member of the Nominations and Audit Committee.
- Arab Sea Information Systems Company – Member of Audit Committee.
- Kafalah Program – Member of the Board of Directors, Member of Executive Committee, Chairman of the Audit Committee.
- Indirect Lending Initiative (Private Sector Stimulation) – Steering Committee Chairman and Credit Committee.
- Jada Company– Member of the Board of Directors.
- Zar Amwal Company – Member of the Board of Directors.
- Thakher Development Company – Member of the Board of Directors.
- Oil Parks Development Company – Member of Audit Committee.
- Riyadh Health Cluster 1 – Member of Internal Audit Committee.
- Yaqeen Capital Company – Member of the Board of Directors Investment Funds.
- Bayan Credit Information Company – Member of the Board of Directors, Member of Executive Committee.
- Saudi Bangladeshi Industrial and Agricultural Investment Company (SABINCO) – Member of the Board of Directors, Member of Executive Committee, Member of Internal Audit Committee.
- Saudi Real Estate Company – Member of the Board of Directors, Member of Nominations and Remuneration Committee.

### Academic Qualifications:

- Master of Business Administration - Alfaisal University



## Anand Sudarshan Raheja

### Current Position:

- Board Member
- Chairman of Risk and Credit Committee

### Current and Previous Experience and Positions:

- Dar Al Arkan Real Estate Development Company - CEO.
- Dar Al Arkan Real Estate Development Company - CFO.
- Faber Finance - Executive Director.

### Academic Qualifications:

- MBA (Finance) – New York University (USA)
- Bachelor of Commerce – University of Delhi (India)



## Tarek Sami Zeitoun

### Current Position:

- Board Member
- Member of the Executive Committee

### Current and Previous Experience and Positions:

- Wasalt Real Estate Services Company – Board Member.
- Themar Arabia Company – General Manager of Digital Solutions.
- Al-Baheth Al-Maaloumi Company – Executive Director.

### Academic Qualifications:

- Bachelor of Information Systems Engineering - University of Manchester (UK) - 2001.

# Biographies of Board Committee Members



## Essam Al-Segair

### Current Position:

- Chairman of the Audit Committee

### Current and Previous Experience and Positions:

- Afaq Food Company – Member of Audit Committee.
- Al-Babtain Power and Telecommunications Company – Member of Audit Committee and Board Member.
- Al-Soudah Development – Head of Governance, Risk and Compliance.
- Al-Ahlia Cooperative Insurance Company – Member of Audit Committee.
- Nama Chemicals Company – Board Member.
- King Abdullah Economic City (KAFD) – Acting Head of Risk Management.
- Kafala Program – Head of Risk Management.
- General Authority of Zakat and Income – Head of Risk Strategy.
- Bank Saudi Fransi – Head of Banking Audit Department.

### Academic Qualifications:

- Bachelor of Accounting - King Saud University - 2005.
- Master of Business Administration - Johnson & Wales University (USA) - 2010.



## Ghalib bin Jamal Jarrar

### Current Position:

- Member of Audit Committee

### Current and Previous Experience and Positions:

- Public Investment Fund Projects - Chief Financial Officer.
- Quara Holding Company - Chief Financial Officer.
- Dar Al Arkan Real Estate Company - Chief Financial Officer.
- Aljazira Capital Company - Senior Financial Manager.
- Sport Clubs Company - Accounts Manager.
- Al-Fanar Company - Accountant.
- National Electricity Company Jordan - Accountant.
- Atta Consulting and Tax Company, Jordan - Accountant.

### Academic Qualifications:

- MBA – Horizons University, France.
- Professional MBA – International Business Academy, London.
- Bachelor of Accounting – Al-Balqa Applied University, Jordan.



## Faisal bin Abdulaziz Al Fouzan

### Current Position:

- Member of the Risk and Credit Management Committee

### Current and Previous Experience and Positions:

- Saudi Data and Artificial Intelligence Authority (SDAIA) – Director of Cybersecurity, Abshir Platform
- National Information Center, Senior consultant in Compliance, Governance and Risk
- Elm Co., Deputy director for Governance, Compliance and Risk Department
- Naif Arab University for Security Sciences – Director of the Cybersecurity Department, Head of IT Security Department (Associate professor)
- Yamamah University – Associate Professor, IT and Network Security Department
- Riyadh Bank, Systems Engineer.

### Academic Qualifications:

- Bachelor of Computer Science – Hail University
- Master of Network Security – Glasgow Caledonia University (UK)
- PhD in Cybersecurity and Networks – Glasgow Caledonia University (UK)



## Mohamed bin Abdullah Al-Othaim

### Current Position:

- Chairman of Nomination and Remuneration Committee

### Current and Previous Experience and Positions:

- Chairman of the Board – Lidar Investment Company (2021 – Present).
- Board Member – Othaim Holding Company.
- Chairman of the Board of Managers – Radial Construction and Development Contracting Company.
- Board Member – Abdullah Al-Othaim & Sons Charity Foundation.
- CEO – Abdullah Al-Othaim Investment and Real Estate Development Company (2015 – 2021).
- Western Region Manager – Abdullah Al-Othaim Markets Company (2013 – 2015).

### Academic Qualifications:

- Bachelor's degree of business management, Cardiff Metropolitan University, UK, 2013G



## Misha'l Mohamed Al-Kathiri

### Current Position:

- Member of the Nominations and Remunerations Committee

### Current and Previous Experience and Positions:

- Board Member, Al-Kathiri Holding Co., 2017G to date.
- Board Member, Lynn Al Khair Trading Company (listed joint stock company), 2019G to date
- Board Member, Agricultural Platform Company (closed Saudi joint stock company), 2019G to date
- General Manager - Supply Support Limited (one person company), 2018G to date
- Board Member, Ilyan Industrial Company (listed joint stock company), 2021G to date
- Board Member, Taqadum International Telecom and IT, 2021G to date
- Board Member, Sukouk Al-Kathiri Est., 2021G to date.
- General Manager - Al-Bab Industrial Co., 2021G to date
- General Manager - Luxury Yacht Industrial Co., 2023G to date
- General Manager - Musandada Contracting Co., 2024 to date.
- General Manager - Traus Town Real Estate Co., 2024G to date
- General Manager - Saraya Addar Investment Co., 2025G to date

### Academic Qualifications:

- Bachelor of Naval and military Science - King Fahd Maritime College - Saudi Arabia - 2005G



## Mohammed bin Abdullah Bu Tayban

### Current Position:

- Chairman of the Sharia Committee

### Academic Qualifications:

- Bachelor's Degree in Sharia, Imam Muhammad bin Saud Islamic University.
- Master of Comparative Jurisprudence, Higher Institute of Magistracy
- PhD Comparative Jurisprudence, Higher Institute of Magistracy
- Fellowship of Legal Counsel, Scientific Judiciary Society.

### Current and Previous Experience and Positions:

- Rusou for Character Building, Vice President.
- Miteb bin Abdulaziz Al Saud Foundation, Partnerships Supervisor
- Chamber of Commerce, Chairman of Endowments Committee.
- Baqa Endowment Foundation, Executive Director.



## Mansour Ali Mohammed Al-Qudah

### Current Position:

- Member of the Sharia Committee

### Academic Qualifications:

- Bachelor of Jurisprudence and Islamic Studies, Yarmouk University
- Master of Islamic Economics, Yarmouk University
- Professional Diploma in Accounting and Auditing, Arab Academy for Financial and Banking Sciences (Jordan)
- PhD Economics and Islamic Banking, Yarmouk University

### Current and Previous Experience and Positions:

- Nizwa Bank, Muscat Sultanate of Oman, Sharia Department Manager, Internal Sharia Auditor.
- Al-inama Bank, Riyadh Saudi Arabia, Assistant Director of Sharia Group and Director of Policy and Procedures Control in the Sharia Department.
- Jordan Islamic Bank, Jordan, Dalla Al Baraka Banking.



## Ziad Naim El Chaar

### Current Position:

- Chairman of the Executive Committee

### Academic Qualifications:

- Bachelor's degree: Arts and Sciences, American University, Beirut 1990G
- Master's degree: Trade Science and Business Administration, American University, Beirut 1998G

### Current and Previous Experience and Positions:

- Deputy Chairman of the Board of Directors, Quara Holding, 2021 to date
- Board Member and Chief Executive Officer, Global House, London, 2021G to date
- Board Member, Sahel Finance Co., 2017G to date.
- Board Member and Chairman of the Board of Directors, Wasalet Real Estate Services Co, 2023G to date
- Board Member, Dar Al-Arkan Real Estate Development Co., 2025G to date.
- Board Member, Damac Properties, Emirates, 2005G-2017G
- Board Member and Chairman, Dar Al-Arkan Real Estate Development, 2017G-2019G
- Chief Executive Officer, Emaar Real Estate, UAE, 2018G-2019G



## Joseph Malak El Kourani

### Current Position:

- Member of the Executive Committee

### Academic Qualifications:

- Master of Business Administration, University of Northampton, UK 2020G
- Bachelor of Business Administration, University of Balamand, Lebanon, 1998G

### Current and Previous Experience and Positions:

- Chief Executive of the Commercial sector - Dar Al Arkan Real Estate Company, 2023G to date
- Head of Revenue - Madarat Development and Technology, 2020G-2023G
- General Manager of Sales, Dar Al Arkan Real Estate Development Company, 2018G-2020G
- Vice President of Sales, DAMAC Properties, 2012G-2017G
- Sales Manager - GGC Co., Met Life, 1997G-2012G

# Members of The Executive Management and Their Biographies

The Executive Management of Quara Finance includes Executive Directors as shown in the table below:



## Faisal bin Abdulrahman AL shaikh

### Current Position:

- 2022G to date: CEO of Quara Finance, a listed joint stock company operating in the finance sector.

### Previous Work Experience:

- 2020G-2022G: Head of Investment Banking, Mizuho Saudi Arabia Company, a public joint stock company operating in the financial sector.
- 2019G -2020G: Structured Finance Manager, Project Finance and Joint Loans at Al Rajhi Bank, a public joint stock company operating in the financial sector
- 2013G-2019G: Senior Transaction Officer, Structured Finance Department of the French Bank, a public shareholding company operating in the financial sector.
- 2012G -2013G: Director of Financial institutions relationship at Saudi British Bank, a public shareholding company operating in the financial sector.
- 2008G-2011G: Product Manager, SAB Takaful, a listed joint stock company operating in the financial sector.

### Academic Qualifications:

- 2007G: Bachelor's degree in Financial Management, King Saud University.



## Amrish Kumar Shah

### Current Position:

- 2020G to date: CFO of Quara Finance, a listed joint stock company operating in the finance sector.

### Previous Work Experience:

- 2020G -2020G: Executive Director of Finance at Thimar Al Arabiya Company, a limited liability company operating in the construction sector.
- 2018G -2020G: Executive Director of Finance and Director of Operations at Carvi Financial Services Limited in India, a limited liability company operating in financial services.
- 2007G -2018G: Executive Director of at Reliance for Commercial and Real Estate Finance in India, a public shareholding company operating in the finance sector.

### Academic Qualifications:

- 1999G: Institute of Certified Accountants of India.



## Mohammed Ahmed Al-Mutawakil

### Current Position:

- 2025G to date: Executive Operations Director, Quara Finance, a listed joint stock com-pany operating in the finance sector.

### Academic Qualifications:

- 2012G: Master of Science in Real Estate Management and Development, American University
- 2003G: Bachelor of Business Administration in Finance and International Business, George Washington University.

### Previous Work Experience:

- 2022G -2025G: Executive Operations Director, Dar Al-Arkan, a listed joint stock company operating in the estate sector.
- 2019G -2022G: Executive Director of Finance at Jeddah Urban Development Co., a limited liability company operating in the construction sector.
- 2018G -2019G: Head of Business Development and Investment, Jeddah Urban Development Co., a limited liability company operating in the real estate sector.
- 2015G -2018G: Head of Easy Housing , Red Sea Co., a listed joint stock company operating in the estate sector.



## Reem Tilal At-Tilal

### Current Position:

- 2024G to date: Head of Governance and Legal Affairs, Quara Finance, a listed joint stock company operating in the finance sector.

### Academic Qualifications:

- Bachelor's degree in Business Administration, Imam Muhammad Bin Saud Islamic University

### Previous Work Experience:

- 2024G: Director of Governance at Quara Finance
- 2024G: Director of Governance at Yaqeen capital
- 2022G: Director of Governance at Al-Amthel Finance
- 2020G: Director of Compliance, Anti-money Laundering and Terrorism Financing De-partment, Quara Finance
- 2018G: Branch Director, Allianz SFB
- 2018G: Financial Analyst at Allianz SFB



## Fahd Dheifallah Al-Mutairi

### Current Position:

- 2025G to date: Head of Cyber Security at Quara Finance.

### Academic Qualifications:

- 2017G: Bachelor's degree in computer Engineering, Qaseem University

### Previous Work Experience:

- 2024G to 2025G: Cybersecurity Director for governance, risk and compliance
- 2023G to 2024G: Governance, risk and compliance Supervisor, Acting Cybersecurity Director
- 2022G to 2023G: Cybersecurity officer for governance, risk and compliance
- 2018G to 2022G: Senior Cyber Security Officer at the Saudi Commission for Health Specialties
- 2017G to 2018G: Cyber security officer, Gulf Medical Company



## Nawaf Nasir Abdulaziz Al-Saleh

### Current Position:

- Head of Human Resources at Quara Finance Co., appointed on 27/02/2023G.

### Academic Qualifications:

- 2019G: Master of Human Resources and Organization Management, University of Nottingham.
- 2012G: Bachelor of Business Administration, King Saud University

### Previous Work Experience:

- 2012G - 2021G: Teaching assistant, King Saud University, a government institution operating in the educational sector.



## Musa Mohammed Al-A'so'us

### Current Position:

- 2023G to date: Head of Internal Audit, Quara Finance.

### Academic Qualifications:

- 2015: Bachelor's degree in Economics from Imam Mohammad Ibn Saud Islamic University.
- Certified Internal Auditor (CIA) Fellowship – The Institute of Internal Auditors (IIA), USA.

### Previous Work Experience:

- 2022G-2023G: Internal Audit Director, Food Development Company.
- 2021G-2022G: Senior Internal Auditor, General commission for the Guardianship of Trust Funds for Minors and their Counterparts
- 2020G-2021G: Senior Internal Auditor, Mediterranean and Gulf Insurance Company (MEDGLF).
- 2018G -2020G: Internal auditor, Fawaz al-Hokair Group.
- 2017G-2018G: The head of the Operations Department, Takaful Al-Rajhi.



## Turki Ali Ridhwan

### Current Position:

- Head of Sales and Business Development, Quara Finance Company (Acting), 2025G to date

### Academic Qualifications:

- 2023G: Master of Business Administration - Public Administration, USA, Fujairah
- 2022G: Mini MBA Program, General Management, International Institute of Business Administration
- 2018G: Bachelor's degree of Business Administration, Human Resources Management, King Saud University.

### Previous Work Experience:

- 2023G-2025G: Senior Business Development Officer, Quara Finance
- 2022G to 2023G: Business Development Officer, Amlak Company
- 2020G-2022G: Director of Corporate Relations, Arriyada Financial
- 2019G to 2020G: Sales Advisor, National Bank
- 2018G to 2019G: Virgin Megastore Sales Representative, Middle East and North Africa
- 2018G to 2018G: Collaborative training of human resources, the Ministry of higher Education
- 2016G to 2018G: Sales manager, Jarir Bookstore, (Part time)



### Yusuf Bin Mohammed At-Tassan

**Current Position:**

- Head of Operations Department, Quara Finance. 2025G to date:

**Academic Qualifications:**

- Diploma of Business Administration. 1998G.

**Previous Work Experience:**

- 2023G-2025G: Head of Collection Department, Quara Finance.
- 2020G-2023G: Head of Collection Department, Saudi Finance Co.
- 2016G -2020G: Head of collection, Arco Human Resources Co.
- 2008G-2015G: Head of collection, Riyadh Bank.
- 1999G -2008G: Credit Manager, Riyadh Bank.
- 1996G -1999G: Head of Applications, Riyadh Bank.
- 1991G -1995G: Credit Officer, Saudi American Bank.



### Dhai Sweihil Ad-Dosery

**Current Position:**

- 2025G to date: Head of Customer Care Unit, Quara Finance, closed joint stock company operating in the financial sector.

**Academic Qualifications:**

- 2019G: Bachelor in English and Translation, Princess Noura Bint Abdurrahman University

**Previous Work Experience:**

- Acting Director of Customer Care, Quara Finance, 2025G
- Assistant Director of Customer Care, Quara Finance, 2023G-2024G
- Customer Service Officer at the Call Centers, 2020G-2021G
- Translation Training, Abdullah Bin Abdulaziz University Hospital



### Anwar Mite'b Al-Murshed

**Current Position:**

- 2024G to date:: Chief Risk Officer, Quara Finance

**Academic Qualifications:**

- 2011G: Bachelor of English Language

**Previous Work Experience:**

- 2022G to 2024G: Head of Operations Risk, Quara Finance
- 2021G to 2022G: Vice President of Credit, Abu Dhabi First Bank
- 2021G to 2021G: Acting Director of Operations Risk, Deutsche Gulf Finance
- 2020G to 2021G: Director of Credit Support, Deutsche Gulf Finance
- 2017G-2019G: Director of Credit Risk, Deutsche Gulf Finance
- 2012G-2017G: Senior Credit Risk Analyst, Deutsche Gulf Finance



### Ryan Saeed Al-Qahtani

**Current Position:**

- 2025G: Head of Compliance and Anti-money Laundering, Quara Finance (Acting)
- Senior manager of the Department of Compliance and Anti-money Laundering, Quara Finance

**Academic Qualifications:**

- 2015G: Bachelor of Financial Management - King Fahd University of Petroleum and Minerals.

**Previous Work Experience:**

- 2024G - 2022G: Senior Inspector, Capital Market Authority
- 2019G-2022G: Superintendent of Banking, the Central Bank of Saudi Arabia
- 2015G-2019G: Bank Inspector, Central Bank of Saudi Arabia

## Waiver of interests

There are no arrangements or agreements under which any of the Board members, senior executives or shareholders of the Company waive any of their interests or rights to profits.

## The Audit Committee's opinion on the adequacy of internal and financial controls and risk-management.

The Audit Committee confirms that the executive management is fulfilling its responsibilities in designing, implementing, and maintaining an effective internal control system, including approved policies, procedures, and processes, under the supervision of the Committee and the approval of the Board of Directors, with the aim of achieving the company's strategic objectives and ensuring compliance with relevant regulatory and supervisory requirements.

The internal control system is designed in accordance with best practices recommended by regulatory and supervisory authorities. These systems are subject to periodic evaluation by the relevant departments, with continuous follow-up and oversight by the Audit Committee to verify their efficiency, effectiveness, and ability to achieve the intended objectives.

Based on the periodic reports issued by the Internal Audit Department, the Compliance and Anti-Money Laundering and Counter-Terrorist Financing Department, in addition to the external auditor's reports and the annual confirmations and disclosures submitted by executive management, the Committee affirms that the Company's internal control, financial control, and risk management systems operate efficiently and effectively, providing an appropriate level of reasonable assurance toward achieving control objectives and safeguarding the interests of the Company and its shareholders.

## Remunerations Distribution Policy

When determining and disbursing the remuneration of the Board of Directors and its committees, the Saudi Central Bank emphasizes adherence to the following controls:

### 01

Remuneration must be aligned with the long-term objectives of the financial institution, consistent with prevailing local practices, and in line with the approved risk policy.

### 02

Board members are not permitted to vote on the agenda item related to Board remuneration during the General Assembly meeting.

### 03

The Saudi Central Bank must be provided with a report on the total remuneration of the Board of Directors and its committees no later than the end of March each year.

## Statement of the Remunerations Granted to the Board Members and its committees for 2025G.

| Board Member / Committee            | Membership Type<br>Member of the Board / Committee<br>Executive / Non-executive / Independent  | Sessions Attendance Allowance<br>(Amount in SAR "000") | Lump Sum Amount<br>(Amount in SAR "000") | In-kind benefits<br>(Amount in SAR "000") | Percentage of profits<br>(Defined with total amount in SAR "000") | Share granted<br>(Defined with total amount in SAR "000") | Remuneration of the Board Chairman, Managing Director or the Secretary if he is a board member<br>(Amount in SAR "000") | Other<br>(Defined with total amount in SAR "000") | Total in SAR "000" |
|-------------------------------------|--|--|--|---|---|---|---|---|--------------------|
| Abdullah bin Abdurrahman AlShilash  | <ul style="list-style-type: none"> <li>Member of the Board of Directors</li> <li>Member of the Executive Committee</li> <li>Member of the Risk and Credit Management Committee</li> <li>Member of the Nomination and Remuneration Committee (Post-reconstitution)</li> </ul> | 0  | 0  | 0   | 0   | 0   | 0   | 0   | 0                  |
| Abdulkarim bin Abdulaziz Al-Duaiji  | <ul style="list-style-type: none"> <li>Vice Chairman of the Board</li> <li>Member of the Audit Committee</li> <li>Member of the Nomination and Remuneration Committee (Pre-reconstitution)</li> </ul>  | 0  | 0  | 0   | 0   | 0   | 0   | 0   | 0                  |
| Anand Sudarshan Kumar Raheja        | <ul style="list-style-type: none"> <li>Member of the Board of Directors</li> <li>Chairman of the Risk and Credit Management Committee</li> </ul>   | 0  | 0  | 0   | 0   | 0   | 0   | 0   | 0                  |
| Tarek Sami Zeiton                   | <ul style="list-style-type: none"> <li>Member of the Board of Directors</li> <li>Member of the Executive Committee</li> </ul>  | 0  | 0  | 0   | 0   | 0   | 0   | 0   | 0                  |
| Abdurrahman bin Abdulaziz Al-Masned | <ul style="list-style-type: none"> <li>Member of the Board of Directors</li> </ul>   | 8,000  | 50,000                                   | 0   | 0   | 0   | 0   | 0   | 58,000             |
| Mohamed bin Misfer Al-Malki         | <ul style="list-style-type: none"> <li>Member of the Board of Directors</li> </ul>   | 8,000  | 50,000                                   | 0   | 0   | 0   | 0   | 0   | 58,000             |
| Khalid Mohamed Khalil Fakeeh        | <ul style="list-style-type: none"> <li>Member of the Board of Directors</li> </ul>   | 8,000  | 50,000                                   | 0   | 0   | 0   | 0   | 0   | 58,000             |
| Ghalib Jamal Jarar                  | <ul style="list-style-type: none"> <li>Member of the Audit Committee</li> <li>Member of the Nomination and Remuneration Committee (Pre-reconstitution)</li> </ul>  | 22,000   | 55,000                                   | 0   | 0   | 0   | 0   | 0   | 77,000             |
| Esssam Al- Segair                   | <ul style="list-style-type: none"> <li>Chairman of the Audit Committee</li> <li>Chairman of the Nomination and Remuneration Committee (Pre-reconstitution)</li> </ul>  | 10,000   | 60,000                                   | 0   | 0   | 0   | 0   | 0   | 70,000             |
| Faisal Abdulaziz Al Fouzan          | Member of the Risk Management Committee  | 8,000  | 50,000                                   | 0   | 0   | 0   | 0   | 0   | 58,000             |
| Mohammed Abdullah Al-Othaim         | <ul style="list-style-type: none"> <li>Chairman of the Nomination and Remuneration Committee (Post-reconstitution)</li> </ul>  | 2,000  | 10,000                                   | 0   | 0   | 0   | 0   | 0   | 12,000             |
| Misha'l Mohamed Al-Kathiri          | <ul style="list-style-type: none"> <li>Member of the Nomination and Remuneration Committee (Post-reconstitution)</li> </ul>  | 2,000  | 10,000                                   | 0   | 0   | 0   | 0   | 0   | 12,000             |
| Ziad Naim El Chaar                  | <ul style="list-style-type: none"> <li>Chairman of the Executive Committee (Post-reconstitution)</li> </ul>  | 0  | 0  | 0   | 0   | 0   | 0   | 0   | 0                  |
| Josaf Malik Al-Korani               | <ul style="list-style-type: none"> <li>Member of the Executive Committee (Post-reconstitution)</li> </ul>  | 0  | 0  | 0   | 0   | 0   | 0   | 0   | 0                  |
| Total in SAR "000"                  |  | 68,000   | 335,000                                  | 0   | 0   | 0   | 0   | 0   | 403,000            |

### Statement of Remunerations and Compensation Paid to Senior Executives (Including the CEO and CFO)

| Fixed Remunerations |              |            |                  |              | Variable Remunerations |         |                           |                          |                        |              |                          |   |              |
|---------------------|--------------|------------|------------------|--------------|------------------------|---------|---------------------------|--------------------------|------------------------|--------------|--------------------------|---|--------------|
|                     | Salaries     | Allowances | In-kind Benefits | Total        | Periodic Bonuses       | Profits | Short-term Incentive Plan | Long-term Incentive Plan | Granted Shares (Value) | Total        | End-of-Service Provision | Total Executive Remunerations from the Board (if any) | Grand Total  |
| المجموع             | 5,329,560.00 | 0          | 0                | 5,329,560.00 | 0                      | 0       | 0                         | 0                        | 0                      | 5,329,560.00 | 0                        | 0   | 5,329,560.00 |

## Remunerations of the Sharia Committee Members:

It should also be noted that the Sharia Committee has its duties outsourced to an external party (Dar Al-Muraja'a, the Auditor), after obtaining approval from the Saudi Central Bank. Accordingly, the total remuneration, as stipulated in the executed contract, for the Committee members, the Committee Secretary, and the Custodian amounts to SAR 65,000.

## General Assembly and Shareholders Relationship

The Shareholders General Assembly held one meeting in 2025G which was an Ordinary General Assembly meeting as follows:

| Ordinary General Assembly Meeting Wednesday, June 4, 2025G |                     |                   |
|--|---------------------|-------------------|
| Board members attendees                                    | Position            | Attendance status |
| Abdullah bin Abdurrahman AlShilash                         | Board Chairman      | Present           |
| Abdulkareem bin Abdulaziz Al-Doaiji                        | Board Vice Chairman | Present           |
| Abdurrahman bin Abdulaziz Al-Masned                        | Director            | Present           |
| Mohamed bin Misfer Al-Malki                                | Director            | Present           |
| Tarek Sami Zeiton  | Director            | Present           |
| Khalid bin Mohamed Fakeeh                                  | Director            | Present           |
| Anand Sudarshan Raheja                                     | Director            | Present           |

| Ordinary General Assembly Meeting Wednesday, June 4, 2025G |                     |              |
|--|---------------------|--------------|
| Shareholders attendees                                     | Position            | Attendance % |
| Al-Mawarid Al-Uola Real Estate Co.                         | Senior Shareholders | 96,85550%    |
| Awaid Financial Co.  | Senior Shareholders |              |
| Nawaqees Trading Co.                                       | Senior Shareholders |              |
| Public Shareholders  | Public              |              |

## Dividend Distribution Policy

The distribution of dividends is subject to specific restrictions in accordance with applicable laws, regulations, and the company's Articles of Association. Furthermore, Article Twenty-Six (26) of the Implementing Regulations of the Finance Companies Control Law requires that a finance company obtain a no-objection letter from the Saudi Central Bank prior to approving, recommending, or announcing any dividend distribution or other forms of distribution, after ensuring that the following conditions have been met:

- 01 The distribution does not result in the capital adequacy or liquidity levels falling below the prescribed thresholds.
- 02 Total distribution in a financial year shall not exceed profits of the previous financial year.
- 03 Any other conditions stipulated by the Saudi Central Bank.

A shareholder is entitled to receive his share of dividends in accordance with Article Forty (40) of the Company's Articles of Association, which states that: A shareholder becomes entitled to his share of dividends pursuant to the resolution issued by the General Assembly in this regard, and the resolution shall specify the entitlement date and the distribution date. Dividend entitlement shall be for shareholders registered in the shareholders' register at the end of the entitlement date. The Board of Directors must implement the General Assembly's resolution concerning the distribution of dividends to shareholders.

## Statement of Shareholders Requests Register

| Number | Request Date  | Request Reasons      |
|--------|---------------|----------------------|
| 1      | 04- 06- 2025G | General Assembly     |
| 1      | 09- 12- 2025G | Corporate Procedures |

## Statement of Names, Number of Shares, and Ownership Percentages of Major Shareholders in the Company

| Shareholder                        | Nationality | Number of shares in 2025G | Ownership % |
|------------------------------------|-------------|---------------------------|-------------|
| Al-Mawarid Al-Uola Real Estate Co. | Saudi       | 9,116,667.                | 30.38%      |
| Awaid Financial Co.                | Saudi       | 9,116,667.                | 30.38%      |
| Nawaqees Trading Co.               | Saudi       | 9,116,667.                | 30.38%      |
| Eligible Shareholders              | -           | 2,650,000.                | 8.83.       |
| Total                              |             | 30,000,000.               | 100%        |

## Statement of the Company's transactions with related parties as per Article (71) of the Companies Law:

| Name | Date of Incorporation | Agreement Nature | Period | Amount |
|------|-----------------------|------------------|--------|--------|
| NA   | -                     | -                | --     | -      |

The company's shareholders and all their affiliated entities are classified as related parties. In the normal course of business, the company conducts transactions with related parties based on mutually agreed-upon pricing and contractual terms approved by the Company's management.

## Statement of violations and penalties imposed on the Company:

| Violation Subject   | 2024                        |                               | 2025                        |                               |
|---|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
|   | Total Financial fines (SAR) | Number of executive decisions | Total Financial fines (SAR) | Number of executive decisions |
| Non-compliance with supervisory and control instructions of the Central Bank  | 1                           | 75,000                        | 3                           | 367,500                       |
| Non-compliance with the Central Bank instructions regarding customers protection  | -                           | -                             | 1                           | 100,000                       |
| Violation of the Central Bank's instructions regarding the exercise of due diligence in combating money laundering and terrorist financing. | -                           | -                             | -                           | -                             |
| Violation of the Listing Rules and the Procedures for Suspending the Trading of Listed Securities issued by the Capital Market Authority.   | 2                           | -                             | -                           | -                             |
| Violation of the Rules on the Offering of Securities and Continuing Obligations issued by the Capital Market Authority.                     | 1                           | -                             | -                           | -                             |

## Statement of Violations and Actions Taken:

A number of observations were identified during the visit conducted in 2025G, and all necessary actions were taken into consideration, with the observations closed within the regulatory timeframes. The required measures have been established and implemented to ensure compliance and to prevent the recurrence of such violations in the future.

## Declarations of the Board of Directors in 2025G

**The members of the Board of Directors acknowledge that all resolutions and recommendations issued during the year 2025 were made within the powers granted to them and in compliance with the approved laws and regulations, as follows:**

- The accounting records were properly prepared.
- The financial statements were prepared in accordance with International Accounting Standards and the guidance of regulatory authorities, and the Board affirms that there are no material deviations from the accounting standards adopted by the Saudi Organization for Chartered and Professional Accountants.
- There are no reservations in the auditor's report regarding the annual financial statements.
- The internal control system was properly established and effectively implemented.
- There is no doubt regarding the company's ability to continue its operations.
- There are no arrangements or agreements under which any shareholder has waived any rights to dividends.
- There are no arrangements or agreements under which any Board member or senior executive has waived any remuneration.
- There is no conflict between the recommendations of the Audit Committee and the resolutions of the Board of Directors regarding the appointment or dismissal of the company's external auditor, determination of their fees, evaluation of their performance, or the appointment of the internal auditor.
- The Board of Directors confirms that there were no business dealings or contracts in which the company was a party and in which any Board member, senior executive (including the CEO and CFO), or any person related to any of them had a direct or indirect material interest during the financial year ended 2025G.



[quarafinance.com](http://quarafinance.com)

# Audit Committee Report for 2025





QUARA  
FINANCE

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ







## Introduction

The Audit Committee of Quara Finance is pleased to present its annual report to the esteemed shareholders for the fiscal year ended December 31, 2025. This report reflects the committee's supervisory role and responsibilities as outlined in the Corporate Governance Regulation and the company's Articles of Association. The report provides an overview of the committee's performance during the year, detailing the activities and tasks undertaken within its mandate, including monitoring compliance with control regulations, overseeing internal control mechanisms, and contributing to enhancing governance and transparency within the company.

In accordance with Article 25 of the company's Articles of Association, which stipulates that the committee shall “ prepare a report on its opinion regarding the adequacy of the company's internal control system and on other tasks within its scope of responsibilities ” the committee has reviewed and assessed the adequacy and effectiveness of the internal control, financial systems. It has also monitored the company's adherence to the approved controls and policies. Additionally, the committee reviewed the financial reports to ensure their accuracy and integrity in compliance with the applicable standards and regulatory requirements, verifying their alignment with best professional practices, thereby contributing to the necessary protection of shareholders' rights and strengthening the company's oversight performance.

## Key Jurisdiction of the Committee:

- Reviewing the company's quarterly and annual financial statements before presenting them to the Board of Directors, providing an opinion, and making recommendations to ensure the application of principles of integrity and fairness.
- Evaluating the efficiency and effectiveness of the internal control systems, ensuring the existence of appropriate mechanisms to mitigate operational and financial risks, and verifying the company's adherence to approved policies and procedures.
- Thoroughly investigating any issues raised by the company's CFO, the person assuming their duties, the compliance officer, or the external auditor.
- Studying the accounting policies adopted by the company and providing opinions and recommendations to the Board of Directors regarding them.
- Studying and reviewing the company's internal and financial control systems procedures.
- Reviewing internal audit reports and monitoring the implementation of corrective actions on the observations made within them.
- Recommending to the Board of Directors the nomination, dismissal, and remuneration of external auditors, as well as evaluating their performance after ensuring their independence and reviewing the scope of their work and the terms of their engagement.
- Reviewing the results of regulatory reports and verifying that the company has taken the necessary actions in response to them

## Committee Members

- Essam Abdulaziz Al Segair – Chairman.
- Ghaleb Jamal Jarrar – Member
- Abdulkarim Abdulaziz AlDoaiji– Member

## Key Tasks and Activities of the Committee for 2025

During the year 2025, the Audit Committee held four meetings to fits duties and responsibilities. The first two meetings were attended by the committee members as per the pervious composition, while the subsequent three meetings were attended by the committee members in the current composition, as detailed in the table below:

| Audit Committee Meeting Dates for 2025 |                     |            |       |       |       |       |
|--|---------------------|------------|-------|-------|-------|-------|
| #                                      | Name                | Membership | 02/19 | 04/22 | 07/22 | 10/21 |
| 1                                      | Essam Al Segair     | Chairman   | ☑     | ☑     | ☑     | ☑     |
| 2                                      | Ghaleb Jarrar       | Member     | ☑     | ☑     | ☑     | ☑     |
| 3                                      | Abdulkarim AlDoaiji | Member     | ☑     | ☑     | ☑     | ☑     |

## Topics Discussed During the Committee Meetings:

### **Finance:**

The Committee has reviewed the quarterly and annual financial statements with the company's external auditor and discussed the most significant elements of the financial statements relevant to the company. The auditor expressed an opinion stating that the financial statements present fairly, in all material respects, the company's financial position, financial performance, and cash flows in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia.

Additionally, the Committee researched and discussed matters raised with the external auditor and the CFO. The auditor confirmed the verification of accounting estimates regarding material matters included in the financial statements. Consequently, the Committee ensured their accuracy and compliance with disclosure requirements and the accounting standards adopted in preparing the financial statements. The Committee subsequently provided its opinion and recommendations regarding these matters to the Board.

### **Compliance:**

The committee reviewed the quarterly and annual reports submitted by the Compliance and Anti-Money Laundering and Counter-Terrorism Financing Department, along with discussing the results of the supervisory visits conducted by the department to various company divisions. The committee emphasized its full commitment to monitoring the identified observations, providing the necessary guidance to ensure their resolution and closure within the recommended timeframe.

Additionally, the committee approved the reports submitted by the Compliance Department, as well as the annual work plan for the department, reaffirming its commitment to strengthening an effective oversight environment.

### **Internal Auditors:**

As part of its supervisory role, the committee discussed the key observations in the internal audit reports, along with reviewing the periodic and annual reports submitted by the Internal Audit Department, aiming to enhance the effectiveness of internal control procedures and improve their mechanisms. The committee also discussed the work plan to address the identified observations and reviewed a summary of the Saudi Central Bank's observations to ensure their resolution.

Additionally, the committee considered the opinion of the Head of the Internal Audit Department regarding the results of the internal control activities. The committee provided its opinion on these results and submitted recommendations to the Board of Directors. Furthermore, the committee approved the reports submitted by the Internal Audit Department and adopted the department's annual work plan for 2026.

## The Committee's Opinion on the Adequacy of the Company's Internal Control, Financial, Systems

The committee confirms that the executive management assumes its responsibilities in establishing, implementing, and ensuring the ongoing effectiveness of the internal control system, which encompasses all policies, procedures, and processes developed under the committee's supervision and approved by the Board of Directors. The objective is to achieve the company's strategic goals while ensuring compliance with regulatory and supervisory requirements. The internal control system is establishing in accordance with best practices recommended by regulatory and supervisory authorities, and it is evaluated by the relevant departments, with oversight and monitoring by the committee, to ensure its goals, efficiency, and effectiveness are met.

Based on the periodic reports issued by the Internal Audit Department and the Compliance and AML & CTF Department, in addition to the external auditor's reports and the annual assurances and disclosures provided by executive management, the committee confirms that the company's internal, financial, systems are operating efficiently and effectively, providing an adequate level of assurance to achieve the control objectives and protect the company's interests and those of its shareholders.

## Committee Recommendations and Approvals

As part of its supervisory role and responsibilities to ensure the appointment of an external auditor who possesses the necessary competence and experience to guarantee the quality and accuracy of audit processes, the Committee has recommended the appointment of (KPMG) as the company's auditor for the fiscal year 2025 and the first quarter of 2026. Furthermore, the Committee will submit a recommendation for the appointment of an external auditor for the current fiscal year 2026.

The committee also recommended the policies and procedures of the regulatory departments, including the Compliance and Internal Audit Departments.

Furthermore, the committee approved the work plans for the Internal Audit Department and the Compliance Department for the year 2026.



Board of Directors Resolution of Quara Finance Co
(By Circulation)
No. (08/47/2026) Dated 05/03/2026

We the undersigned in our capacity as members of the Board of Directors of Quara Finance Co, a Saudi joint stock Co registered under Commercial Registration No. (1010262141) issued in Riyadh on 09/02/1430H, and licensed by Saudi Central Bank under License No. (45/A S/201605) Dated 02/08/1437H, and pursuant to the delegated authority granted to us under the applicable laws, regulations, and rules governing the convening and decision-making of the Board of Directors.

After the Board of Directors reviewed the Governance recommendation dated 5 March 2026, regarding the approval of Board Annual Report for 2025, **the Board of Directors has formally approved and ratified them.**

قرار مجلس إدارة شركة كوآرا للتمويل (بالتعمير)
رقم (08/47/2026) وتاريخ 2026/03/05

نحن الموقعون أدناه بصفتنا أعضاء مجلس الإدارة في شركة كوآرا للتمويل، شركة سعودية مساهمة بموجب السجل التجاري رقم (1010262141) الصادر في مدينة الرياض بتاريخ 09/02/1430هـ، ومرخصة من البنك المركزي السعودي بموجب الترخيص رقم (45/أ ش/201605) بتاريخ 02/08/1437هـ، وبموجب الصلاحيات الممنوحة لنا وفق الأنظمة واللوائح والقواعد المتبعة لعقد اجتماعات مجلس الإدارة واتخاذ القرارات فيه.

وبعد اطلاع مجلس الإدارة على توصية الحوكمة بتاريخ 05 مارس 2026م، بشأن الموافقة على تقرير مجلس الإدارة السنوي لعام 2025م، عليه تمت الموافقة والاعتماد.

## توقيع السادة أعضاء مجلس الإدارة

| التوقيع   | الصفة                  | الأعضاء                          |   |
|---|------------------------|----------------------------------|---|
| قرار مجلس الإدارة (08/47/2026)  |                        |                                  |   |
|    | رئيس مجلس الإدارة      | عبد الله بن عبد الرحمن الشلاش    | 1 |
|    | نائب رئيس مجلس الإدارة | عبد الكريم بن عبد العزيز الدعيجي | 2 |
|   | عضو                    | عبد الرحمن بن عبد العزيز المسند  | 3 |
|  | عضو                    | محمد بن مسفر المالكي             | 4 |
|  | عضو                    | خالد محمد فقيه                   | 5 |
|  | Member                 | Anand Sudarshan Raheja           | 6 |
|   | عضو                    | طارق سامي زيتون                  | 7 |

## No 2

**Voting on the Auditor's Report  
for the fiscal year ended 31  
December 2025, after  
discussing it.**

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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| Statement of income and other comprehensive income | 7           |
| Statement of changes in shareholders' equity       | 8           |
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## KPMG Professional Services Company

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

Headquarters in Riyadh

## شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

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

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Shareholders of Quara Finance Company

## Opinion

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

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

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, as applicable to the audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



# Independent Auditor's Report

To the Shareholders of Quara Finance Company (continued)

| Key Audit Matter (continued)   |   |
|--|---|
| Key audit matter   | How the matter was addressed in our audit   |
| <p><b>Expected credit loss allowance against Murabaha receivables</b></p> <p>As at 31 December 2025, the Murabaha receivables before impairment were SR 855 million, against which an expected credit loss ("ECL") allowance of SR 53.8 million was maintained.</p> <p>We considered this as a key audit matter, as the determination of the ECL involves significant estimation and management judgement, and this has a material impact on the financial statements of the Company. The key areas of judgement include:</p> <p>1. Categorisation of Murabaha receivables into Stages 1, 2 and 3 based on the identification of:</p> <p>a) exposures with a significant increase in credit risk ("SICR") since their origination; and<br/>b) impaired / default exposures.</p> <p>2. Assumptions used in the ECL model for determining probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") including, but not limited to assessment of expected future cash flows and developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probability weightages.</p> <p>Application of these judgements and estimates have given rise to greater estimation uncertainty and the associated audit risk around the ECL calculations as at 31 December 2025.</p> <p><i>Refer to the summary of material accounting policies note 3.15 for impairment of financial assets; note 4 which contains the disclosure of critical accounting estimates and judgements relating to impairment losses on Murabaha receivables and the impairment assessment methodology used by the Company; note 6 which contains the disclosure of impairment against Murabaha receivables; and note 21 (i) which contains the credit quality analysis and key assumptions and factors considered in determination of the ECL.</i></p> | <p>In this area our audit procedures included:</p> <ul style="list-style-type: none"> <li>▪ We obtained and updated our understanding of management's assessment of the ECL allowance against Murabaha receivables, including the relevant accounting policy and model methodology, as well as any key changes during the year.</li> <li>▪ We compared the Company's accounting policy for the ECL allowance and the ECL methodology with the requirements of IFRS 9.</li> <li>▪ We assessed the design and implementation and tested the operating effectiveness of key controls over: <ul style="list-style-type: none"> <li>• the ECL model, including governance over the model, and any model updates performed during the period, including approval of the respective oversight committee of key inputs, assumptions and post model adjustments;</li> <li>• the classification of borrowers into various stages and timely identification of SICR and the determination of default / impaired exposures; and</li> <li>• the integrity of data inputs used in the ECL model.</li> </ul> </li> <li>▪ For a sample of customers, we assessed: <ul style="list-style-type: none"> <li>• the appropriateness of staging as identified by management;</li> <li>• the internal ratings determined by management based on the Company's internal rating model and considered these assigned ratings in light of Company's ECL methodology and available industry information. We also assessed that these were consistent with the ratings used as input in the ECL model; and</li> <li>• management's computation of the ECL.</li> </ul> </li> <li>▪ We assessed the appropriateness of the Company's criteria for the determination of SICR and identification of "default" or "impaired exposures"; and their classification into stages. Furthermore, for a sample of exposures, we assessed the appropriateness of the staging classification of the Company's financing portfolio.</li> <li>▪ We assessed the reasonableness of underlying assumptions used by the Company in the ECL model including forward looking assumptions.</li> <li>▪ We tested the completeness and accuracy of data supporting the ECL calculations as at 31 December 2025 by checking reconciliations and sample testing of key data inputs.</li> </ul> |



# Independent Auditor's Report

To the Shareholders of Quara Finance Company (continued)

| Key Audit Matter (continued) |   |
|------------------------------|---|
| Key audit matter             | How the matter was addressed in our audit   |
|                              | <ul style="list-style-type: none"><li>▪ Where required, we involved our specialists to assess the ECL model calculations, evaluating inter-related inputs (including PDs, LGDs and EADs) and assessing the reasonableness of assumptions used in the ECL model particularly around macroeconomic variables, forecasted macroeconomic scenarios and probability weightages.</li><li>▪ We assessed the adequacy of disclosures in the financial statements.</li></ul> |

## Other matter – Comparative information

The financial statements of the Company as at and for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 04 March 2025.

## Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



# Independent Auditor's Report

To the Shareholders of Quara Finance Company (continued)

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, and the Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e., the Board of Directors and the Audit Committee, are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



# Independent Auditor's Report

To the Shareholders of Quara Finance Company (continued)

## Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Quara Finance Company ("the Company").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### KPMG Professional Services Company

**Saleh Mohammed S Mostafa**  
License No: 524



Riyadh: 08 Ramadan 1447 H  
Corresponding to 25 February 2026

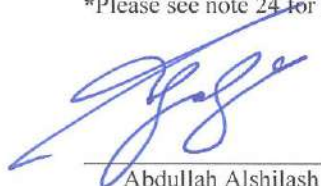
Public

QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2025

|   | Notes | 31 December 2025   | 31 December 2024*  |
|---|-------|--------------------|--------------------|
| <b>Assets</b>                                     |       |                    |                    |
| Cash and cash equivalents                         | 5     | 151,772,796        | 64,818,672         |
| Murabaha receivables, net                         | 6     | 801,803,537        | 771,654,615        |
| Prepayments and other receivables                 | 7     | 28,730,156         | 22,478,818         |
| Property and equipment, net                       | 8     | 2,165,607          | 4,314,589          |
| Intangibles                                       | 9     | 13,986,557         | 11,167,110         |
| <b>Total assets</b>                               |       | <b>998,458,653</b> | <b>874,433,804</b> |
| <b>Liabilities and shareholders' equity</b>       |       |                    |                    |
| <b>Liabilities</b>                                |       |                    |                    |
| Term loans  | 10    | 413,320,976        | 288,298,037        |
| Loan from a related party                         | 11    | 89,066,274         | 81,186,517         |
| Accrued and other liabilities                     | 12    | 24,301,706         | 32,672,431         |
| Provision for zakat                               | 13    | 2,358,803          | 11,272,234         |
| Employees' termination benefits                   | 14    | 2,161,200          | 1,753,200          |
| <b>Total liabilities</b>                          |       | <b>531,208,959</b> | <b>415,182,419</b> |
| <b>Shareholders' equity</b>                       |       |                    |                    |
| Share capital                                     | 15    | 300,000,000        | 300,000,000        |
| Statutory reserve                                 | 16    | 12,542,513         | 12,542,513         |
| Retained earnings                                 |       | 120,361,837        | 112,363,528        |
| Equity contribution on related party loan         | 11    | 34,345,344         | 34,345,344         |
| <b>Total shareholders' equity</b>                 |       | <b>467,249,694</b> | <b>459,251,385</b> |
| <b>Total liabilities and shareholders' equity</b> |       | <b>998,458,653</b> | <b>874,433,804</b> |

The notes from 1 to 26 form an integral part of these financial statements.

\*Please see note 24 for details.



Abdullah Alshilash  
Chairman



Faisal Al Alshaikh  
Chief Executive Officer



Amrishi Shah  
Chief Financial Officer

**QUARA FINANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

|  | Notes | 2025              | 2024*             |
|--|-------|-------------------|-------------------|
| Murabaha income  |       | 259,323,027       | 187,347,928       |
| Finance income   |       | 2,004,957         | 1,160,623         |
| Financial charges  | 10    | (36,751,753)      | (15,218,140)      |
|  |       | 224,576,231       | 173,290,411       |
| General and administrative expenses                          | 18    | (96,440,903)      | (60,305,076)      |
| Provision for expected credit losses                         | 6.8   | (87,300,232)      | (28,265,511)      |
| Salaries and employee related expenses                       |       | (33,943,523)      | (35,985,813)      |
| Other income   |       | 3,254,820         | 4,185,654         |
| <b>Net income for the year before zakat</b>                  |       | <b>10,146,393</b> | <b>52,919,665</b> |
| Zakat charge   | 13    | (2,029,279)       | (9,673,279)       |
| <b>Net income for the year after zakat</b>                   |       | <b>8,117,114</b>  | <b>43,246,386</b> |
| <b>Other comprehensive income</b>                            |       |                   |                   |
| <i>Items that will not be reclassified to profit or loss</i> |       |                   |                   |
| Remeasurement loss on employees' termination benefits        |       | (118,805)         | -                 |
| <b>Total comprehensive income</b>                            |       | <b>7,998,309</b>  | <b>43,246,386</b> |
| <b>Basic and Diluted Earnings per share</b>                  |       | <b>0.27</b>       | <b>1.44</b>       |
| Weighted average number of shares                            | 15    | <b>30,000,000</b> | 30,000,000        |

The notes from 1 to 26 form an integral part of these financial statements.

\*Please see note 24 for details.



Abdullah Alshilash  
Chairman



Faisal Al Alshaikh  
Chief Executive Officer



Amrish Shah  
Chief Financial Officer

Public

QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2025

|  | Notes | Share capital      | Statutory reserve | Retained earnings  | Equity contribution on related party loan | Total              |
|--|-------|--------------------|-------------------|--------------------|---|--------------------|
| <b>1 January 2025</b>                            |       | 300,000,000        | 12,542,513        | 112,363,528        | 34,345,344                                | 459,251,385        |
| <b>Comprehensive income:</b>                     |       |                    |                   |                    |   |                    |
| Net income for the year after zakat              |       | -                  | -                 | 8,117,114          | -   | 8,117,114          |
| <b>Other comprehensive income</b>                |       |                    |                   |                    |   |                    |
| Remeasurement of defined benefit liability       | 14    | -                  | -                 | (118,805)          | -   | (118,805)          |
| <b>Total comprehensive income for the year</b>   |       |                    |                   | <b>7,998,309</b>   |   | <b>7,998,309</b>   |
| <b>31 December 2025</b>                          |       | <b>300,000,000</b> | <b>12,542,513</b> | <b>120,361,837</b> | <b>34,345,344</b>                         | <b>467,249,694</b> |
| <b>1 January 2024</b>                            |       | 300,000,000        | 12,542,513        | 69,117,142         | 10,862,676                                | 392,522,331        |
| <b>Comprehensive income:</b>                     |       |                    |                   |                    |   |                    |
| Net income for the year after zakat              |       | -                  | -                 | 43,246,386         | -   | 43,246,386         |
| <b>Other comprehensive income</b>                |       |                    |                   |                    |   |                    |
| Total comprehensive income for the year          |       | -                  | -                 | 43,246,386         | -   | 43,246,386         |
| <b>Equity contribution on related party loan</b> |       |                    |                   |                    |   |                    |
| 31 December 2024                                 | 11    | -                  | -                 | -                  | 23,482,668                                | 23,482,668         |
|  |       | 300,000,000        | 12,542,513        | 112,363,528        | 34,345,344                                | 459,251,385        |

The notes from 1 to 26 form an integral part of these financial statements.

  
Abdulrah Alshilash  
Chairman

  
Faisal Al Alshaikh  
Chief Executive Officer


  
Amrisha Shah  
Chief Financial Officer

Public


QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2025

|   | Notes | 2025                | 2024                |
|---|-------|---------------------|---------------------|
| <b>Cash flow from operating activities</b>              |       |                     |                     |
| Net income for the year before zakat                    |       | 10,146,393          | 52,919,665          |
| <b>Adjustments for non-cash items:</b>                  |       |                     |                     |
| Depreciation and amortisation                           | 8 & 9 | 4,108,025           | 4,041,797           |
| Financial charges                                       |       | 36,751,753          | 15,218,140          |
| Provision for expected credit losses                    | 6.8   | 101,707,087         | 46,942,886          |
| Provision for employees' termination benefits           | 14    | 710,636             | 193,340             |
| Loss on sale repossessed assets                         |       | -                   | 142,785             |
| <b>Changes in working capital</b>                       |       |                     |                     |
| Murabaha receivables, net                               |       | (131,856,010)       | (114,496,470)       |
| Prepayments and other receivables                       |       | (5,697,118)         | (20,572,369)        |
| Accrued and other liabilities                           |       | (8,370,724)         | (123,505)           |
| Zakat paid  | 13    | (10,942,710)        | (11,231,925)        |
| Employees' termination benefits paid                    | 14    | (421,441)           | (159,240)           |
| Financial charges paid                                  | 10    | (28,380,358)        | (8,148,726)         |
| <b>Net cash used in operating activities</b>            |       | <b>(32,244,467)</b> | <b>(35,273,622)</b> |
| <b>Cash flow from investing activities</b>              |       |                     |                     |
| Purchase of property and equipment and intangibles      | 8 & 9 | (4,778,490)         | (6,728,448)         |
| Proceeds from sale of repossessed assets                |       | -                   | 1,500,000           |
| <b>Net cash used in investing activities</b>            |       | <b>(4,778,490)</b>  | <b>(5,228,448)</b>  |
| <b>Cash flow from financing activities</b>              |       |                     |                     |
| Proceeds from loans                                     | 10    | 362,632,738         | 188,000,000         |
| Payment of term loans                                   | 10    | (238,655,657)       | (124,488,487)       |
| <b>Net cash generated from financing activities</b>     |       | <b>123,977,081</b>  | <b>63,511,513</b>   |
| <b>Net cash and cash equivalents</b>                    |       | <b>86,954,124</b>   | <b>23,009,443</b>   |
| Cash and cash equivalents at the beginning of the year  | 5     | 64,818,672          | 41,809,229          |
| <b>Cash and cash equivalents at the end of the year</b> | 5     | <b>151,772,796</b>  | <b>64,818,672</b>   |
| <b>Murabaha income received during the year</b>         |       | <b>274,655,447</b>  | <b>192,778,449</b>  |

The notes from 1 to 26 form an integral part of these financial statements.

  
Abdullah Alshilash  
Chairman

  
Faisal Al Alshaikh  
Chief Executive Officer

  
Amrishi Shah  
Chief Financial Officer

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**1 GENERAL INFORMATION**

Quara Finance Company (the "Company") is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under commercial registration number 1010262141 issued in Riyadh on 9 Safar 1430H (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 8246, Riyadh 12622  
Kingdom of Saudi Arabia

**2 BASIS OF PREPARATION**

**2.1 Statement of Compliance**

These financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and in compliance with the applicable requirements of the Regulations for Companies and the Company's By-laws.

**2.2 Basis of measurement and presentation**

These financial statements have been prepared on a going concern basis under the historical cost convention except for the measurement at fair value of defined benefit obligations.

The statement of financial position is stated in order of liquidity.

**2.3 Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('Saudi Riyals' ("SR")). The financial statements are presented in SR, which is the Company's functional and presentation currency.

**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES**

The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2024. Based on the adoption of new standard and in consideration of current economic environment, the following accounting policies are applicable effective 1 January 2025 replacing, amending, or adding to the corresponding accounting policies set out in 2024 annual financial statements.

**3.1 Adoption of new standards and amendments**

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB), have been effective from 1 January 2025 and accordingly adopted by the Company. The Company has assessed that the amendments have no significant impact on the Company's financial statements, as applicable:

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTNUED)**

a) *New standards, interpretations and amendments thereof, adopted by the Company:*

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

The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting the standard.

b) *Standards issued but not yet effective:*

Standards issued but not yet effective up to the date of issuance of the Company's annual financial statements are listed below. The Company intends to adopt these standards when they become effective and these standards will not have any material impact on the financial statements of the company.

| <b>Standard /<br/>interpretation</b>  | <b>Description</b>   | <b>Effective from<br/>periods beginning<br/>on or after</b> |
|---|--|---|
| Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.  | Effective date deferred indefinitely                        |
| Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures                                | Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.<br><br>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.   |

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTIUED)**

**3.1 Adoption of new standards and amendments: (continued)**

b) *Standards issued but not yet effective:*

| <b>Standard /<br/>interpretation</b>   | <b>Description</b>  | <b>Effective from<br/>periods beginning<br/>on or after</b> |
|--|---|---|
| IFRS 18,<br>Presentation and<br>Disclosure in<br>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,<br>Subsidiaries without<br>Public<br>Accountability:<br>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  |

**3.2 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Company to manage its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

**3.3 Murabaha receivables, net**

Murabaha receivables originated by the Company, are initially recognized at fair value including transaction costs when cash is advanced to customers. Subsequently, these financial assets are measured at amortized cost. For presentation purposes, the unearned finance income and provision for impairment are deducted from gross receivables.

**3.4 Property and equipment**

Property and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

If significant parts of an items of property and equipment have different useful lives, then they are accounted for as separate items of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized within other income or general and administrative expenses in the statement of income and other comprehensive income.

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTIUED)**

**3.4 Property and equipment (continued)**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are expensed to the statement of income and other comprehensive income as incurred.

Depreciation is calculated using the straight-line method to allocate their cost less their estimated residual values under the straight line method over their estimated useful lives and is recognized in the statement of income and other comprehensive income. The estimated useful life of the assets are as follows:

|                                  | <u>Number of years</u>                                     |
|----------------------------------|--|
| Vehicles                         | 5 years  |
| Furniture and fixtures           | 5 years  |
| Information technology equipment | 5 years  |
| Leasehold improvements           | 4 - 5 years or over the lease term<br>whichever is shorter |

**3.5 Intangible assets and capital work in progress**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the statement of income and other comprehensive income as it is incurred.

Intangible assets are amortized on a straight line basis over its estimated useful life from the date when it is available for use. The estimate useful life for the intangible assets for the current and the comparative year is 5 years.

Capital work in progress (CWIP) includes costs incurred mainly for the development, enhancement and upgrades of the Company's core systems, including the addition of new features, and the development of new applications and software technology platforms.

Expenditure on internally developed assets is recognized as an asset only when the Company is able to demonstrate that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and that it can reliably measure the costs to complete the development.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it is incurred.

**3.6 Provisions**

Provisions are recognized when the Company has an present obligation (legal or constructive) arising from past events, and the costs to settle the obligation are both probable and may be measured reliably. Provisions are not recognized for future operating losses. Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

**3.7 Contingencies**

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

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.8 Employees' termination benefits**

The Company operates an end of service benefit plan for its employees based on the prevailing Saudi Labor Laws. Accruals are made at the present value of expected future payments in respect of services provided by the employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The benefit payments obligation is discharged as and when it falls due. Remeasurements (actuarial gains / losses) as a result of experience adjustments and changes in actuarial assumptions are recognized in the statement of income and other comprehensive income.

**3.9 Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized within accrued for the amounts expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount can be reliably measured.

**3.10 Zakat**

In accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"), the Company is subject to zakat attributable to the Saudi shareholders. Zakat is computed on the Saudi shareholders' share of equity or net income using the basis defined under the Zakat regulations. Zakat is accrued on a quarterly basis and charged directly to the statement of income and other comprehensive income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

**3.11 Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amount of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is determined. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognized in the statement of income and other comprehensive income. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the statement of income and other comprehensive income.

**3.12 Revenue recognition**

Income from Murabaha is recognized based on the effective profit rate basis on the outstanding balances over the term of the contract. The effective profit rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset.

The calculation of effective profit rate includes transaction costs and fees and commission income received that are an integral part of effective profit method. Transaction costs include incremental costs that are directly attributable to the acquisition of the financial asset.

For Murabaha receivables that become credit impaired subsequent to the initial recognition, murabaha income is calculated by applying the effective profit rate to the amortized cost of the asset. If the asset is no longer credit impaired, the calculation of murabaha income reverts back to the gross basis.

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.13 General and administrative expenses**

General and administrative expenses are those arising from Company's efforts underlying the administrative activities.

**3.14 Short term and low value leases**

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of income and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

**3.15 Financial instruments**

The Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories.

IFRS 9 contains three principal classification categories for financial assets. The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income (FVOCI)
- those to be measured subsequently at fair value through profit or loss (FVTPL) and
- those to be measured at amortized cost.

At initial recognition, the Company measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of financial asset. Transactions cost of financial assets carried at fair value through profit or loss (FVTPL) are expensed in statement of income and other comprehensive income.

Subsequent measurement of debt instrument depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories into which the Company classifies its debt instruments:

- i) **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and profit (SPPP) are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of the hedging relationship is recognized in statement of comprehensive income when the asset is derecognized or impaired. Profit from these financial assets is calculated the effective yield method. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. profit includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement, including the impact of prepayment and early termination features of the contract. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.
- ii) **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and profit, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, profit on financial instrument (revenue) and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of comprehensive income and recognised in other gains / (losses). Profit from these financial assets is included in finance income using the effective yield method.
- iii) **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in statement of comprehensive income and presented net in the statement of comprehensive income within other gains / (losses) in the period in which it arises. Profit from these financial assets is included in the finance income.

Currently, the Company does not hold any equity instruments; therefore, the related accounting policies have not been presented.

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.15 Financial instruments (continued)**

The Company assesses on a forward-looking basis the expected credit loss ('ECL') associated with its debt instrument assets carried at amortized cost. The Company recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

**Incorporation of forward-looking information**

The Company has used GDP growth rate, import and export, and inflation as their key macroeconomic factors. The macro-economic factors has been updated based on the latest available information (for GDP forecast as issued by International Monetary Fund, and for inflation rate as available on the [www.stats.gov.sa](http://www.stats.gov.sa)).

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from economic experts and consideration of a variety of forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by the International Monetary Fund.

The base case represents a most-likely outcome and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The economic scenarios used as at the year-end included the following ranges of key indicator:

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.15 Financial instruments (continued)**

| Economic Indicators    | 31 December<br>2025  | 31 December<br>2024                         |
|------------------------|--|---|
| Gross domestic product | <b>Upside 30%</b><br><b>Base case 40%</b><br><b>Downside 30%</b> | Upside 30%<br>Base case 40%<br>Downside 30% |
| Imports & Exports      | <b>Upside 30%</b><br><b>Base case 40%</b><br><b>Downside 30%</b> | Upside 30%<br>Base case 40%<br>Downside 30% |
| KSA inflation rate     | <b>Upside 30%</b><br><b>Base case 40%</b><br><b>Downside 30%</b> | Upside 30%<br>Base case 40%<br>Downside 30% |

**Probability weightings**

The Company considered the probability weightings to provide the best estimate of the possible loss outcomes and has analysed inter-relationships and correlations (over both the short and long term) within the Company's credit portfolios in determining them.

Probability weighting of each scenario is determined by the management considering the risks and uncertainties surrounding the base case economic scenario. Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data.

| Economic indicators    | Forecast calendar years used in<br>2025 ECL model |      |      | Forecast calendar years used in<br>2024 ECL model |      |      |
|------------------------|---|------|------|---|------|------|
|                        | 2026  | 2027 | 2028 | 2025  | 2026 | 2027 |
| Gross domestic product | 4.4%  | 3.6% | 3.5% | 4.6%  | 4.4% | 3.6% |
| KSA inflation rate     | 2.0%  | 2.0% | 2.0% | 1.7%  | 1.9% | 2.0% |
| Imports                | 5.5%  | 3.4% | 2.8% | 8.15%   | 5.5% | 3.4% |
| Exports                | 8.6%  | 4.5% | 4.9% | 8.39%   | 8.6% | 4.5% |

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full;
- the borrower is classified in default category as per internal credit grade (applicable for corporate and high net worth individuals); or
- the borrower is past due more than 90 days on any material credit obligation to the Company.

In assessing whether a borrower is in default, the Company considers indicators that are:

- qualitative e.g. breaches of covenant
- quantitative e.g. overdue status and non-payment on another obligation of the same issuer to Company

Financial assets shall be written off (either partially or in full) when there is no realistic prospect of recovery. However, financial assets that are written off could still be recovery of amounts due.

The Company uses three categories for murabaha receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.15 Financial instruments (continued)**

**Probability weightings (continued)**

| <u>Category</u> | <u>Company definition of category</u>  | <u>Basis for recognition of expected credit loss provision</u>  |
|-----------------|--|---|
| Stage 1         | Financial asset(s) that have not significantly deteriorated in credit quality since origination.<br><br>Customers have a low risk of default and a strong capacity to meet contractual cash flows. | 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime |
| Stage 2         | Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are from 30 past due.                   | Lifetime expected losses  |
| Stage 3         | Interest and/or principal repayments above 90 days past due  | Lifetime expected losses  |

**Credit-impaired Murabaha receivables**

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or lease by the Company on terms that the Company would not consider otherwise; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

A Murabaha receivable that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a Murabaha receivable that is overdue for 90 days or more is considered impaired.

**Curing period**

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period time. A customer needs to demonstrate consistently good payment behaviour (more than 1 repayment) over a period of time before the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to a 12-month ECL (Stage 1) for measurement at an amount equal to Lifetime ECL (Stage 2 and 3)

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.16 Financial liabilities**

Financial liabilities are classified and subsequently measured at amortized cost using the effective yield method. The related cost of borrowing is charged to statement of income and other comprehensive income. The effective yield rate is the rate that discounts the estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

The Company derecognizes a financial liability (or a part of a financial liability) from its statement of balance sheet when, and only when, the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, is recognised in statement of income and other comprehensive income.

**3.17 Derecognition of financial instruments**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of income and other comprehensive income.

**3.18 Modifications of financial assets and financial liabilities**

*a. Financial assets*

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income and other comprehensive income.

*b. Financial liabilities*

The Company derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in statement of income and other comprehensive income.

**3.19 Government grant**

The Company recognizes a government grant related income, if there is a reasonable assurance that it will be received, and the Company will comply with the conditions associated with the grant. The benefit of a government loan at a below-market rate of interest is treated as a government grant related income. The below-market rate grant is recognized and measured in accordance with IFRS 9 - Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the grant determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20. Government grant is recognized in the statement of comprehensive income on a systematic basis over the periods in which, the Company recognizes as expenses, the related costs which the grants is intended to compensate. The grant income is only recognised when the ultimate beneficiary is the Company. Where the customer is the ultimate beneficiary, the Company only records the respective receivable and payable amounts.

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**4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

**Critical accounting judgement**

The preparation of 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. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. Significant area where management has used estimates, assumptions or exercised judgements include:

i. *Provision for doubtful debts (note 3.15 and note 6)*

ii. *SPPI Test:*

Management has assessed the prepayment and early termination features of the contract which require the customers to pay certain compensation in addition to the outstanding principal and accrued profit. However, management believes that such additional amounts represent reasonable compensation for the reinvestment costs.

Furthermore, the contractual provisions also stipulate that in the event of default the Company pursues legal action to recover its outstanding dues and the amounts to be recovered from the customer, representing the outstanding principal and profit is determined by the outcome of the legal action. Accordingly, management believes that the contractual cashflows of investment in Murabaha financing contracts meet the SPPI test.

iii. *Present value of employees' termination benefits (note 3.8 and note 14)*

**5 CASH AND CASH EQUIVALENTS**

|                             | Note | As at 31 December  |                   |
|-----------------------------|------|--------------------|-------------------|
|                             |      | 2025               | 2024              |
| Current accounts with banks | 5.1  | 55,351,428         | 64,818,672        |
| Short-term deposit          | 5.2  | 96,421,368         | -                 |
|                             |      | <b>151,772,796</b> | <b>64,818,672</b> |

5.1 This represents balance held in current accounts with several commercial banks operating in the Kingdom of Saudi Arabia having credit ratings from A1 to A2 as per Moody's.

5.2 Short-term deposit is placed with a commercial bank operating in Kingdom of Saudi Arabia having a credit rating of A1 as per Moody's. The term deposits have an original maturity of less than three months bearing profit rate of 5.05% - 5.45% per annum. (31 December 2024: Nil).

**6 MURABAHA RECEIVABLES, NET**

|  | As at 31 December |               |
|--|-------------------|---------------|
|  | 2025              | 2024          |
| Murabaha receivables                         | 1,231,808,965     | 1,151,438,575 |
| Unearned revenue                             | (376,186,419)     | (344,675,391) |
| Gross carrying value of Murabaha receivables | 855,622,546       | 806,763,184   |
| Provision for expected credit losses         | (53,819,009)      | (35,108,569)  |
| Murabaha receivables, net                    | 801,803,537       | 771,654,615   |
| Current portion of Murabaha receivables      | 453,846,635       | 449,830,355   |
| Non-current portion of Murabaha receivables  | 401,775,911       | 356,932,829   |
| Gross carrying value of Murabaha receivables | 855,622,546       | 806,763,184   |
| Provision for expected credit losses         | (53,819,009)      | (35,108,569)  |
| Murabaha receivables, net                    | 801,803,537       | 771,654,615   |

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**6 MURABAHA RECEIVABLES, NET (CONTINUED)**

**6.1 Reconciliation between gross and net Murabaha receivables**

|  | 31 December 2025 |               |               |
|--|------------------|---------------|---------------|
|  | Retail           | SME financing | Total         |
| Murabaha receivables                         | 1,211,886,361    | 19,922,604    | 1,231,808,965 |
| 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)  |
| Murabaha receivables, net                    | 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   |
| 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)  |
| Murabaha receivables, net                    | 783,435,502      | 18,368,035    | 801,803,537   |
|  | 31 December 2024 |               |               |
|  | Retail           | SME financing | Total         |
| Murabaha receivables                         | 1,089,275,541    | 62,163,034    | 1,151,438,575 |
| Unearned revenue                             | (342,863,578)    | (1,811,813)   | (344,675,391) |
| Gross carrying value of Murabaha receivables | 746,411,963      | 60,351,221    | 806,763,184   |
| Provision for expected credit losses         | (33,819,390)     | (1,289,179)   | (35,108,569)  |
| Murabaha receivables, net                    | 712,592,573      | 59,062,042    | 771,654,615   |
| Current portion of Murabaha receivables      | 390,950,691      | 58,879,664    | 449,830,355   |
| Non-Current portion of Murabaha receivables  | 355,461,272      | 1,471,557     | 356,932,829   |
| Gross carrying value of Murabaha receivables | 746,411,963      | 60,351,221    | 806,763,184   |
| Provision for expected credit losses         | (33,819,390)     | (1,289,179)   | (35,108,569)  |
| Murabaha receivables, net                    | 712,592,573      | 59,062,042    | 771,654,615   |

**The net carrying amount of Murabaha receivables, and thus the maximum exposure to loss, is as follows:**

|  | 31 December 2025 |               |              |
|--|------------------|---------------|--------------|
|  | 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 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) |
| Murabaha receivables, net                    | 783,435,502      | 18,368,035    | 801,803,537  |
|  | 31 December 2024 |               |              |
|  | Retail           | SME financing | Total        |
| Stage 1                                      | 613,735,937      | 18,165,098    | 631,901,035  |
| Stage 2                                      | 48,310,291       | 3,528,986     | 51,839,277   |
| Stage 3                                      | 84,365,735       | 38,657,137    | 123,022,872  |
| Gross carrying value of Murabaha receivables | 746,411,963      | 60,351,221    | 806,763,184  |
| Provision for expected credit losses         | (33,819,390)     | (1,289,179)   | (35,108,569) |
| Murabaha receivables, net                    | 712,592,573      | 59,062,042    | 771,654,615  |

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**6 MURABAHA RECEIVABLES, NET (CONTINUED)**

**6.2 Stage wise analysis of Murabaha receivables is as follows:**

|                                      | <u>Stage 1</u>     | <u>Stage 2</u>    | <u>Stage 3</u>    | <u>Total</u>       |
|--------------------------------------|--------------------|-------------------|-------------------|--------------------|
| <b>31 December 2025</b>              |                    |                   |                   |                    |
| Murabaha receivables                 | 989,620,710        | 67,626,098        | 174,562,157       | 1,231,808,965      |
| Unearned revenue                     | (319,685,029)      | (19,884,885)      | (36,616,505)      | (376,186,419)      |
| Provision for expected credit losses | (3,900,517)        | (1,591,140)       | (48,327,352)      | (53,819,009)       |
| Murabaha receivables, net            | <u>666,035,164</u> | <u>46,150,073</u> | <u>89,618,300</u> | <u>801,803,537</u> |
| <br>                                 |                    |                   |                   |                    |
| <b>31 December 2024</b>              |                    |                   |                   |                    |
| Murabaha receivables                 | 927,138,638        | 73,176,319        | 151,123,618       | 1,151,438,575      |
| Unearned revenue                     | (294,918,270)      | (21,360,108)      | (28,397,013)      | (344,675,391)      |
| Provision for expected credit losses | (1,262,379)        | (1,110,600)       | (32,735,590)      | (35,108,569)       |
| Murabaha receivables, net            | <u>630,957,989</u> | <u>50,705,611</u> | <u>89,991,015</u> | <u>771,654,615</u> |

**6.3 Stage wise analysis of Murabaha receivables – retail segment is as follows:**

|                                      | <u>Stage 1</u>     | <u>Stage 2</u>    | <u>Stage 3</u>    | <u>Total</u>       |
|--------------------------------------|--------------------|-------------------|-------------------|--------------------|
| <b>31 December 2025</b>              |                    |                   |                   |                    |
| 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> |
| <br>                                 |                    |                   |                   |                    |
| <b>31 December 2024</b>              |                    |                   |                   |                    |
| Murabaha receivables                 | 908,478,248        | 69,575,320        | 111,221,973       | 1,089,275,541      |
| Unearned revenue                     | (294,422,979)      | (21,288,095)      | (27,152,504)      | (342,863,578)      |
| Provision for expected credit losses | (1,240,822)        | (1,068,340)       | (31,510,228)      | (33,819,390)       |
| Murabaha receivables, net            | <u>612,814,447</u> | <u>47,218,885</u> | <u>52,559,241</u> | <u>712,592,573</u> |

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**6 MURABAHA RECEIVABLES, NET (CONTINUED)**

**6.4 Stage wise analysis of Murabaha receivables – SME segment is as follows:**

|                                      | Stage 1           | Stage 2          | Stage 3           | Total             |
|--------------------------------------|-------------------|------------------|-------------------|-------------------|
| <b>31 December 2025</b>              |                   |                  |                   |                   |
| 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            | <b>521,051</b>    | <b>-</b>         | <b>17,846,984</b> | <b>18,368,035</b> |
| <b>31 December 2024</b>              |                   |                  |                   |                   |
| Murabaha receivables                 | 18,660,389        | 3,600,999        | 39,901,646        | 62,163,034        |
| Unearned revenue                     | (495,291)         | (72,013)         | (1,244,509)       | (1,811,813)       |
| Provision for expected credit losses | (21,557)          | (42,260)         | (1,225,362)       | (1,289,179)       |
| Murabaha receivables, net            | <b>18,143,541</b> | <b>3,486,726</b> | <b>37,431,775</b> | <b>59,062,042</b> |

**6.5 The movement in provision for expected credit losses is as follows:**

|                             | 2025             |                  |                   |                   |
|-----------------------------|------------------|------------------|-------------------|-------------------|
|                             | Stage 1          | Stage 2          | Stage 3           | Total             |
| <b>1 January 2025</b>       | 1,262,379        | 1,110,600        | 32,735,590        | 35,108,569        |
| Charge for the year         | 2,638,138        | 480,540          | 98,588,409        | 101,707,087       |
| Written off during the year | -                | -                | (82,996,647)      | (82,996,647)      |
| <b>31 December 2025</b>     | <b>3,900,517</b> | <b>1,591,140</b> | <b>48,327,352</b> | <b>53,819,009</b> |
|                             |                  |                  |                   |                   |
|                             | 2024             |                  |                   |                   |
|                             | Stage 1          | Stage 2          | Stage 3           | Total             |
| 1 January 2024              | 628,959          | 2,143,444        | 17,783,844        | 20,556,247        |
| Charge for the year         | 633,420          | (1,032,844)      | 47,342,310        | 46,942,886        |
| Written off during the year | -                | -                | (32,390,564)      | (32,390,564)      |
| 31 December 2024            | <b>1,262,379</b> | <b>1,110,600</b> | <b>32,735,590</b> | <b>35,108,569</b> |

As of 31 December 2025, the receivables amount written off amounts to **SR 71.9 million** (31 December 2024: SR 32.4 million).

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**6 MURABAHA RECEIVABLES, NET (CONTINUED)**

**6.6 The movement in provision for expected credit losses of retail segment is as follows:**

|                             | 2025             |                  |                   |                   |
|-----------------------------|------------------|------------------|-------------------|-------------------|
|                             | Stage 1          | Stage 2          | Stage 3           | Total             |
| <b>1 January 2025</b>       | 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)      |
| <b>31 December 2025</b>     | <b>3,899,005</b> | <b>1,591,140</b> | <b>47,396,484</b> | <b>52,886,629</b> |
|                             | 2024             |                  |                   |                   |
|                             | Stage 1          | Stage 2          | Stage 3           | Total             |
| 1 January 2024              | 601,190          | 1,567,570        | 14,061,743        | 16,230,503        |
| Charge for the year         | 639,632          | (499,230)        | 49,839,049        | 49,979,451        |
| Written off during the year | -                | -                | (32,390,564)      | (32,390,564)      |
| 31 December 2024            | 1,240,822        | 1,068,340        | 31,510,228        | 33,819,390        |

**6.7 The movement in provision for expected credit losses of SME segment is as follows:**

|                             | 2025         |           |                |                |
|-----------------------------|--------------|-----------|----------------|----------------|
|                             | Stage 1      | Stage 2   | Stage 3        | Total          |
| <b>1 January 2025</b>       | 21,557       | 42,260    | 1,225,362      | 1,289,179      |
| 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)   |
| <b>31 December 2025</b>     | <b>1,513</b> | <b>-</b>  | <b>930,867</b> | <b>932,380</b> |
|                             | 2024         |           |                |                |
|                             | Stage 1      | Stage 2   | Stage 3        | Total          |
| 1 January 2024              | 27,769       | 575,874   | 3,722,101      | 4,325,744      |
| Charge for the year         | (6,212)      | (533,614) | (2,496,739)    | (3,036,565)    |
| Written off during the year | -            | -         | -              | -              |
| 31 December 2024            | 21,557       | 42,260    | 1,225,362      | 1,289,179      |

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**6 MURABAHA RECEIVABLES, NET (CONTINUED)**

**6.8 Reconciliation for provision for expected credit losses with statement of income and other comprehensive income**

|  | <u>As at 31 December</u> |                          |
|--|--------------------------|--------------------------|
|  | <u>2025</u>              | <u>2024</u>              |
| Expected credit losses charge for the year | <b>101,707,087</b>       | 46,942,886               |
| Recoveries from written off customers      | <b>(14,406,855)</b>      | (18,677,375)             |
|  | <b><u>87,300,232</u></b> | <b><u>28,265,511</u></b> |

**6.9 The analysis of movements the gross carrying amount of Murabaha receivables and the expected credit loss allowance on Murabaha receivables is as follows:**

**(i) Retail segment**

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

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

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**6 MURABAHA RECEIVABLES, NET (CONTINUED)**

**6.9 The analysis of movements the gross carrying amount of Murabaha receivables and the expected credit loss allowance on Murabaha receivables is as follows (continued)**

**(i) Retail segment (continued)**

| Retail                                     | For the year ended 31 December 2024 |              |              |               |
|--|-------------------------------------|--------------|--------------|---------------|
|  | Stage 1                             | Stage 2      | Stage 3      | Total         |
| Gross carrying amount as at 1 January 2024 | 417,932,861                         | 72,314,291   | 26,654,264   | 516,901,416   |
| New financial assets originated            | 703,719,953                         | -            | -            | 703,719,953   |
| Transferred from Stage 1                   | (49,753,322)                        | 15,951,452   | 33,801,870   | -             |
| Transferred from Stage 2                   | 21,708,238                          | (45,423,996) | 23,715,758   | -             |
| Transferred from Stage 3                   | 1,329,498                           | 417,329      | (1,746,827)  | -             |
| Repayments and settlements                 | (481,201,291)                       | 5,051,215    | 34,331,234   | (441,818,842) |
| Write-offs                                 | -                                   | -            | (32,390,564) | (32,390,564)  |
| Gross carrying amount as 31 December 2024  | 613,735,937                         | 48,310,291   | 84,365,735   | 746,411,963   |

| Retail                                | For the year ended 31 December 2024 |           |              |              |
|---------------------------------------|-------------------------------------|-----------|--------------|--------------|
|                                       | Stage 1                             | Stage 2   | Stage 3      | Total        |
| Loss allowance as at 1 January 2024   | 601,190                             | 1,567,570 | 14,061,743   | 16,230,503   |
| New financial assets originated       | 769,299                             | -         | -            | 769,299      |
| Transfer from stage 1                 | (45,502)                            | 16,119    | 29,383       | -            |
| Transfer from stage 2                 | 450,136                             | (883,331) | 433,195      | -            |
| Transfer from stage 3                 | 727,267                             | 204,318   | (931,585)    | -            |
| Remeasurement of loss allowance       | (934,804)                           | 761,173   | 52,117,832   | 51,944,201   |
| Financial assets – settled            | (326,764)                           | (597,509) | (1,809,776)  | (2,734,049)  |
| Write-off during the year             | -                                   | -         | (32,390,564) | (32,390,564) |
| Loss allowance as at 31 December 2024 | 1,240,822                           | 1,068,340 | 31,510,228   | 33,819,390   |

**(ii) SME segment**

| SME financing                              | For the year ended 31 December 2025 |             |              |              |
|--|-------------------------------------|-------------|--------------|--------------|
|  | 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) |
| Write-offs                                 | -                                   | -           | (14,600,263) | (14,600,263) |
| Gross carrying amount as 31 December 2025  | 522,564                             | -           | 18,777,851   | 19,300,415   |

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**6 MURABAHA RECEIVABLES, NET (CONTINUED)**

6.9 The analysis of movements the gross carrying amount of Murabaha receivables and the expected credit loss allowance on Murabaha receivables is as follows: (continued)

(ii) SME segment (continued)

| SME financing                                | For the year ended 31 December 2025 |               |                  |                  |
|--|-------------------------------------|---------------|------------------|------------------|
|  | Stage 1                             | Stage 2       | Stage 3          | Total            |
| <b>Loss allowance as at 1 January 2025</b>   | <b>21,557</b>                       | <b>42,260</b> | <b>1,225,362</b> | <b>1,289,179</b> |
| 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)        |
| Write-off during the year                    | -                                   | -             | (14,600,263)     | (14,600,263)     |
| <b>Loss allowance as at 31 December 2025</b> | <b>1,513</b>                        | <b>-</b>      | <b>930,867</b>   | <b>932,380</b>   |

| SME financing                                | For the year ended 31 December 2024 |              |              |               |
|--|-------------------------------------|--------------|--------------|---------------|
|  | Stage 1                             | Stage 2      | Stage 3      | Total         |
| Gross carrying amount as at 1 January 2024   | 99,925,611                          | 38,416,200   | 42,288,473   | 180,630,284   |
| Transferred from Stage 1                     | (7,642,570)                         | 5,669,294    | 1,973,276    | -             |
| Transferred from Stage 2                     | 6,723,578                           | (27,427,854) | 20,704,276   | -             |
| Transferred from Stage 3                     | 1,170,214                           | -            | (1,170,214)  | -             |
| Repayments and settlements                   | (82,011,735)                        | (13,128,654) | (25,138,674) | (120,279,063) |
| Write-offs                                   | -                                   | -            | -            | -             |
| Gross carrying amount as at 31 December 2024 | 18,165,098                          | 3,528,986    | 38,657,137   | 60,351,221    |

| SME financing                         | For the year ended 31 December 2024 |           |             |             |
|---------------------------------------|-------------------------------------|-----------|-------------|-------------|
|                                       | Stage 1                             | Stage 2   | Stage 3     | Total       |
| Loss allowance as at 1 January 2024   | 27,769                              | 575,874   | 3,722,101   | 4,325,744   |
| Transfer from stage 1                 | (1,010)                             | 790       | 220         | -           |
| Transfer from stage 2                 | 38,319                              | (311,031) | 272,712     | -           |
| Transfer from stage 3                 | 46,809                              | -         | (46,809)    | -           |
| Remeasurement of loss allowance       | (70,400)                            | (35,684)  | (2,297,794) | (2,403,878) |
| Financial assets – settled            | (19,930)                            | (187,689) | (425,068)   | (632,687)   |
| Write-off during the year             | -                                   | -         | -           | -           |
| Loss allowance as at 31 December 2024 | 21,557                              | 42,260    | 1,225,362   | 1,289,179   |

Refer note 20(i) for details of the credit quality of Murabaha receivables based on past due days.

**7 PREPAYMENTS AND OTHER RECEIVABLES**

|                                 | As at 31 December |                   |
|---------------------------------|-------------------|-------------------|
|                                 | 2025              | 2024              |
| Other receivables from supplier | 18,277,775        | 18,019,765        |
| Prepaid expenses                | 9,813,678         | 3,749,542         |
| Employee loans and advances     | 638,703           | 709,511           |
|                                 | <b>28,730,156</b> | <b>22,478,818</b> |

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**PROPERTY AND EQUIPMENT, NET**

|   | <b>Vehicles</b> | <b>Furniture and fixtures</b> | <b>Information technology equipment</b> | <b>Leasehold improvements</b> | <b>Total</b>     |
|---|-----------------|-------------------------------|---|-------------------------------|------------------|
| <b><u>2025</u></b>                        |                 |                               |   |                               |                  |
| <b>Cost</b>                               |                 |                               |   |                               |                  |
| 1 January 2025                            | 265,300         | 2,957,017                     | 15,662,821                              | 6,010,704                     | 24,895,842       |
| Additions during the year                 | -               | -                             | 125,005                                 | -                             | 125,005          |
| 31 December 2025                          | 265,300         | 2,957,017                     | 15,787,826                              | 6,010,704                     | 25,020,847       |
| <b>Accumulated depreciation</b>           |                 |                               |   |                               |                  |
| 1 January 2025                            | 265,296         | 2,829,703                     | 11,619,697                              | 5,866,557                     | 20,581,253       |
| Charge for the year                       | -               | 81,500                        | 2,100,094                               | 92,393                        | 2,273,987        |
| 31 December 2025                          | 265,296         | 2,911,203                     | 13,719,791                              | 5,958,950                     | 22,855,240       |
| <b>Net book value at 31 December 2025</b> | <b>4</b>        | <b>45,814</b>                 | <b>2,068,035</b>                        | <b>51,754</b>                 | <b>2,165,607</b> |
| <b><u>2024</u></b>                        |                 |                               |   |                               |                  |
| <b>Cost</b>                               |                 |                               |   |                               |                  |
| 1 January 2024                            | 265,300         | 2,957,017                     | 15,540,735                              | 5,968,159                     | 24,731,211       |
| Additions during the year                 | -               | -                             | 122,086                                 | 42,545                        | 164,631          |
| 31 December 2024                          | 265,300         | 2,957,017                     | 15,662,821                              | 6,010,704                     | 24,895,842       |
| <b>Accumulated depreciation</b>           |                 |                               |   |                               |                  |
| 1 January 2024                            | 265,296         | 2,665,350                     | 9,151,293                               | 5,340,075                     | 17,422,014       |
| Charge for the year                       | -               | 164,353                       | 2,468,404                               | 526,482                       | 3,159,239        |
| 31 December 2024                          | 265,296         | 2,829,703                     | 11,619,697                              | 5,866,557                     | 20,581,253       |
| <b>Net book value at 31 December 2024</b> | <b>4</b>        | <b>127,314</b>                | <b>4,043,124</b>                        | <b>144,147</b>                | <b>4,314,589</b> |

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**INTANGIBLES**

| <b>2025</b>                            | <b>Software solutions</b> | <b>Capital WIP</b> | <b>Total</b>      |
|--|---------------------------|--------------------|-------------------|
| <b><u>Cost</u></b>                     |                           |                    |                   |
| As at 1 January 2025                   | 4,435,909                 | 8,001,489          | 12,437,398        |
| Additions during the year              | 6,553,479                 | 4,653,485          | 11,206,964        |
| Capitalized during the year            | -                         | (6,553,479)        | (6,553,479)       |
| As at 31 December 2025                 | <u>10,989,388</u>         | <u>6,101,495</u>   | <u>17,090,883</u> |
| <b><u>Accumulated amortisation</u></b> |                           |                    |                   |
| As at 1 January 2025                   | 1,270,288                 | -                  | 1,270,288         |
| Amortisation during the year           | 1,834,038                 | -                  | 1,834,038         |
| As at 31 December 2025                 | <u>3,104,326</u>          | <u>-</u>           | <u>3,104,326</u>  |
| Net book value as at 31 December 2025  | <u>7,885,062</u>          | <u>6,101,495</u>   | <u>13,986,557</u> |

| <b>2024</b>                            | <b>Software solutions</b> | <b>Capital WIP</b> | <b>Total</b>      |
|--|---------------------------|--------------------|-------------------|
| <b><u>Cost</u></b>                     |                           |                    |                   |
| As at 1 January 2024                   | 4,339,757                 | 1,533,824          | 5,873,581         |
| Additions during the year              | 96,152                    | 6,467,665          | 6,563,817         |
| As at 31 December 2024                 | <u>4,435,909</u>          | <u>8,001,489</u>   | <u>12,437,398</u> |
| <b><u>Accumulated amortisation</u></b> |                           |                    |                   |
| As at 1 January 2024                   | 387,730                   | -                  | 387,730           |
| Amortisation during the year           | 882,558                   | -                  | 882,558           |
| As at 31 December 2024                 | <u>1,270,288</u>          | <u>-</u>           | <u>1,270,288</u>  |
| Net book value as at 31 December 2024  | <u>3,165,621</u>          | <u>8,001,489</u>   | <u>11,167,110</u> |

10

**TERM LOANS**

|   | Note | <b>As at 31 December</b> |                    |
|---|------|--------------------------|--------------------|
|   |      | <b>2025</b>              | <b>2024</b>        |
| Term loan – Monsha'at                     | 10.1 | -                        | 7,229,717          |
| Term loan – SAMA – funding for lending    | 10.2 | 3,063,364                | 68,296,697         |
| Loan from Banks and financial institution | 10.3 | 410,257,612              | 212,771,623        |
|   |      | <u>413,320,976</u>       | <u>288,298,037</u> |

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**10 TERM LOANS (CONTINUED)**

**10.1 Term loan – Monsha’at**

|  | Note   | As at 31 December |              |
|--|--------|-------------------|--------------|
|  |        | 2025              | 2024         |
| Opening balance                        |        | 7,229,717         | 24,207,819   |
| Financial charges for the year         |        | 151,214           | 815,612      |
| Principal repayment during the year    |        | (7,226,624)       | (17,556,553) |
| Financial charges paid during the year |        | (154,307)         | (815,612)    |
|  |        | -                 | 6,651,266    |
| Deferred income on interest-free loans | 10.1.1 | -                 | 578,451      |
| Closing balance                        |        | -                 | 7,229,717    |
| Current portion                        |        | -                 | 7,229,717    |
| Non-current portion                    |        | -                 | -            |
|  |        | -                 | 7,229,717    |

**10.1.1 Deferred income on interest-free loans**

|  | As at 31 December |             |
|--|-------------------|-------------|
|  | 2025              | 2024        |
| Opening balance  | 578,451           | 1,933,435   |
| Amortization of deferred income on interest free loans | (578,451)         | (1,354,984) |
| Closing balance  | -                 | 578,451     |

Since 2018, the Company has received eight interest-free loans from Social Development Bank to finance small and medium sized entities in the Kingdom of Saudi Arabia amounting SR 245 million for three years. These loans carried a fixed special commission rate that was significantly lower than the prevailing market rate. These loans provided to the Company carried a number of conditions, one of which was that these loans were to be used for providing loans to specific types/sectors of customers at discounted rates. The benefit being the impact of “lower than market value” loan obtained by the Company has been identified and accounted for in accordance with IFRS 9. Such benefit is being recognised in the statement of income and other comprehensive income of the Company on a systematic basis as the expense for which such loan is intended to compensate, is recognised.

**10.2 Term loan – SAMA – funding for lending**

|                                     | As at 31 December |              |
|-------------------------------------|-------------------|--------------|
|                                     | 2025              | 2024         |
| Opening balance                     | 68,296,697        | 160,428,631  |
| Principal repayment during the year | (65,233,333)      | (92,131,934) |
| Closing balance                     | 3,063,364         | 68,296,697   |
| Current portion                     | 3,063,364         | 65,233,333   |
| Non-current portion                 | -                 | 3,063,364    |
|                                     | 3,063,364         | 68,296,697   |

During the year 2020, the Company entered into SAMA’s Funding for Lending Program, whereby Kafala (SME financing guarantee program) has guaranteed up to 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 is set to repay the remaining balance within three months from the year end.

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**10 TERM LOANS (CONTINUED)**

**10.3 Loan from Banks and other financial institutions**

|  | <b>As at 31 December</b> |                    |
|--|--------------------------|--------------------|
|  | <b>2025</b>              | <b>2024</b>        |
| Opening balance                        | 212,771,623              | 40,618,919         |
| Loans obtained during the year         | 362,632,738              | 185,169,722        |
| Financial charges for the year         | 29,275,002               | 8,104,188          |
| Principal repayment during the year    | (166,195,700)            | (14,800,000)       |
| Financial charges paid during the year | (28,226,051)             | (6,321,206)        |
| Closing balance                        | <b>410,257,612</b>       | <b>212,771,623</b> |
| Current portion                        | <b>107,923,249</b>       | 47,371,764         |
| Non-current portion                    | <b>302,334,363</b>       | 165,399,859        |
|  | <b>410,257,612</b>       | <b>212,771,623</b> |

The Company has multiple short and medium-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 interest rate of 10.99% p.a. per annum.

Under the agreements with banks and financial institutions, the Company has an aggregate maximum borrowing limit of SR 650 million (31 December 2024: SR 350 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% – 135% of the loan amount. The Company was also required is also required to maintain a current ratio of at least 1.5 and a financial leverage ratio of not more than 2.0.

As at 31 December 2025, the Company has maintained a current ratio of 4.54 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.

**11. Loan from a related party**

|   | <b>As at 31 December</b> |                   |
|---|--------------------------|-------------------|
|   | <b>2025</b>              | <b>2024</b>       |
| Opening balance                           | 81,186,517               | 98,027,769        |
| Financial charges accrued during the year | 7,879,757                | 6,641,416         |
| Equity Contribution on interest-free loan | -                        | (23,482,668)      |
| Closing balance                           | <b>89,066,274</b>        | <b>81,186,517</b> |

During 2021, the Company obtained loan amounting to SR 100 million in 4 equal tranches for a period of 3 years. These loans were interest 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 interest-free terms. The loan does not carry any covenants and is repayable in full on maturity in March 2027. Refer note 23 for details of loan from related party.

**12 ACCRUED EXPENSES AND OTHER LIABILITIES**

|                           | <b>As at 31 December</b> |                   |
|---------------------------|--------------------------|-------------------|
|                           | <b>2025</b>              | <b>2024</b>       |
| Murabaha related payables | 19,134,053               | 26,867,534        |
| Accrued expenses          | 2,819,161                | 3,963,677         |
| VAT and GOSI payable      | 323,010                  | 289,182           |
| Others                    | 2,025,482                | 1,552,038         |
|                           | <b>24,301,706</b>        | <b>32,672,431</b> |

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**13 PROVISION FOR ZAKAT**

**13.1 The movement in the zakat provision is as follows:**

|                               | <u>As at 31 December</u> |                     |
|-------------------------------|--------------------------|---------------------|
|                               | <u>2025</u>              | <u>2024</u>         |
| Opening balance               | 11,272,234               | 12,830,880          |
| Charge during the year        | 2,029,279                | 9,673,279           |
| Payments made during the year | <u>(10,942,710)</u>      | <u>(11,231,925)</u> |
| Closing balance               | <u>2,358,803</u>         | <u>11,272,234</u>   |

**13.2 Status of assessments**

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

**14 EMPLOYEES' TERMINATION BENEFITS**

|  | <u>As at 31 December</u> |                  |
|--|--------------------------|------------------|
|  | <u>2025</u>              | <u>2024</u>      |
| Opening balance at the beginning of the year                         | 1,753,200                | 1,719,100        |
| Current service cost   | 710,636                  | 193,340          |
| End of service payments during the year                              | <u>(421,441)</u>         | <u>(159,240)</u> |
| Actuarial losses on remeasurement of employees' termination benefits | <u>118,805</u>           | <u>-</u>         |
| Closing balance at the end of the year                               | <u>2,161,200</u>         | <u>1,753,200</u> |

**14.1 The principal actuarial assumptions used in the actuarial valuation at the reporting date are as follows:**

|                  | <u>As at 31 December</u> |             |
|------------------|--------------------------|-------------|
|                  | <u>2025</u>              | <u>2024</u> |
| Discount rate    | 4.75%                    | 4.8%        |
| Salary increment | 2.5%                     | 2.5%        |
| Retirement age   | 65                       | 65          |

**14.2 Charge for the year**

|                      | <u>As at 31 December</u> |                |
|----------------------|--------------------------|----------------|
|                      | <u>2025</u>              | <u>2024</u>    |
| Current service cost | 632,578                  | 699,240        |
| Past service cost    | -                        | (505,900)      |
| Finance Cost         | <u>78,058</u>            | <u>-</u>       |
|                      | <u>710,636</u>           | <u>193,340</u> |

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**14 EMPLOYEES' TERMINATION BENEFITS (CONTINUED)**

**14.3 Sensitivity analysis**

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

|                                    | 31 December 2025 |           | 31 December 2024 |           |
|------------------------------------|------------------|-----------|------------------|-----------|
|                                    | Increase         | Decrease  | Increase         | Decrease  |
| Salary growth rate (1%) movement   | 2,265,802        | 2,064,162 | 1,838,055        | 1,674,481 |
| Discount rate (1%) movement        | 2,071,726        | 2,259,318 | 1,680,618        | 1,832,795 |
| Retirement age rate (10%) movement | 2,115,166        | 2,210,259 | 1,715,857        | 1,792,998 |

**Risks associated with defined benefit plans**

*Salary increase risk:*

The retirement benefit of the Company is one where the benefit is linked with final salary. The risk arises when the actual salary increases are higher than expectation and impacts the liability accordingly.

*Longevity risks:*

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

**15 SHARE CAPITAL**

As at 31 December 2025, the Company's authorised, issued and paid-up share capital was SR 300 million (31 December 2024: SR 300 million) divided into 30 million shares (31 December 2024: 30 million shares) with a nominal value of SR 10 each.

On 7 March 2024, the Company completed its Initial Public Offering ("IPO") and its ordinary shares (8.83% amounting to 2.65 million shares) were listed on the Nomu - Parallel Market (Saudi Arabia). During the year ended 31 December 2024, the Company paid initial public offer (IPO) costs amounting to 8.7 million on behalf of the shareholders in their respective ownership. These costs were settled by the shareholders during the year ended 2024.

**16 STATUTORY RESERVE**

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the issued Company's articles of association, the Company was required to transfer 10% of its net income for the year to the statutory reserve until such reserve equals 30% of its share capital. However, after the issuance of new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023), the requirement to transfer net income to the reserve has become voluntary. The management has amended their articles of association and have removed the requirement of transfer of net income to the reserve. The statutory reserve will be transferred to retained earnings after approval of the shareholders in the annual general meeting.

**17 COMMITMENTS**

**Capital commitments**

As of 31 December 2025 and 31 December 2024, there were no capital commitments outstanding against the Company.

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**18 GENERAL AND ADMINISTRATIVE EXPENSES**

|                                   | <u>Note</u> | <u>2025</u>              | <u>2024</u>              |
|-----------------------------------|-------------|--------------------------|--------------------------|
| Subscriptions                     | 18.1        | <b>45,839,005</b>        | 28,638,939               |
| Information technology            |             | <b>14,957,903</b>        | 3,416,035                |
| Bank charges                      |             | <b>6,812,150</b>         | 5,357,919                |
| Marketing expenses                |             | <b>5,786,145</b>         | 1,711,300                |
| Professional fees                 | 18.2        | <b>5,439,433</b>         | 2,672,176                |
| Depreciation and amortisation     | 8 & 9       | <b>4,108,023</b>         | 4,041,797                |
| Medical insurance                 |             | <b>3,087,196</b>         | 4,024,712                |
| Collection incentives             |             | <b>2,976,798</b>         | 3,027,418                |
| Utilities                         |             | <b>2,063,915</b>         | 1,576,645                |
| Employee termination benefits     |             | <b>1,188,764</b>         | 455,856                  |
| Rent expense                      |             | <b>909,025</b>           | 953,115                  |
| Committee allowances              |             | <b>462,000</b>           | 280,000                  |
| Office stationery and post office |             | <b>338,168</b>           | 223,931                  |
| Other expenses                    |             | <b>2,472,378</b>         | 3,925,233                |
|                                   |             | <b><u>96,440,903</u></b> | <b><u>60,305,076</u></b> |

18.1 This represents costs incurred for performing customer onboarding and due diligence procedures on applications that did not result in approved accounts or transactions.

**18.2 Auditor's remuneration:**

|  | <u>For the year ended 31 December</u> |                         |
|--|---------------------------------------|-------------------------|
|  | <u>2025</u>                           | <u>2024</u>             |
| Fee for statutory audit and interim reviews        | <b>908,500</b>                        | 892,975                 |
| Fee for other statutory and related certifications | <b>184,000</b>                        | 132,250                 |
|  | <b><u>1,092,500</u></b>               | <b><u>1,025,225</u></b> |

**19 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 net income 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. No single customer of the Company generates more than 10% of the revenue.

The Company's reportable segments are as follows:

- 1) Retail (Personal financing): This represents financing provided to the retail sector. Products included in retail segment are digital loans and invoice loans.
- 2) SME financing: This represents financing provided to the small and medium enterprises. Product included in SME financing segment are term loans.

The Company does not have any major customers through which the Company generates more than 10% of its income.

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**OPERATING SEGMENTS (CONTINUED)**

| <b>For the year ended 31 December 2025</b> | <b>Retail</b>       | <b>SME financing</b> | <b>Total</b>        |
|--|---------------------|----------------------|---------------------|
| Murabaha income                            | <b>258,805,852</b>  | <b>517,175</b>       | <b>259,323,027</b>  |
| <b>Revenue</b>                             |                     |                      |                     |
| Finance charges                            | <b>(37,154,759)</b> | <b>403,006</b>       | <b>(36,751,753)</b> |
| <b>Expenses</b>                            |                     |                      |                     |
| General and administrative expenses        | <b>(60,837,742)</b> | <b>(473,168)</b>     | <b>(61,310,910)</b> |
| Provision for expected credit losses       | <b>(74,244,894)</b> | <b>(13,055,339)</b>  | <b>(87,300,233)</b> |
| Salaries and employee related expenses     | <b>(33,943,523)</b> | -                    | <b>(33,943,523)</b> |
| Other income                               | <b>3,149,818</b>    | -                    | <b>3,149,818</b>    |
|  | <b>55,774,752</b>   | <b>(12,608,326)</b>  | <b>43,166,426</b>   |
| Unallocated income*                        |                     |                      | <b>2,109,957</b>    |
| Unallocated expenses**                     |                     |                      | <b>(35,129,990)</b> |
| <b>Net income before zakat</b>             |                     |                      | <b>10,146,393</b>   |
| <b>For the year ended 31 December 2024</b> | <b>Retail</b>       | <b>SME financing</b> | <b>Total</b>        |
| Murabaha income                            | 178,978,291         | 8,369,637            | 187,347,928         |
| <b>Revenue</b>                             | 178,978,291         | 8,369,637            | 187,347,928         |
| Finance charges                            | (15,052,825)        | (165,315)            | (15,218,140)        |
| <b>Expenses</b>                            |                     |                      |                     |
| General and administrative expenses        | (57,067,037)        | (3,238,039)          | (60,305,076)        |
| Provision for expected credit losses       | (32,218,342)        | 3,952,831            | (28,265,511)        |
| Salaries and employee related expenses     | (14,218,515)        | -                    | (14,218,515)        |
| Other income                               | 3,233,193           | -                    | 3,233,193           |
|  | 63,654,765          | 8,919,114            | 72,573,879          |
| Unallocated income*                        |                     |                      | 2,113,084           |
| Unallocated expenses**                     |                     |                      | (21,767,298)        |
| <b>Net income before zakat</b>             |                     |                      | <b>52,919,665</b>   |

\* Unallocated income mainly includes interest on short-term deposits.

\*\* 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.

| <b>For the year ended 31 December 2025</b> | <b>Retail</b>      | <b>SME financing</b> | <b>Total</b>       |
|--|--------------------|----------------------|--------------------|
| Murabaha receivables, net                  | <b>783,435,502</b> | <b>18,368,035</b>    | <b>801,803,537</b> |
| Unallocated assets                         |                    |                      | <b>196,655,116</b> |
| <b>Total assets</b>                        |                    |                      | <b>998,458,653</b> |
| Loans                                      | <b>499,323,886</b> | <b>3,063,364</b>     | <b>502,387,250</b> |
| Unallocated liabilities                    |                    |                      | <b>28,821,709</b>  |
| <b>Total liabilities</b>                   |                    |                      | <b>531,208,959</b> |
| <b>For the year ended 31 December 2024</b> | <b>Retail</b>      | <b>SME financing</b> | <b>Total</b>       |
| Murabaha receivables, net                  | 685,466,995        | 59,062,042           | 744,529,037        |
| Unallocated assets                         |                    |                      | 132,735,045        |
| <b>Total assets</b>                        |                    |                      | <b>877,264,082</b> |
| Loans                                      | 293,958,140        | 75,526,414           | 369,484,554        |
| Unallocated liabilities                    |                    |                      | 45,697,865         |
| <b>Total liabilities</b>                   |                    |                      | <b>415,182,419</b> |

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**20 FAIR VALUES 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 other financial assets and liabilities, the carrying values were determined to be a reasonable approximation of fair value due to their short-term nature. Cash at bank is classified at Level 1, whereas short term deposits has been classified at Level 2 as per the fair value hierarchy and has been determined using observable input parameters derived from comparable markets.

Financial assets and liabilities classified as level 3 as per the fair value hierarchy presented in the table below 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 year.

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**FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**

**Valuation models (continued)**

The following table shows the carrying amount and fair values of financial assets and financial liabilities where fair value is different from carrying value or where the financial assets and liabilities are recorded at fair value, including their levels in the fair value hierarchy.

| 31 December 2025                                       | Carrying value | Fair value |         |             | Total       |
|--|----------------|------------|---------|-------------|-------------|
|  |                | Level 1    | Level 2 | Level 3     |             |
| <b><u>Financial assets as amortised cost:</u></b>      |                |            |         |             |             |
| Murabaha receivables, net                              | 801,803,537    | -          | -       | 822,686,599 | 822,686,599 |
| <b><u>Financial liabilities at amortised cost:</u></b> |                |            |         |             |             |
| Loan from a related party                              | 89,066,274     | -          | -       | 92,389,152  | 92,389,152  |
| Term loan  | 412,616,601    | -          | -       | 412,616,601 | 412,616,601 |
| <br>   |                |            |         |             |             |
| 31 December 2024                                       | Carrying value | Fair value |         |             | Total       |
| <b><u>Financial assets as amortised cost:</u></b>      |                |            |         |             |             |
| Murabaha receivables, net                              | 779,637,606    | -          | -       | 809,344,895 | 809,344,895 |
| <b><u>Financial liabilities at amortised cost:</u></b> |                |            |         |             |             |
| Loan from a related party                              | 81,186,517     | -          | -       | 86,364,477  | 86,364,477  |
| Term loan  | 288,298,037    | -          | -       | 288,298,037 | 288,298,037 |

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**21 FINANCIAL RISK MANAGEMENT**

**Risk management framework**

The Company's Board of Directors has overall responsibility for the establishment and supervising the Company's risk management framework. The Board of Directors has established the Risk Management Committee, to oversee the development and maintenance of risk management processes, policies, strategies, risk methodologies and reporting them to the Board.

In addition, the Audit Committee of the Company also reviews the internal audit risk assessment, discusses the Company's policy with respect to risk assessment and risk management. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Risk Management Committee oversees the Company risks and reports to the Board of Directors.

*(i) Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents with banks and financial institutions, as well Murabaha receivables, including outstanding receivables. For details of credit risk in Murabaha receivables please refer note 6.

Cash and cash equivalents are maintained with local banks approved by the management. Accordingly, as a pre-requisite, the banks with whom cash and cash equivalents are maintained are required to have a minimum acceptable security rating level affirming their financial strength. Murabaha receivables are also exposed to significant credit risk. The Company has established procedures to manage credit exposure including robust process regarding evaluation of credit worthiness which includes obtaining formal credit approvals and assignment of risk-based credit limits. The compliance with credit limits by Murabaha receivables customers is regularly monitored by line management.

The overall decision to lend to a particular customer is based on the following key parameters:

- Dual credit score i.e. Saudi Credit Bureau (SIMAH) and internal risk acceptance criteria;
- Minimum income level and maximum debt burden of the borrower; and
- Loan repayment history with other financial institutions sourced from SIMAH; and
- Collateral evaluation in case of SME financing.

At the inception of the contract, internal credit risk ratings are allocated to each exposure. These credit risk grades are defined using a variety of qualitative and quantitative factors including income levels, employment segment, nationality etc.

A significant number of customers are Government sector employees. The Company generally receives repayments through variable channels such as SADAD and bank transfers. The Company has approved collection policies and procedures establishing a collection strategy to follow up with the delinquent customers. In order to monitor exposure to credit risk, reports are reviewed by the risk committee on a quarterly basis. Furthermore, the Company has also strengthened its legal department in order to be actively involved in the collection process of delinquent customers. The Company regularly reviews its risk management policies and systems to reflect changes in markets products and emerging best practice.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions. For SME customers, the Company may obtain security in the form of guarantees, or collaterals which can be called upon if the counterparty is in default under the terms of the agreement.

**Amounts arising from ECL – Significant increase in credit risk**

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment.

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**21 FINANCIAL RISK MANAGEMENT (CONTINUED)**

*(i) Credit risk (continued)*

**Amounts arising from ECL – Significant increase in credit risk (continued)**

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

Stage 1: When receivables are first recognised, the Company recognises an allowance based on 12 months ECLs. Stage 1 receivables also include facilities where the credit risk has improved and the receivables has been reclassified from Stage 2.

Stage 2: When a receivable has shown a significant increase in credit risk since origination, the Company records an allowance for the Lifetime ECL. Stage 2 receivables also include facilities, where the credit risk has improved and the receivables has been reclassified from Stage 3.

Stage 3: Receivables considered credit-impaired. The Company records an allowance for the Lifetime ECL.

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company's quantitative modelling, the remaining lifetime PD is determined to have increased significantly.

Using its expert credit judgment and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

For SME and retail portfolio, apart from the customers whose receivables are restructured due to deterioration in credit worthiness, as a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default; and
- the criteria do not align with the point in time when an asset becomes 30 days past due.

**Collateral**

The Company in the ordinary course of financing activities hold collaterals as security to mitigate credit risk in the Murabaha receivables. These collaterals mostly include real estate and financial guarantees from Kafala. The collaterals are held against the SME Murabaha receivables and are managed against relevant exposures at their net realizable values. For financial assets that are credit impaired at the reporting period, quantitative information about the collateral held as security is needed to the extent that such collateral mitigates credit risk. As on 31 December 2025, the fair value of collateral held against those Murabaha financing amount to SR 59.15 million (31 December 2024: 48.92 million).

The Company does not hold any collateral/ guarantee in respect of retail exposures.

The amount of collateral held as security for SME Murabaha receivables that are credit impaired as at 31 December are as follows:

|                          | <b>31 December 2025</b>  | 31 December 2024         |
|--------------------------|--------------------------|--------------------------|
| Less than 50% collateral | -                        | -                        |
| 51-80% collateral        | -                        | -                        |
| More than 80% collateral | <b>17,048,310</b>        | 38,634,838               |
| Total                    | <b><u>17,048,310</u></b> | <b><u>38,634,838</u></b> |

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**21 FINANCIAL RISK MANAGEMENT (CONTINUED)**

(i) *Credit risk (continued)*

**Concentration of Murabaha receivables according to segment**

| <b>As at 31 December 2025</b>        | <b>Murabaha<br/>receivables</b> | <b>ECL</b>          | <b>Total</b>       |
|--------------------------------------|---------------------------------|---------------------|--------------------|
| Retail – Government sector employees | 351,951,228                     | (9,805,478)         | 342,145,750        |
| Retail – Private sector employees    | 484,370,903                     | (43,081,151)        | 441,289,752        |
| SME – Construction                   | 6,755,158                       | (313,756)           | 6,441,402          |
| SME - Non-Construction               | 12,545,257                      | (618,624)           | 11,926,633         |
| <b>Total</b>                         | <b>855,622,546</b>              | <b>(53,819,009)</b> | <b>801,803,537</b> |

| <b>As at 31 December 2024</b>        | <b>Murabaha<br/>receivables</b> | <b>ECL</b>          | <b>Total</b>       |
|--------------------------------------|---------------------------------|---------------------|--------------------|
| Retail – Government sector employees | 316,155,256                     | (3,300,446)         | 312,854,810        |
| Retail - Private sector employees    | 428,156,932                     | (30,518,944)        | 397,637,988        |
| SME - Construction                   | 24,652,689                      | (281,437)           | 24,371,252         |
| SME - Non-Construction               | 37,798,307                      | (1,007,742)         | 36,790,565         |
| <b>Total</b>                         | <b>806,763,184</b>              | <b>(35,108,569)</b> | <b>771,654,615</b> |

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

| <b>Retail - 2025</b> | <b>Murabaha<br/>receivables</b> | <b>ECL</b>          | <b>Total</b>       |
|----------------------|---------------------------------|---------------------|--------------------|
| 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            | -                               | -                   | -                  |
|                      | <b>836,322,131</b>              | <b>(52,886,629)</b> | <b>783,435,502</b> |

| <b>Retail - 2024</b> | <b>Murabaha<br/>receivables</b> | <b>ECL</b>          | <b>Total</b>       |
|----------------------|---------------------------------|---------------------|--------------------|
| 0 – 30               | 624,185,478                     | (2,238,228)         | 621,947,250        |
| 31 – 60              | 21,071,175                      | (619,784)           | 20,451,391         |
| 61 – 90              | 19,873,436                      | (719,795)           | 19,153,641         |
| 91 – 180             | 18,454,586                      | (6,354,073)         | 12,100,513         |
| 181 - 270            | 26,341,877                      | (10,441,422)        | 15,900,455         |
| 271 - 360            | 28,891,209                      | (10,875,703)        | 18,015,506         |
| 361 - 450            | 7,594,202                       | (2,570,385)         | 5,023,817          |
| Above 450            | -                               | -                   | -                  |
|                      | <b>746,411,963</b>              | <b>(33,819,390)</b> | <b>712,592,573</b> |

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**21 FINANCIAL RISK MANAGEMENT (CONTINUED)**

(i) *Credit risk (continued)*

Credit quality of Murabaha receivables based on past due days is as follows (continued):

| SME - 2025 | Murabaha 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        |
|            | <b>19,300,415</b>    | <b>(932,380)</b> | <b>18,368,035</b> |

| SME - 2024 | Murabaha receivables | ECL                | Total             |
|------------|----------------------|--------------------|-------------------|
| 0 – 30     | 18,931,821           | (39,159)           | 18,892,662        |
| 31 – 60    | 2,100,343            | (29,652)           | 2,070,691         |
| 61 – 90    | 3,509,135            | (73,701)           | 3,435,434         |
| 91 – 180   | 4,339,143            | (206,078)          | 4,133,065         |
| 181 – 270  | 2,191,746            | (65,357)           | 2,126,389         |
| 271 – 360  | 1,225,947            | (18,386)           | 1,207,561         |
| 361 – 720  | 16,545,351           | (309,437)          | 16,235,914        |
| Above 720  | 11,507,735           | (547,409)          | 10,960,326        |
|            | <b>60,351,221</b>    | <b>(1,289,179)</b> | <b>59,062,042</b> |

Credit quality of Gross carrying value of Murabaha receivables on a product basis is as follows:

| 2025        | Stage 1            | Stage 2           | Stage 3            | Total              | PD ranges    |
|-------------|--------------------|-------------------|--------------------|--------------------|--------------|
| High risk   | 79,956,636         | 7,554,052         | 25,166,599         | 112,677,287        | 4.2% - 100%  |
| Medium risk | 408,278,186        | 27,165,049        | 64,364,783         | 499,808,018        | 3.7% - 100%  |
| Low risk    | 141,259,452        | 3,759,202         | 6,068,685          | 151,087,339        | 1.4% - 100%  |
| No score    | 55,897,673         | 3,615,156         | 13,236,658         | 72,749,487         | 5.6% - 100%  |
| SME         | 522,564            | -                 | 18,777,851         | 19,300,415         | 10.4% - 100% |
|             | <b>685,914,511</b> | <b>42,093,459</b> | <b>127,614,576</b> | <b>855,622,546</b> |              |

| 2024        | Stage 1            | Stage 2           | Stage 3            | Total              | PD ranges   |
|-------------|--------------------|-------------------|--------------------|--------------------|-------------|
| High risk   | 79,249,851         | 7,412,145         | 18,823,986         | 105,485,983        | 4.0% - 100% |
| Medium risk | 365,084,142        | 24,601,003        | 46,388,120         | 436,073,265        | 3.3% - 100% |
| Low risk    | 158,234,858        | 9,015,709         | 16,281,338         | 183,531,904        | 1.1% - 100% |
| No score    | 20,916,860         | 403,951           | -                  | 21,320,811         | 5.1% - 100% |
| SME         | 18,931,821         | 5,597,526         | 35,821,874         | 60,351,221         | 9.3% - 100% |
|             | <b>642,417,532</b> | <b>47,030,334</b> | <b>117,315,319</b> | <b>806,763,184</b> |             |

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**21 FINANCIAL RISK MANAGEMENT (CONTINUED)**

*(i) Credit risk (continued)*

**Measurement of ECL**

The Company applies the IFRS 9 general approach to measuring expected credit losses which uses a 12-month or lifetime expected loss allowance as applicable for Murabaha receivable contracts. The Company's ECL model is sensitive to macroeconomic variables such as expected movements of import, export, inflation and GDP scenario weightings. Management evaluates changes in such macroeconomic factors on a periodic basis and has recognised the corresponding impact on the calculation of ECL as at 31 December 2025. The assessment of credit risk in Murabaha receivables requires further estimations of credit risk using ECL which is derived by Probability of default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

The Company measures an ECL at a contract level considering the EAD, PD and LGD. PD estimates are estimates at a certain date, based on the term structures as provided below. For LGD estimates, the Company uses present value of recoveries for loss accounts adjusted by the forward-looking information. For retail and SME financing products LGD ranges from 5% to 60%. EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract i.e. contractual repayments. For discounting, the Company has used each contract's effective profit rate. The Company's management believes that adequate ECL allowance has been made, where required to address the credit risk.

**Generating the term structure of PD**

PD is determined based on the historical loss experience of an entity. This historic PD is then adjusted by a factor, determined by reviewing the historic relationship between key economic parameters and PD. Forward looking macro-economic information is then considered and the calculated historical PD is adjusted.

**Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition.

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when the receivables is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

Qualitative factors considered include restructuring and rescheduling status of receivables. All facilities that have been restructured in the past due to credit risk related factors or which were non performing loans in the past 12 months are to be considered Stage 2.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that the criteria are capable of identifying significant increases in credit risk before an exposure is in default.

**Incorporation of forward-looking information**

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on an extensive exercise carried out by the management, it had concluded that the GDP was the macroeconomic factor with the highest correlation to the historical collection and default trends. The Company measures the ECL as either a probability-weighted 12-month ECL (Stage 1) or a probability-weighted lifetime ECL (Stage 2 and 3). These probability weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weightings of 30%, 40% and 30% for "upturn", "baseline" and "downturn" scenarios respectively. Management updates the inputs with respect to macroeconomic factors to their ECL model on a periodic basis based on the latest available information. For details of macroeconomic factors used please refer note 3.15.

**QUARA FINANCE COMPANY  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**21 FINANCIAL RISK MANAGEMENT (CONTINUED)**

*(i)* **Sensitivity analysis**

An increase or decrease of 1% in the GDP growth rate weightings with all other variables held constant will result in an increase/decrease of SR 57,037 in the ECL allowance.

An increase or decrease of 1% in the inflation rate weightings with all other variables held constant will result in an increase/decrease of SR 9,776 in the ECL allowance.

An increase or decrease of 1% in the export rate weightings with all other variables held constant will result in an increase or decrease of SR 17,688 in the ECL allowance.

An increase or decrease of 1% in the import rate weightings with all other variables held constant will result in an increase or decrease of SR 2,064 in the ECL allowance.

**Cash and cash equivalents and other receivables**

The Company believes that it has a low credit risk on these financial assets and the loss allowance would not be material for the Company. The Bank balances are held with several commercial banks operating in the Kingdom having credit ratings from A1 to A2 as per Moody's. Hence, currently the Company is not exposed to any significant credit risk. Other receivables are not significant and not exposed to significant credit risk.

*(ii)* **Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its payment obligations when they fall due under normal and stress circumstances. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available. To mitigate this risk, management manages assets with liquidity in mind, maintaining an appropriate balance of cash, cash equivalents and readily marketable securities and monitors future cash flows and liquidity on a daily basis.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. Total unused credit facilities available to the Company as at 31 December 2025 were approximately SR 175 million (31 December 2024: SR: 125 million).

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**21 FINANCIAL RISK MANAGEMENT (CONTINUED)**

*(ii) Liquidity risk (continued)*

The Company has also complied with the liquidity ratios requirement. The contractual maturities of liabilities have been determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date and do not take account of the effective maturities as indicated by the Company's availability of liquid funds. Management monitors the maturity profile to ensure that adequate liquidity is maintained. The table below summarizes the maturity profile of the Company's liabilities based on contractual undiscounted cash flows. Maturity profile of financial assets and liabilities are as follows:

| <b>2025</b>   | <b>Less than 3<br/>months</b> | <b>3 to 12 months</b> | <b>1 to 10 years</b> | <b>Total 2025</b>    |
|---|-------------------------------|-----------------------|----------------------|----------------------|
| <b>Financial assets –<br/>commission bearing</b>          |                               |                       |                      |                      |
| Murabaha receivables                                      | 210,134,023                   | 427,957,151           | 588,182,900          | 1,226,274,074        |
| <b>Financial assets –<br/>non commission bearing</b>      |                               |                       |                      |                      |
| Cash and cash equivalents                                 | 151,772,796                   | -                     | -                    | 151,772,796          |
| Other receivables   | 18,916,478                    | -                     | -                    | 18,916,478           |
|   | <b>380,823,297</b>            | <b>427,957,151</b>    | <b>588,182,900</b>   | <b>1,396,963,348</b> |
| <b>Financial liabilities –<br/>commission bearing</b>     |                               |                       |                      |                      |
| Loan from a related party                                 | -                             | -                     | 100,000,000          | 100,000,000          |
| Term loan   | 38,320,672                    | 104,159,374           | 344,893,006          | 487,373,052          |
| <b>Financial liabilities –<br/>non commission bearing</b> |                               |                       |                      |                      |
| Accrued and other liabilities                             | 19,134,053                    | -                     | -                    | 19,134,053           |
|   | <b>57,454,725</b>             | <b>104,159,374</b>    | <b>444,893,006</b>   | <b>606,507,105</b>   |
| <b>Liquidity gap</b>                                      | <b>323,368,572</b>            | <b>323,797,777</b>    | <b>143,289,894</b>   | <b>790,456,243</b>   |
|   |                               |                       |                      |                      |
| <b>2024</b>   | <b>Less than 3<br/>months</b> | <b>3 to 12 months</b> | <b>1 to 10 years</b> | <b>Total 2024</b>    |
| <b>Financial assets –<br/>commission bearing</b>          |                               |                       |                      |                      |
| Murabaha receivables                                      | 180,805,090                   | 472,704,977           | 470,802,930          | 1,124,312,997        |
| <b>Financial assets –<br/>non commission bearing</b>      |                               |                       |                      |                      |
| Cash and cash equivalents                                 | 64,818,672                    | -                     | -                    | 64,818,672           |
| Other receivables   | 18,729,276                    | -                     | -                    | 18,729,276           |
|   | <b>264,353,038</b>            | <b>472,704,977</b>    | <b>470,802,930</b>   | <b>1,207,860,945</b> |
| <b>Financial liabilities –<br/>commission bearing</b>     |                               |                       |                      |                      |
| Loan from a related party                                 | -                             | -                     | 100,000,000          | 100,000,000          |
| Term loan   | 37,010,691                    | 94,958,461            | 197,332,792          | 329,301,944          |
| <b>Financial liabilities –<br/>non commission bearing</b> |                               |                       |                      |                      |
| Accrued and other liabilities                             | 26,867,534                    | -                     | -                    | 26,867,534           |
|   | <b>63,878,225</b>             | <b>94,958,461</b>     | <b>297,332,792</b>   | <b>456,169,478</b>   |
| <b>Liquidity gap</b>                                      | <b>200,474,813</b>            | <b>377,746,516</b>    | <b>173,470,138</b>   | <b>751,691,467</b>   |

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**21 FINANCIAL RISK MANAGEMENT (CONTINUED)**

*(iii) Commission rate risk*

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

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

|          | <u>31 December 2025</u>       |                             | <u>31 December 2024</u>       |                             |
|----------|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
|          | <u>Change in basis points</u> | <u>Impact on net income</u> | <u>Change in basis points</u> | <u>Impact on net income</u> |
| Increase | +50                           | (1,638,401)                 | +50                           | (453,835)                   |
| Decrease | -50                           | 1,638,401                   | -50                           | 453,835                     |

*iv) Currency risk*

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign currency exchange rates. All the transactions of the Company are in Saudi Arabian Riyals.

**22 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:

|  |             |             |
|--|-------------|-------------|
| <b>Debt to equity ratio</b>            | <u>2025</u> | <u>2024</u> |
| Debt                                   | 502,387,250 | 369,484,554 |
| Shareholders' equity                   | 467,249,694 | 459,251,385 |
| Debt to equity Ratio                   | <u>1.08</u> | <u>0.80</u> |
| <b>Net receivables to equity ratio</b> | <u>2025</u> | <u>2024</u> |
| Net receivables (excluding ECL)        | 855,622,546 | 806,763,184 |
| Shareholders' equity                   | 467,249,694 | 459,251,385 |
| Net receivables to equity ratio        | <u>1.83</u> | <u>1.76</u> |

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**23 RELATED PARTY TRANSACTIONS AND BALANCES**

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:

|   | <u>As at 31 December<br/>2025</u> | <u>As at<br/>31 December 2024</u> |
|---|-----------------------------------|-----------------------------------|
| <b><i>Major Shareholders with significant influence:</i></b>  |                                   |                                   |
| Interest free loan from the shareholder                       | <u>100,000,000</u>                | <u>100,000,000</u>                |
| <b><i>Key Management Personnel</i></b>                        |                                   |                                   |
| Salaries and other short-term employee benefits               | 7,746,711                         | 7,689,620                         |
| End of service benefits – paid                                | 116,969                           | -                                 |
| End of service benefits – accrued                             | 728,161                           | 411,054                           |
| Compensation and allowances to the Board and other committees | 398,000                           | 280,000                           |
| Loans to key management personnel of the Company              | 71,213                            | 20,173                            |
|   | <u>9,061,054</u>                  | <u>8,400,847</u>                  |

**24 RECLASSIFICATIONS**

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

- Transaction cost on Murabaha receivables: During the year, the Company reassessed the accounting presentation of certain incremental transaction costs to ensure compliance with the requirements of IFRS 9 – Financial Instruments. Transaction costs that are incremental and directly attributable to the acquisition of Murabaha receivables measured at amortised cost were previously classified under Prepayments and other receivables. These amounts have now been reclassified to Murabaha receivables, as such costs form an integral part of the financial asset's carrying amount and are included in the calculation of the effective profit rate in accordance with IFRS 9. Furthermore, transaction costs relating to accepted Murabaha loans that were previously recognised within General and administrative expenses have been reclassified to Murabaha income. These reclassifications have been made to enhance the accuracy, consistency, and comparability of the financial statements in line with IFRS 9.
- Management fee charged on Term loans: Management has reassessed the accounting treatment of transaction costs incurred in connection with financial liabilities (Term loans) measured at amortised cost. Such costs were previously presented within Prepayments and other receivables. In accordance with IFRS 9 – Financial Instruments, transaction costs that are directly attributable to obtaining financial liabilities are required to be recognised as an adjustment to the initial carrying amount of the related borrowings and subsequently amortised over the term of the facility using the effective interest rate method. Accordingly, these transaction costs have been reclassified from Prepayments and other receivables and are now presented as a deduction from the carrying amount of the respective borrowings. The amortisation of these costs is recognised within finance costs over the tenure of the facilities. This reclassification enhances the accuracy, consistency, and compliance of the financial statement presentation in line with IFRS 9.

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**24 RECLASSIFICATIONS (CONTINUED)**

The following table shows the impact on each statement of financial position caption affected by the reclassification as at 1 January 2024:

| <b>Financial statement caption</b> | <b>1 January 2024 (before reclassification)</b> | <b>Transaction cost on Murabaha receivables</b> | <b>1 January 2024 (after reclassification)</b> |
|------------------------------------|---|---|--|
| Murabaha receivables, net          | 676,975,453                                     | 15,374,580                                      | 692,350,033                                    |
| Prepayments and other receivables  | 31,862,305                                      | (15,374,580)                                    | 16,487,725                                     |

The following table shows the impact on each statement of financial position caption affected by the reclassification as of 31 December 2024:

| <b>Financial statement caption</b>                   | <b>31 December 2024 (before reclassification)</b> | <b>Transaction cost on Murabaha receivables</b> | <b>Management fee charged on Term loans</b> | <b>31 December 2024 (after reclassification)</b> |
|--|---|---|---|--|
| <b><u>ASSETS</u></b>                                 |   |   |   |  |
| Murabaha receivables, net                            | 744,529,037                                       | 27,125,578                                      | -   | 771,654,615                                      |
| Prepayments and other receivables                    | 52,434,674  | (27,125,578)                                    | (2,830,278)                                 | 22,478,818                                       |
| Total Assets   | 877,264,082                                       | -   | (2,830,278)                                 | 874,433,804                                      |
| <b><u>LIABILITIES &amp; SHAREHOLDERS' EQUITY</u></b> |   |   |   |  |
| Term loans   | 291,128,315                                       | -   | (2,830,278)                                 | 288,298,037                                      |
| Total Liabilities and shareholders' equity           | 877,264,082                                       |   | (2,830,278)                                 | 874,433,804                                      |

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

|                                     | <b>31 December 2024 (before reclassification)</b> | <b>Subscription and Marketing expense</b> | <b>31 December 2024 (after reclassification)</b> |
|-------------------------------------|---|---|--|
| Murabaha income                     | 206,169,499                                       | (18,821,571)                              | 187,347,928                                      |
| General and administrative expenses | 79,126,647  | (18,821,571)                              | 60,305,076                                       |

The above reclassifications caused the cashflows from operating activities to increase by SR 2.8 million and the cashflows from financing activities to decrease by SR 2.8 million and were made to conform to the current period presentation.

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

**25 SUBSEQUENT EVENTS**

There were no events subsequent to the audited financial position date which required adjustments to or disclosure in these audited financial statements

**26 APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements have been approved by the Board of Directors on **17 February 2026** (corresponding to 29 Shaban 1447H).

**No 3**

**To Review and discuss the  
Financial Statements for the  
fiscal year ended 31 December  
2025.**

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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## KPMG Professional Services Company

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

Headquarters in Riyadh

## شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

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

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Shareholders of Quara Finance Company

## Opinion

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

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

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, as applicable to the audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



# Independent Auditor's Report

To the Shareholders of Quara Finance Company (continued)

| Key Audit Matter (continued)   |   |
|--|---|
| Key audit matter   | How the matter was addressed in our audit   |
| <p><b>Expected credit loss allowance against Murabaha receivables</b></p> <p>As at 31 December 2025, the Murabaha receivables before impairment were SR 855 million, against which an expected credit loss ("ECL") allowance of SR 53.8 million was maintained.</p> <p>We considered this as a key audit matter, as the determination of the ECL involves significant estimation and management judgement, and this has a material impact on the financial statements of the Company. The key areas of judgement include:</p> <p>1. Categorisation of Murabaha receivables into Stages 1, 2 and 3 based on the identification of:</p> <p>a) exposures with a significant increase in credit risk ("SICR") since their origination; and<br/>b) impaired / default exposures.</p> <p>2. Assumptions used in the ECL model for determining probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") including, but not limited to assessment of expected future cash flows and developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probability weightages.</p> <p>Application of these judgements and estimates have given rise to greater estimation uncertainty and the associated audit risk around the ECL calculations as at 31 December 2025.</p> <p><i>Refer to the summary of material accounting policies note 3.15 for impairment of financial assets; note 4 which contains the disclosure of critical accounting estimates and judgements relating to impairment losses on Murabaha receivables and the impairment assessment methodology used by the Company; note 6 which contains the disclosure of impairment against Murabaha receivables; and note 21 (i) which contains the credit quality analysis and key assumptions and factors considered in determination of the ECL.</i></p> | <p>In this area our audit procedures included:</p> <ul style="list-style-type: none"> <li>▪ We obtained and updated our understanding of management's assessment of the ECL allowance against Murabaha receivables, including the relevant accounting policy and model methodology, as well as any key changes during the year.</li> <li>▪ We compared the Company's accounting policy for the ECL allowance and the ECL methodology with the requirements of IFRS 9.</li> <li>▪ We assessed the design and implementation and tested the operating effectiveness of key controls over: <ul style="list-style-type: none"> <li>• the ECL model, including governance over the model, and any model updates performed during the period, including approval of the respective oversight committee of key inputs, assumptions and post model adjustments;</li> <li>• the classification of borrowers into various stages and timely identification of SICR and the determination of default / impaired exposures; and</li> <li>• the integrity of data inputs used in the ECL model.</li> </ul> </li> <li>▪ For a sample of customers, we assessed: <ul style="list-style-type: none"> <li>• the appropriateness of staging as identified by management;</li> <li>• the internal ratings determined by management based on the Company's internal rating model and considered these assigned ratings in light of Company's ECL methodology and available industry information. We also assessed that these were consistent with the ratings used as input in the ECL model; and</li> <li>• management's computation of the ECL.</li> </ul> </li> <li>▪ We assessed the appropriateness of the Company's criteria for the determination of SICR and identification of "default" or "impaired exposures"; and their classification into stages. Furthermore, for a sample of exposures, we assessed the appropriateness of the staging classification of the Company's financing portfolio.</li> <li>▪ We assessed the reasonableness of underlying assumptions used by the Company in the ECL model including forward looking assumptions.</li> <li>▪ We tested the completeness and accuracy of data supporting the ECL calculations as at 31 December 2025 by checking reconciliations and sample testing of key data inputs.</li> </ul> |



# Independent Auditor's Report

To the Shareholders of Quara Finance Company (continued)

| Key Audit Matter (continued) |   |
|------------------------------|---|
| Key audit matter             | How the matter was addressed in our audit   |
|                              | <ul style="list-style-type: none"><li>▪ Where required, we involved our specialists to assess the ECL model calculations, evaluating inter-related inputs (including PDs, LGDs and EADs) and assessing the reasonableness of assumptions used in the ECL model particularly around macroeconomic variables, forecasted macroeconomic scenarios and probability weightages.</li><li>▪ We assessed the adequacy of disclosures in the financial statements.</li></ul> |

## Other matter – Comparative information

The financial statements of the Company as at and for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 04 March 2025.

## Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



# Independent Auditor's Report

To the Shareholders of Quara Finance Company (continued)

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, and the Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e., the Board of Directors and the Audit Committee, are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



# Independent Auditor's Report

To the Shareholders of Quara Finance Company (continued)

## Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Quara Finance Company ("the Company").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### KPMG Professional Services Company

**Saleh Mohammed S Mostafa**  
License No: 524



Riyadh: 08 Ramadan 1447 H  
Corresponding to 25 February 2026

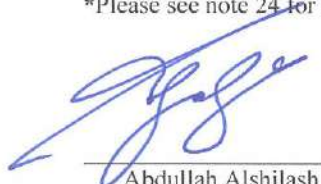
Public

QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2025

|   | Notes | 31 December 2025   | 31 December 2024*  |
|---|-------|--------------------|--------------------|
| <b>Assets</b>                                     |       |                    |                    |
| Cash and cash equivalents                         | 5     | 151,772,796        | 64,818,672         |
| Murabaha receivables, net                         | 6     | 801,803,537        | 771,654,615        |
| Prepayments and other receivables                 | 7     | 28,730,156         | 22,478,818         |
| Property and equipment, net                       | 8     | 2,165,607          | 4,314,589          |
| Intangibles                                       | 9     | 13,986,557         | 11,167,110         |
| <b>Total assets</b>                               |       | <b>998,458,653</b> | <b>874,433,804</b> |
| <b>Liabilities and shareholders' equity</b>       |       |                    |                    |
| <b>Liabilities</b>                                |       |                    |                    |
| Term loans  | 10    | 413,320,976        | 288,298,037        |
| Loan from a related party                         | 11    | 89,066,274         | 81,186,517         |
| Accrued and other liabilities                     | 12    | 24,301,706         | 32,672,431         |
| Provision for zakat                               | 13    | 2,358,803          | 11,272,234         |
| Employees' termination benefits                   | 14    | 2,161,200          | 1,753,200          |
| <b>Total liabilities</b>                          |       | <b>531,208,959</b> | <b>415,182,419</b> |
| <b>Shareholders' equity</b>                       |       |                    |                    |
| Share capital                                     | 15    | 300,000,000        | 300,000,000        |
| Statutory reserve                                 | 16    | 12,542,513         | 12,542,513         |
| Retained earnings                                 |       | 120,361,837        | 112,363,528        |
| Equity contribution on related party loan         | 11    | 34,345,344         | 34,345,344         |
| <b>Total shareholders' equity</b>                 |       | <b>467,249,694</b> | <b>459,251,385</b> |
| <b>Total liabilities and shareholders' equity</b> |       | <b>998,458,653</b> | <b>874,433,804</b> |

The notes from 1 to 26 form an integral part of these financial statements.

\*Please see note 24 for details.



Abdullah Alshilash  
Chairman



Faisal Al Alshaikh  
Chief Executive Officer



Amrish Shah  
Chief Financial Officer

**QUARA FINANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

|  | Notes | 2025              | 2024*             |
|--|-------|-------------------|-------------------|
| Murabaha income  |       | 259,323,027       | 187,347,928       |
| Finance income   |       | 2,004,957         | 1,160,623         |
| Financial charges  | 10    | (36,751,753)      | (15,218,140)      |
|  |       | 224,576,231       | 173,290,411       |
| General and administrative expenses                          | 18    | (96,440,903)      | (60,305,076)      |
| Provision for expected credit losses                         | 6.8   | (87,300,232)      | (28,265,511)      |
| Salaries and employee related expenses                       |       | (33,943,523)      | (35,985,813)      |
| Other income   |       | 3,254,820         | 4,185,654         |
| <b>Net income for the year before zakat</b>                  |       | <b>10,146,393</b> | <b>52,919,665</b> |
| Zakat charge   | 13    | (2,029,279)       | (9,673,279)       |
| <b>Net income for the year after zakat</b>                   |       | <b>8,117,114</b>  | <b>43,246,386</b> |
| <b>Other comprehensive income</b>                            |       |                   |                   |
| <i>Items that will not be reclassified to profit or loss</i> |       |                   |                   |
| Remeasurement loss on employees' termination benefits        |       | (118,805)         | -                 |
| <b>Total comprehensive income</b>                            |       | <b>7,998,309</b>  | <b>43,246,386</b> |
| <b>Basic and Diluted Earnings per share</b>                  |       | <b>0.27</b>       | <b>1.44</b>       |
| Weighted average number of shares                            | 15    | 30,000,000        | 30,000,000        |

The notes from 1 to 26 form an integral part of these financial statements.

\*Please see note 24 for details.



Abdullah Alshilash  
Chairman



Faisal Al Alshaikh  
Chief Executive Officer



Amrish Shah  
Chief Financial Officer

Public

QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2025

|  | Notes | Share capital      | Statutory reserve | Retained earnings  | Equity contribution on related party loan | Total              |
|--|-------|--------------------|-------------------|--------------------|---|--------------------|
| <b>1 January 2025</b>                            |       | 300,000,000        | 12,542,513        | 112,363,528        | 34,345,344                                | 459,251,385        |
| <b>Comprehensive income:</b>                     |       |                    |                   |                    |   |                    |
| Net income for the year after zakat              |       | -                  | -                 | 8,117,114          | -   | 8,117,114          |
| <b>Other comprehensive income</b>                |       |                    |                   |                    |   |                    |
| Remeasurement of defined benefit liability       | 14    | -                  | -                 | (118,805)          | -   | (118,805)          |
| <b>Total comprehensive income for the year</b>   |       |                    |                   | <b>7,998,309</b>   |   | <b>7,998,309</b>   |
| <b>31 December 2025</b>                          |       | <b>300,000,000</b> | <b>12,542,513</b> | <b>120,361,837</b> | <b>34,345,344</b>                         | <b>467,249,694</b> |
| <b>1 January 2024</b>                            |       | 300,000,000        | 12,542,513        | 69,117,142         | 10,862,676                                | 392,522,331        |
| <b>Comprehensive income:</b>                     |       |                    |                   |                    |   |                    |
| Net income for the year after zakat              |       | -                  | -                 | 43,246,386         | -   | 43,246,386         |
| <b>Other comprehensive income</b>                |       |                    |                   |                    |   |                    |
| Total comprehensive income for the year          |       | -                  | -                 | 43,246,386         | -   | 43,246,386         |
| <b>Equity contribution on related party loan</b> |       |                    |                   |                    |   |                    |
| 31 December 2024                                 | 11    | -                  | -                 | -                  | 23,482,668                                | 23,482,668         |
|  |       | 300,000,000        | 12,542,513        | 112,363,528        | 34,345,344                                | 459,251,385        |

The notes from 1 to 26 form an integral part of these financial statements.

  
Abdulrah Alshilash  
Chairman



Faisal Al Alshaikh  
Chief Executive Officer



Amrisha Shah  
Chief Financial Officer

Public


QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2025

|   | Notes | 2025                | 2024                |
|---|-------|---------------------|---------------------|
| <b>Cash flow from operating activities</b>              |       |                     |                     |
| Net income for the year before zakat                    |       | 10,146,393          | 52,919,665          |
| <b>Adjustments for non-cash items:</b>                  |       |                     |                     |
| Depreciation and amortisation                           | 8 & 9 | 4,108,025           | 4,041,797           |
| Financial charges                                       |       | 36,751,753          | 15,218,140          |
| Provision for expected credit losses                    | 6.8   | 101,707,087         | 46,942,886          |
| Provision for employees' termination benefits           | 14    | 710,636             | 193,340             |
| Loss on sale repossessed assets                         |       | -                   | 142,785             |
| <b>Changes in working capital</b>                       |       |                     |                     |
| Murabaha receivables, net                               |       | (131,856,010)       | (114,496,470)       |
| Prepayments and other receivables                       |       | (5,697,118)         | (20,572,369)        |
| Accrued and other liabilities                           |       | (8,370,724)         | (123,505)           |
| Zakat paid  | 13    | (10,942,710)        | (11,231,925)        |
| Employees' termination benefits paid                    | 14    | (421,441)           | (159,240)           |
| Financial charges paid                                  | 10    | (28,380,358)        | (8,148,726)         |
| <b>Net cash used in operating activities</b>            |       | <b>(32,244,467)</b> | <b>(35,273,622)</b> |
| <b>Cash flow from investing activities</b>              |       |                     |                     |
| Purchase of property and equipment and intangibles      | 8 & 9 | (4,778,490)         | (6,728,448)         |
| Proceeds from sale of repossessed assets                |       | -                   | 1,500,000           |
| <b>Net cash used in investing activities</b>            |       | <b>(4,778,490)</b>  | <b>(5,228,448)</b>  |
| <b>Cash flow from financing activities</b>              |       |                     |                     |
| Proceeds from loans                                     | 10    | 362,632,738         | 188,000,000         |
| Payment of term loans                                   | 10    | (238,655,657)       | (124,488,487)       |
| <b>Net cash generated from financing activities</b>     |       | <b>123,977,081</b>  | <b>63,511,513</b>   |
| <b>Net cash and cash equivalents</b>                    |       | <b>86,954,124</b>   | <b>23,009,443</b>   |
| Cash and cash equivalents at the beginning of the year  | 5     | 64,818,672          | 41,809,229          |
| <b>Cash and cash equivalents at the end of the year</b> | 5     | <b>151,772,796</b>  | <b>64,818,672</b>   |
| <b>Murabaha income received during the year</b>         |       | <b>274,655,447</b>  | <b>192,778,449</b>  |

The notes from 1 to 26 form an integral part of these financial statements.

  
Abdullah Alshilash  
Chairman

  
Faisal Al Alshaikh  
Chief Executive Officer

  
Amrishi Shah  
Chief Financial Officer

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**1 GENERAL INFORMATION**

Quara Finance Company (the "Company") is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under commercial registration number 1010262141 issued in Riyadh on 9 Safar 1430H (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 8246, Riyadh 12622  
Kingdom of Saudi Arabia

**2 BASIS OF PREPARATION**

**2.1 Statement of Compliance**

These financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and in compliance with the applicable requirements of the Regulations for Companies and the Company's By-laws.

**2.2 Basis of measurement and presentation**

These financial statements have been prepared on a going concern basis under the historical cost convention except for the measurement at fair value of defined benefit obligations.

The statement of financial position is stated in order of liquidity.

**2.3 Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('Saudi Riyals' ("SR")). The financial statements are presented in SR, which is the Company's functional and presentation currency.

**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES**

The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2024. Based on the adoption of new standard and in consideration of current economic environment, the following accounting policies are applicable effective 1 January 2025 replacing, amending, or adding to the corresponding accounting policies set out in 2024 annual financial statements.

**3.1 Adoption of new standards and amendments**

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB), have been effective from 1 January 2025 and accordingly adopted by the Company. The Company has assessed that the amendments have no significant impact on the Company's financial statements, as applicable:

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTNUED)**

a) *New standards, interpretations and amendments thereof, adopted by the Company:*

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

The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting the standard.

b) *Standards issued but not yet effective:*

Standards issued but not yet effective up to the date of issuance of the Company's annual financial statements are listed below. The Company intends to adopt these standards when they become effective and these standards will not have any material impact on the financial statements of the company.

| <b>Standard /<br/>interpretation</b>  | <b>Description</b>   | <b>Effective from<br/>periods beginning<br/>on or after</b> |
|---|--|---|
| Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.  | Effective date deferred indefinitely                        |
| Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures                                | Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.<br><br>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.   |

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTIUED)**

**3.1 Adoption of new standards and amendments: (continued)**

b) *Standards issued but not yet effective:*

| Standard /<br>interpretation   | Description   | Effective from<br>periods beginning<br>on or after |
|--|---|--|
| IFRS 18,<br>Presentation and<br>Disclosure in<br>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,<br>Subsidiaries without<br>Public<br>Accountability:<br>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                                     |

**3.2 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Company to manage its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

**3.3 Murabaha receivables, net**

Murabaha receivables originated by the Company, are initially recognized at fair value including transaction costs when cash is advanced to customers. Subsequently, these financial assets are measured at amortized cost. For presentation purposes, the unearned finance income and provision for impairment are deducted from gross receivables.

**3.4 Property and equipment**

Property and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

If significant parts of an items of property and equipment have different useful lives, then they are accounted for as separate items of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized within other income or general and administrative expenses in the statement of income and other comprehensive income.

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTIUED)**

**3.4 Property and equipment (continued)**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are expensed to the statement of income and other comprehensive income as incurred.

Depreciation is calculated using the straight-line method to allocate their cost less their estimated residual values under the straight line method over their estimated useful lives and is recognized in the statement of income and other comprehensive income. The estimated useful life of the assets are as follows:

|                                  | <u>Number of years</u>                                     |
|----------------------------------|--|
| Vehicles                         | 5 years  |
| Furniture and fixtures           | 5 years  |
| Information technology equipment | 5 years  |
| Leasehold improvements           | 4 - 5 years or over the lease term<br>whichever is shorter |

**3.5 Intangible assets and capital work in progress**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the statement of income and other comprehensive income as it is incurred.

Intangible assets are amortized on a straight line basis over its estimated useful life from the date when it is available for use. The estimate useful life for the intangible assets for the current and the comparative year is 5 years.

Capital work in progress (CWIP) includes costs incurred mainly for the development, enhancement and upgrades of the Company's core systems, including the addition of new features, and the development of new applications and software technology platforms.

Expenditure on internally developed assets is recognized as an asset only when the Company is able to demonstrate that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and that it can reliably measure the costs to complete the development.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it is incurred.

**3.6 Provisions**

Provisions are recognized when the Company has an present obligation (legal or constructive) arising from past events, and the costs to settle the obligation are both probable and may be measured reliably. Provisions are not recognized for future operating losses. Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

**3.7 Contingencies**

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

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.8 Employees' termination benefits**

The Company operates an end of service benefit plan for its employees based on the prevailing Saudi Labor Laws. Accruals are made at the present value of expected future payments in respect of services provided by the employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The benefit payments obligation is discharged as and when it falls due. Remeasurements (actuarial gains / losses) as a result of experience adjustments and changes in actuarial assumptions are recognized in the statement of income and other comprehensive income.

**3.9 Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized within accrued for the amounts expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount can be reliably measured.

**3.10 Zakat**

In accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"), the Company is subject to zakat attributable to the Saudi shareholders. Zakat is computed on the Saudi shareholders' share of equity or net income using the basis defined under the Zakat regulations. Zakat is accrued on a quarterly basis and charged directly to the statement of income and other comprehensive income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

**3.11 Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amount of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is determined. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognized in the statement of income and other comprehensive income. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets in the CGU on a pro rata basis.

Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the statement of income and other comprehensive income.

**3.12 Revenue recognition**

Income from Murabaha is recognized based on the effective profit rate basis on the outstanding balances over the term of the contract. The effective profit rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset.

The calculation of effective profit rate includes transaction costs and fees and commission income received that are an integral part of effective profit method. Transaction costs include incremental costs that are directly attributable to the acquisition of the financial asset.

For Murabaha receivables that become credit impaired subsequent to the initial recognition, murabaha income is calculated by applying the effective profit rate to the amortized cost of the asset. If the asset is no longer credit impaired, the calculation of murabaha income reverts back to the gross basis.

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.13 General and administrative expenses**

General and administrative expenses are those arising from Company's efforts underlying the administrative activities.

**3.14 Short term and low value leases**

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of income and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

**3.15 Financial instruments**

The Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories.

IFRS 9 contains three principal classification categories for financial assets. The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income (FVOCI)
- those to be measured subsequently at fair value through profit or loss (FVTPL) and
- those to be measured at amortized cost.

At initial recognition, the Company measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of financial asset. Transactions cost of financial assets carried at fair value through profit or loss (FVTPL) are expensed in statement of income and other comprehensive income.

Subsequent measurement of debt instrument depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories into which the Company classifies its debt instruments:

- i) **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and profit (SPPP) are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of the hedging relationship is recognized in statement of comprehensive income when the asset is derecognized or impaired. Profit from these financial assets is calculated the effective yield method. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. profit includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement, including the impact of prepayment and early termination features of the contract. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.
- ii) **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and profit, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, profit on financial instrument (revenue) and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of comprehensive income and recognised in other gains / (losses). Profit from these financial assets is included in finance income using the effective yield method.
- iii) **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in statement of comprehensive income and presented net in the statement of comprehensive income within other gains / (losses) in the period in which it arises. Profit from these financial assets is included in the finance income.

Currently, the Company does not hold any equity instruments; therefore, the related accounting policies have not been presented.

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.15 Financial instruments (continued)**

The Company assesses on a forward-looking basis the expected credit loss ('ECL') associated with its debt instrument assets carried at amortized cost. The Company recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

**Incorporation of forward-looking information**

The Company has used GDP growth rate, import and export, and inflation as their key macroeconomic factors. The macro-economic factors has been updated based on the latest available information (for GDP forecast as issued by International Monetary Fund, and for inflation rate as available on the [www.stats.gov.sa](http://www.stats.gov.sa)).

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from economic experts and consideration of a variety of forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by the International Monetary Fund.

The base case represents a most-likely outcome and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The economic scenarios used as at the year-end included the following ranges of key indicator:

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.15 Financial instruments (continued)**

| <b>Economic Indicators</b> | <b>31 December<br/>2025</b>                                      | <b>31 December<br/>2024</b>                 |
|----------------------------|--|---|
| Gross domestic product     | <b>Upside 30%</b><br><b>Base case 40%</b><br><b>Downside 30%</b> | Upside 30%<br>Base case 40%<br>Downside 30% |
| Imports & Exports          | <b>Upside 30%</b><br><b>Base case 40%</b><br><b>Downside 30%</b> | Upside 30%<br>Base case 40%<br>Downside 30% |
| KSA inflation rate         | <b>Upside 30%</b><br><b>Base case 40%</b><br><b>Downside 30%</b> | Upside 30%<br>Base case 40%<br>Downside 30% |

**Probability weightings**

The Company considered the probability weightings to provide the best estimate of the possible loss outcomes and has analysed inter-relationships and correlations (over both the short and long term) within the Company's credit portfolios in determining them.

Probability weighting of each scenario is determined by the management considering the risks and uncertainties surrounding the base case economic scenario. Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data.

| <b>Economic indicators</b> | <b>Forecast calendar years used in<br/>2025 ECL model</b> |             |             | <b>Forecast calendar years used in<br/>2024 ECL model</b> |             |             |
|----------------------------|---|-------------|-------------|---|-------------|-------------|
|                            | <b>2026</b>   | <b>2027</b> | <b>2028</b> | <b>2025</b>   | <b>2026</b> | <b>2027</b> |
| Gross domestic product     | <b>4.4%</b>   | <b>3.6%</b> | <b>3.5%</b> | 4.6%  | 4.4%        | 3.6%        |
| KSA inflation rate         | <b>2.0%</b>   | <b>2.0%</b> | <b>2.0%</b> | 1.7%  | 1.9%        | 2.0%        |
| Imports                    | <b>5.5%</b>   | <b>3.4%</b> | <b>2.8%</b> | 8.15%   | 5.5%        | 3.4%        |
| Exports                    | <b>8.6%</b>   | <b>4.5%</b> | <b>4.9%</b> | 8.39%   | 8.6%        | 4.5%        |

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full;
- the borrower is classified in default category as per internal credit grade (applicable for corporate and high net worth individuals); or
- the borrower is past due more than 90 days on any material credit obligation to the Company.

In assessing whether a borrower is in default, the Company considers indicators that are:

- qualitative e.g. breaches of covenant
- quantitative e.g. overdue status and non-payment on another obligation of the same issuer to Company

Financial assets shall be written off (either partially or in full) when there is no realistic prospect of recovery. However, financial assets that are written off could still be recovery of amounts due.

The Company uses three categories for murabaha receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.15 Financial instruments (continued)**

**Probability weightings (continued)**

| <u>Category</u> | <u>Company definition of category</u>  | <u>Basis for recognition of expected credit loss provision</u>  |
|-----------------|--|---|
| Stage 1         | Financial asset(s) that have not significantly deteriorated in credit quality since origination.<br><br>Customers have a low risk of default and a strong capacity to meet contractual cash flows. | 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime |
| Stage 2         | Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are from 30 past due.                   | Lifetime expected losses  |
| Stage 3         | Interest and/or principal repayments above 90 days past due  | Lifetime expected losses  |

**Credit-impaired Murabaha receivables**

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or lease by the Company on terms that the Company would not consider otherwise; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

A Murabaha receivable that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a Murabaha receivable that is overdue for 90 days or more is considered impaired.

**Curing period**

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period time. A customer needs to demonstrate consistently good payment behaviour (more than 1 repayment) over a period of time before the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to a 12-month ECL (Stage 1) for measurement at an amount equal to Lifetime ECL (Stage 2 and 3)

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.16 Financial liabilities**

Financial liabilities are classified and subsequently measured at amortized cost using the effective yield method. The related cost of borrowing is charged to statement of income and other comprehensive income. The effective yield rate is the rate that discounts the estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

The Company derecognizes a financial liability (or a part of a financial liability) from its statement of balance sheet when, and only when, the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, is recognised in statement of income and other comprehensive income.

**3.17 Derecognition of financial instruments**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of income and other comprehensive income.

**3.18 Modifications of financial assets and financial liabilities**

*a. Financial assets*

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income and other comprehensive income.

*b. Financial liabilities*

The Company derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in statement of income and other comprehensive income.

**3.19 Government grant**

The Company recognizes a government grant related income, if there is a reasonable assurance that it will be received, and the Company will comply with the conditions associated with the grant. The benefit of a government loan at a below-market rate of interest is treated as a government grant related income. The below-market rate grant is recognized and measured in accordance with IFRS 9 - Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the grant determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20. Government grant is recognized in the statement of comprehensive income on a systematic basis over the periods in which, the Company recognizes as expenses, the related costs which the grants is intended to compensate. The grant income is only recognised when the ultimate beneficiary is the Company. Where the customer is the ultimate beneficiary, the Company only records the respective receivable and payable amounts.

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**4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

**Critical accounting judgement**

The preparation of 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. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. Significant area where management has used estimates, assumptions or exercised judgements include:

i. *Provision for doubtful debts (note 3.15 and note 6)*

ii. *SPPI Test:*

Management has assessed the prepayment and early termination features of the contract which require the customers to pay certain compensation in addition to the outstanding principal and accrued profit. However, management believes that such additional amounts represent reasonable compensation for the reinvestment costs.

Furthermore, the contractual provisions also stipulate that in the event of default the Company pursues legal action to recover its outstanding dues and the amounts to be recovered from the customer, representing the outstanding principal and profit is determined by the outcome of the legal action. Accordingly, management believes that the contractual cashflows of investment in Murabaha financing contracts meet the SPPI test.

iii. *Present value of employees' termination benefits (note 3.8 and note 14)*

**5 CASH AND CASH EQUIVALENTS**

|                             | Note | As at 31 December  |                   |
|-----------------------------|------|--------------------|-------------------|
|                             |      | 2025               | 2024              |
| Current accounts with banks | 5.1  | 55,351,428         | 64,818,672        |
| Short-term deposit          | 5.2  | 96,421,368         | -                 |
|                             |      | <b>151,772,796</b> | <b>64,818,672</b> |

5.1 This represents balance held in current accounts with several commercial banks operating in the Kingdom of Saudi Arabia having credit ratings from A1 to A2 as per Moody's.

5.2 Short-term deposit is placed with a commercial bank operating in Kingdom of Saudi Arabia having a credit rating of A1 as per Moody's. The term deposits have an original maturity of less than three months bearing profit rate of 5.05% - 5.45% per annum. (31 December 2024: Nil).

**6 MURABAHA RECEIVABLES, NET**

|  | As at 31 December |               |
|--|-------------------|---------------|
|  | 2025              | 2024          |
| Murabaha receivables                         | 1,231,808,965     | 1,151,438,575 |
| Unearned revenue                             | (376,186,419)     | (344,675,391) |
| Gross carrying value of Murabaha receivables | 855,622,546       | 806,763,184   |
| Provision for expected credit losses         | (53,819,009)      | (35,108,569)  |
| Murabaha receivables, net                    | 801,803,537       | 771,654,615   |
| Current portion of Murabaha receivables      | 453,846,635       | 449,830,355   |
| Non-current portion of Murabaha receivables  | 401,775,911       | 356,932,829   |
| Gross carrying value of Murabaha receivables | 855,622,546       | 806,763,184   |
| Provision for expected credit losses         | (53,819,009)      | (35,108,569)  |
| Murabaha receivables, net                    | 801,803,537       | 771,654,615   |

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**6 MURABAHA RECEIVABLES, NET (CONTINUED)**

**6.1 Reconciliation between gross and net Murabaha receivables**

|  | 31 December 2025 |               |               |
|--|------------------|---------------|---------------|
|  | Retail           | SME financing | Total         |
| Murabaha receivables                         | 1,211,886,361    | 19,922,604    | 1,231,808,965 |
| 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)  |
| Murabaha receivables, net                    | 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   |
| 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)  |
| Murabaha receivables, net                    | 783,435,502      | 18,368,035    | 801,803,537   |
|  | 31 December 2024 |               |               |
|  | Retail           | SME financing | Total         |
| Murabaha receivables                         | 1,089,275,541    | 62,163,034    | 1,151,438,575 |
| Unearned revenue                             | (342,863,578)    | (1,811,813)   | (344,675,391) |
| Gross carrying value of Murabaha receivables | 746,411,963      | 60,351,221    | 806,763,184   |
| Provision for expected credit losses         | (33,819,390)     | (1,289,179)   | (35,108,569)  |
| Murabaha receivables, net                    | 712,592,573      | 59,062,042    | 771,654,615   |
| Current portion of Murabaha receivables      | 390,950,691      | 58,879,664    | 449,830,355   |
| Non-Current portion of Murabaha receivables  | 355,461,272      | 1,471,557     | 356,932,829   |
| Gross carrying value of Murabaha receivables | 746,411,963      | 60,351,221    | 806,763,184   |
| Provision for expected credit losses         | (33,819,390)     | (1,289,179)   | (35,108,569)  |
| Murabaha receivables, net                    | 712,592,573      | 59,062,042    | 771,654,615   |

**The net carrying amount of Murabaha receivables, and thus the maximum exposure to loss, is as follows:**

|  | 31 December 2025 |               |              |
|--|------------------|---------------|--------------|
|  | 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 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) |
| Murabaha receivables, net                    | 783,435,502      | 18,368,035    | 801,803,537  |
|  | 31 December 2024 |               |              |
|  | Retail           | SME financing | Total        |
| Stage 1                                      | 613,735,937      | 18,165,098    | 631,901,035  |
| Stage 2                                      | 48,310,291       | 3,528,986     | 51,839,277   |
| Stage 3                                      | 84,365,735       | 38,657,137    | 123,022,872  |
| Gross carrying value of Murabaha receivables | 746,411,963      | 60,351,221    | 806,763,184  |
| Provision for expected credit losses         | (33,819,390)     | (1,289,179)   | (35,108,569) |
| Murabaha receivables, net                    | 712,592,573      | 59,062,042    | 771,654,615  |

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**6 MURABAHA RECEIVABLES, NET (CONTINUED)**

**6.2 Stage wise analysis of Murabaha receivables is as follows:**

|                                      | <u>Stage 1</u>     | <u>Stage 2</u>    | <u>Stage 3</u>    | <u>Total</u>       |
|--------------------------------------|--------------------|-------------------|-------------------|--------------------|
| <b>31 December 2025</b>              |                    |                   |                   |                    |
| Murabaha receivables                 | 989,620,710        | 67,626,098        | 174,562,157       | 1,231,808,965      |
| Unearned revenue                     | (319,685,029)      | (19,884,885)      | (36,616,505)      | (376,186,419)      |
| Provision for expected credit losses | (3,900,517)        | (1,591,140)       | (48,327,352)      | (53,819,009)       |
| Murabaha receivables, net            | <u>666,035,164</u> | <u>46,150,073</u> | <u>89,618,300</u> | <u>801,803,537</u> |
| <br>                                 |                    |                   |                   |                    |
| <b>31 December 2024</b>              |                    |                   |                   |                    |
| Murabaha receivables                 | 927,138,638        | 73,176,319        | 151,123,618       | 1,151,438,575      |
| Unearned revenue                     | (294,918,270)      | (21,360,108)      | (28,397,013)      | (344,675,391)      |
| Provision for expected credit losses | (1,262,379)        | (1,110,600)       | (32,735,590)      | (35,108,569)       |
| Murabaha receivables, net            | <u>630,957,989</u> | <u>50,705,611</u> | <u>89,991,015</u> | <u>771,654,615</u> |

**6.3 Stage wise analysis of Murabaha receivables – retail segment is as follows:**

|                                      | <u>Stage 1</u>     | <u>Stage 2</u>    | <u>Stage 3</u>    | <u>Total</u>       |
|--------------------------------------|--------------------|-------------------|-------------------|--------------------|
| <b>31 December 2025</b>              |                    |                   |                   |                    |
| 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> |
| <br>                                 |                    |                   |                   |                    |
| <b>31 December 2024</b>              |                    |                   |                   |                    |
| Murabaha receivables                 | 908,478,248        | 69,575,320        | 111,221,973       | 1,089,275,541      |
| Unearned revenue                     | (294,422,979)      | (21,288,095)      | (27,152,504)      | (342,863,578)      |
| Provision for expected credit losses | (1,240,822)        | (1,068,340)       | (31,510,228)      | (33,819,390)       |
| Murabaha receivables, net            | <u>612,814,447</u> | <u>47,218,885</u> | <u>52,559,241</u> | <u>712,592,573</u> |

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**6 MURABAHA RECEIVABLES, NET (CONTINUED)**

**6.4 Stage wise analysis of Murabaha receivables – SME segment is as follows:**

|                                      | Stage 1           | Stage 2          | Stage 3           | Total             |
|--------------------------------------|-------------------|------------------|-------------------|-------------------|
| <b>31 December 2025</b>              |                   |                  |                   |                   |
| 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            | <b>521,051</b>    | <b>-</b>         | <b>17,846,984</b> | <b>18,368,035</b> |
| <b>31 December 2024</b>              |                   |                  |                   |                   |
| Murabaha receivables                 | 18,660,389        | 3,600,999        | 39,901,646        | 62,163,034        |
| Unearned revenue                     | (495,291)         | (72,013)         | (1,244,509)       | (1,811,813)       |
| Provision for expected credit losses | (21,557)          | (42,260)         | (1,225,362)       | (1,289,179)       |
| Murabaha receivables, net            | <b>18,143,541</b> | <b>3,486,726</b> | <b>37,431,775</b> | <b>59,062,042</b> |

**6.5 The movement in provision for expected credit losses is as follows:**

|                             | 2025             |                  |                   |                   |
|-----------------------------|------------------|------------------|-------------------|-------------------|
|                             | Stage 1          | Stage 2          | Stage 3           | Total             |
| <b>1 January 2025</b>       | <b>1,262,379</b> | <b>1,110,600</b> | <b>32,735,590</b> | <b>35,108,569</b> |
| Charge for the year         | 2,638,138        | 480,540          | 98,588,409        | 101,707,087       |
| Written off during the year | -                | -                | (82,996,647)      | (82,996,647)      |
| <b>31 December 2025</b>     | <b>3,900,517</b> | <b>1,591,140</b> | <b>48,327,352</b> | <b>53,819,009</b> |
|                             | 2024             |                  |                   |                   |
|                             | Stage 1          | Stage 2          | Stage 3           | Total             |
| 1 January 2024              | 628,959          | 2,143,444        | 17,783,844        | 20,556,247        |
| Charge for the year         | 633,420          | (1,032,844)      | 47,342,310        | 46,942,886        |
| Written off during the year | -                | -                | (32,390,564)      | (32,390,564)      |
| 31 December 2024            | <b>1,262,379</b> | <b>1,110,600</b> | <b>32,735,590</b> | <b>35,108,569</b> |

As of 31 December 2025, the receivables amount written off amounts to **SR 71.9 million** (31 December 2024: SR 32.4 million).

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**6 MURABAHA RECEIVABLES, NET (CONTINUED)**

**6.6 The movement in provision for expected credit losses of retail segment is as follows:**

|                             | 2025             |                  |                   |                   |
|-----------------------------|------------------|------------------|-------------------|-------------------|
|                             | Stage 1          | Stage 2          | Stage 3           | Total             |
| <b>1 January 2025</b>       | 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)      |
| <b>31 December 2025</b>     | <b>3,899,005</b> | <b>1,591,140</b> | <b>47,396,484</b> | <b>52,886,629</b> |
|                             | 2024             |                  |                   |                   |
|                             | Stage 1          | Stage 2          | Stage 3           | Total             |
| 1 January 2024              | 601,190          | 1,567,570        | 14,061,743        | 16,230,503        |
| Charge for the year         | 639,632          | (499,230)        | 49,839,049        | 49,979,451        |
| Written off during the year | -                | -                | (32,390,564)      | (32,390,564)      |
| 31 December 2024            | 1,240,822        | 1,068,340        | 31,510,228        | 33,819,390        |

**6.7 The movement in provision for expected credit losses of SME segment is as follows:**

|                             | 2025         |           |                |                |
|-----------------------------|--------------|-----------|----------------|----------------|
|                             | Stage 1      | Stage 2   | Stage 3        | Total          |
| <b>1 January 2025</b>       | 21,557       | 42,260    | 1,225,362      | 1,289,179      |
| 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)   |
| <b>31 December 2025</b>     | <b>1,513</b> | <b>-</b>  | <b>930,867</b> | <b>932,380</b> |
|                             | 2024         |           |                |                |
|                             | Stage 1      | Stage 2   | Stage 3        | Total          |
| 1 January 2024              | 27,769       | 575,874   | 3,722,101      | 4,325,744      |
| Charge for the year         | (6,212)      | (533,614) | (2,496,739)    | (3,036,565)    |
| Written off during the year | -            | -         | -              | -              |
| 31 December 2024            | 21,557       | 42,260    | 1,225,362      | 1,289,179      |

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**6 MURABAHA RECEIVABLES, NET (CONTINUED)**

**6.8 Reconciliation for provision for expected credit losses with statement of income and other comprehensive income**

|  | <u>As at 31 December</u> |                          |
|--|--------------------------|--------------------------|
|  | <u>2025</u>              | <u>2024</u>              |
| Expected credit losses charge for the year | <b>101,707,087</b>       | 46,942,886               |
| Recoveries from written off customers      | <b>(14,406,855)</b>      | (18,677,375)             |
|  | <b><u>87,300,232</u></b> | <b><u>28,265,511</u></b> |

**6.9 The analysis of movements the gross carrying amount of Murabaha receivables and the expected credit loss allowance on Murabaha receivables is as follows:**

**(i) Retail segment**

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

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

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**6 MURABAHA RECEIVABLES, NET (CONTINUED)**

**6.9 The analysis of movements the gross carrying amount of Murabaha receivables and the expected credit loss allowance on Murabaha receivables is as follows (continued)**

**(i) Retail segment (continued)**

| Retail                                     | For the year ended 31 December 2024 |              |              |               |
|--|-------------------------------------|--------------|--------------|---------------|
|  | Stage 1                             | Stage 2      | Stage 3      | Total         |
| Gross carrying amount as at 1 January 2024 | 417,932,861                         | 72,314,291   | 26,654,264   | 516,901,416   |
| New financial assets originated            | 703,719,953                         | -            | -            | 703,719,953   |
| Transferred from Stage 1                   | (49,753,322)                        | 15,951,452   | 33,801,870   | -             |
| Transferred from Stage 2                   | 21,708,238                          | (45,423,996) | 23,715,758   | -             |
| Transferred from Stage 3                   | 1,329,498                           | 417,329      | (1,746,827)  | -             |
| Repayments and settlements                 | (481,201,291)                       | 5,051,215    | 34,331,234   | (441,818,842) |
| Write-offs                                 | -                                   | -            | (32,390,564) | (32,390,564)  |
| Gross carrying amount as 31 December 2024  | 613,735,937                         | 48,310,291   | 84,365,735   | 746,411,963   |

| Retail                                | For the year ended 31 December 2024 |           |              |              |
|---------------------------------------|-------------------------------------|-----------|--------------|--------------|
|                                       | Stage 1                             | Stage 2   | Stage 3      | Total        |
| Loss allowance as at 1 January 2024   | 601,190                             | 1,567,570 | 14,061,743   | 16,230,503   |
| New financial assets originated       | 769,299                             | -         | -            | 769,299      |
| Transfer from stage 1                 | (45,502)                            | 16,119    | 29,383       | -            |
| Transfer from stage 2                 | 450,136                             | (883,331) | 433,195      | -            |
| Transfer from stage 3                 | 727,267                             | 204,318   | (931,585)    | -            |
| Remeasurement of loss allowance       | (934,804)                           | 761,173   | 52,117,832   | 51,944,201   |
| Financial assets – settled            | (326,764)                           | (597,509) | (1,809,776)  | (2,734,049)  |
| Write-off during the year             | -                                   | -         | (32,390,564) | (32,390,564) |
| Loss allowance as at 31 December 2024 | 1,240,822                           | 1,068,340 | 31,510,228   | 33,819,390   |

**(ii) SME segment**

| SME financing                              | For the year ended 31 December 2025 |             |              |              |
|--|-------------------------------------|-------------|--------------|--------------|
|  | 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) |
| Write-offs                                 | -                                   | -           | (14,600,263) | (14,600,263) |
| Gross carrying amount as 31 December 2025  | 522,564                             | -           | 18,777,851   | 19,300,415   |

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**6 MURABAHA RECEIVABLES, NET (CONTINUED)**

6.9 The analysis of movements the gross carrying amount of Murabaha receivables and the expected credit loss allowance on Murabaha receivables is as follows: (continued)

(ii) SME segment (continued)

| SME financing                                | For the year ended 31 December 2025 |               |                  |                  |
|--|-------------------------------------|---------------|------------------|------------------|
|  | Stage 1                             | Stage 2       | Stage 3          | Total            |
| <b>Loss allowance as at 1 January 2025</b>   | <b>21,557</b>                       | <b>42,260</b> | <b>1,225,362</b> | <b>1,289,179</b> |
| 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)        |
| Write-off during the year                    | -                                   | -             | (14,600,263)     | (14,600,263)     |
| <b>Loss allowance as at 31 December 2025</b> | <b>1,513</b>                        | <b>-</b>      | <b>930,867</b>   | <b>932,380</b>   |

| SME financing                                | For the year ended 31 December 2024 |              |              |               |
|--|-------------------------------------|--------------|--------------|---------------|
|  | Stage 1                             | Stage 2      | Stage 3      | Total         |
| Gross carrying amount as at 1 January 2024   | 99,925,611                          | 38,416,200   | 42,288,473   | 180,630,284   |
| Transferred from Stage 1                     | (7,642,570)                         | 5,669,294    | 1,973,276    | -             |
| Transferred from Stage 2                     | 6,723,578                           | (27,427,854) | 20,704,276   | -             |
| Transferred from Stage 3                     | 1,170,214                           | -            | (1,170,214)  | -             |
| Repayments and settlements                   | (82,011,735)                        | (13,128,654) | (25,138,674) | (120,279,063) |
| Write-offs                                   | -                                   | -            | -            | -             |
| Gross carrying amount as at 31 December 2024 | 18,165,098                          | 3,528,986    | 38,657,137   | 60,351,221    |

| SME financing                         | For the year ended 31 December 2024 |           |             |             |
|---------------------------------------|-------------------------------------|-----------|-------------|-------------|
|                                       | Stage 1                             | Stage 2   | Stage 3     | Total       |
| Loss allowance as at 1 January 2024   | 27,769                              | 575,874   | 3,722,101   | 4,325,744   |
| Transfer from stage 1                 | (1,010)                             | 790       | 220         | -           |
| Transfer from stage 2                 | 38,319                              | (311,031) | 272,712     | -           |
| Transfer from stage 3                 | 46,809                              | -         | (46,809)    | -           |
| Remeasurement of loss allowance       | (70,400)                            | (35,684)  | (2,297,794) | (2,403,878) |
| Financial assets – settled            | (19,930)                            | (187,689) | (425,068)   | (632,687)   |
| Write-off during the year             | -                                   | -         | -           | -           |
| Loss allowance as at 31 December 2024 | 21,557                              | 42,260    | 1,225,362   | 1,289,179   |

Refer note 20(i) for details of the credit quality of Murabaha receivables based on past due days.

**7 PREPAYMENTS AND OTHER RECEIVABLES**

|                                 | As at 31 December |                   |
|---------------------------------|-------------------|-------------------|
|                                 | 2025              | 2024              |
| Other receivables from supplier | 18,277,775        | 18,019,765        |
| Prepaid expenses                | 9,813,678         | 3,749,542         |
| Employee loans and advances     | 638,703           | 709,511           |
|                                 | <b>28,730,156</b> | <b>22,478,818</b> |

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**PROPERTY AND EQUIPMENT, NET**

|   | <b>Vehicles</b> | <b>Furniture and fixtures</b> | <b>Information technology equipment</b> | <b>Leasehold improvements</b> | <b>Total</b>     |
|---|-----------------|-------------------------------|---|-------------------------------|------------------|
| <b><u>2025</u></b>                        |                 |                               |   |                               |                  |
| <b>Cost</b>                               |                 |                               |   |                               |                  |
| 1 January 2025                            | 265,300         | 2,957,017                     | 15,662,821                              | 6,010,704                     | 24,895,842       |
| Additions during the year                 | -               | -                             | 125,005                                 | -                             | 125,005          |
| 31 December 2025                          | 265,300         | 2,957,017                     | 15,787,826                              | 6,010,704                     | 25,020,847       |
| <b>Accumulated depreciation</b>           |                 |                               |   |                               |                  |
| 1 January 2025                            | 265,296         | 2,829,703                     | 11,619,697                              | 5,866,557                     | 20,581,253       |
| Charge for the year                       | -               | 81,500                        | 2,100,094                               | 92,393                        | 2,273,987        |
| 31 December 2025                          | 265,296         | 2,911,203                     | 13,719,791                              | 5,958,950                     | 22,855,240       |
| <b>Net book value at 31 December 2025</b> | <b>4</b>        | <b>45,814</b>                 | <b>2,068,035</b>                        | <b>51,754</b>                 | <b>2,165,607</b> |
| <b><u>2024</u></b>                        |                 |                               |   |                               |                  |
| <b>Cost</b>                               |                 |                               |   |                               |                  |
| 1 January 2024                            | 265,300         | 2,957,017                     | 15,540,735                              | 5,968,159                     | 24,731,211       |
| Additions during the year                 | -               | -                             | 122,086                                 | 42,545                        | 164,631          |
| 31 December 2024                          | 265,300         | 2,957,017                     | 15,662,821                              | 6,010,704                     | 24,895,842       |
| <b>Accumulated depreciation</b>           |                 |                               |   |                               |                  |
| 1 January 2024                            | 265,296         | 2,665,350                     | 9,151,293                               | 5,340,075                     | 17,422,014       |
| Charge for the year                       | -               | 164,353                       | 2,468,404                               | 526,482                       | 3,159,239        |
| 31 December 2024                          | 265,296         | 2,829,703                     | 11,619,697                              | 5,866,557                     | 20,581,253       |
| <b>Net book value at 31 December 2024</b> | <b>4</b>        | <b>127,314</b>                | <b>4,043,124</b>                        | <b>144,147</b>                | <b>4,314,589</b> |

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**INTANGIBLES**

| <b>2025</b>                            | <b>Software solutions</b> | <b>Capital WIP</b> | <b>Total</b>      |
|--|---------------------------|--------------------|-------------------|
| <b><u>Cost</u></b>                     |                           |                    |                   |
| As at 1 January 2025                   | 4,435,909                 | 8,001,489          | 12,437,398        |
| Additions during the year              | 6,553,479                 | 4,653,485          | 11,206,964        |
| Capitalized during the year            | -                         | (6,553,479)        | (6,553,479)       |
| As at 31 December 2025                 | <u>10,989,388</u>         | <u>6,101,495</u>   | <u>17,090,883</u> |
| <b><u>Accumulated amortisation</u></b> |                           |                    |                   |
| As at 1 January 2025                   | 1,270,288                 | -                  | 1,270,288         |
| Amortisation during the year           | 1,834,038                 | -                  | 1,834,038         |
| As at 31 December 2025                 | <u>3,104,326</u>          | <u>-</u>           | <u>3,104,326</u>  |
| Net book value as at 31 December 2025  | <u>7,885,062</u>          | <u>6,101,495</u>   | <u>13,986,557</u> |

| <b>2024</b>                            | <b>Software solutions</b> | <b>Capital WIP</b> | <b>Total</b>      |
|--|---------------------------|--------------------|-------------------|
| <b><u>Cost</u></b>                     |                           |                    |                   |
| As at 1 January 2024                   | 4,339,757                 | 1,533,824          | 5,873,581         |
| Additions during the year              | 96,152                    | 6,467,665          | 6,563,817         |
| As at 31 December 2024                 | <u>4,435,909</u>          | <u>8,001,489</u>   | <u>12,437,398</u> |
| <b><u>Accumulated amortisation</u></b> |                           |                    |                   |
| As at 1 January 2024                   | 387,730                   | -                  | 387,730           |
| Amortisation during the year           | 882,558                   | -                  | 882,558           |
| As at 31 December 2024                 | <u>1,270,288</u>          | <u>-</u>           | <u>1,270,288</u>  |
| Net book value as at 31 December 2024  | <u>3,165,621</u>          | <u>8,001,489</u>   | <u>11,167,110</u> |

10

**TERM LOANS**

|   | Note | <b>As at 31 December</b> |                    |
|---|------|--------------------------|--------------------|
|   |      | <b>2025</b>              | <b>2024</b>        |
| Term loan – Monsha'at                     | 10.1 | -                        | 7,229,717          |
| Term loan – SAMA – funding for lending    | 10.2 | 3,063,364                | 68,296,697         |
| Loan from Banks and financial institution | 10.3 | 410,257,612              | 212,771,623        |
|   |      | <u>413,320,976</u>       | <u>288,298,037</u> |

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**10 TERM LOANS (CONTINUED)**

**10.1 Term loan – Monsha’at**

|  | Note   | As at 31 December |              |
|--|--------|-------------------|--------------|
|  |        | 2025              | 2024         |
| Opening balance                        |        | 7,229,717         | 24,207,819   |
| Financial charges for the year         |        | 151,214           | 815,612      |
| Principal repayment during the year    |        | (7,226,624)       | (17,556,553) |
| Financial charges paid during the year |        | (154,307)         | (815,612)    |
|  |        | -                 | 6,651,266    |
| Deferred income on interest-free loans | 10.1.1 | -                 | 578,451      |
| Closing balance                        |        | -                 | 7,229,717    |
| Current portion                        |        | -                 | 7,229,717    |
| Non-current portion                    |        | -                 | -            |
|  |        | -                 | 7,229,717    |

**10.1.1 Deferred income on interest-free loans**

|  | As at 31 December |             |
|--|-------------------|-------------|
|  | 2025              | 2024        |
| Opening balance  | 578,451           | 1,933,435   |
| Amortization of deferred income on interest free loans | (578,451)         | (1,354,984) |
| Closing balance  | -                 | 578,451     |

Since 2018, the Company has received eight interest-free loans from Social Development Bank to finance small and medium sized entities in the Kingdom of Saudi Arabia amounting SR 245 million for three years. These loans carried a fixed special commission rate that was significantly lower than the prevailing market rate. These loans provided to the Company carried a number of conditions, one of which was that these loans were to be used for providing loans to specific types/sectors of customers at discounted rates. The benefit being the impact of “lower than market value” loan obtained by the Company has been identified and accounted for in accordance with IFRS 9. Such benefit is being recognised in the statement of income and other comprehensive income of the Company on a systematic basis as the expense for which such loan is intended to compensate, is recognised.

**10.2 Term loan – SAMA – funding for lending**

|                                     | As at 31 December |              |
|-------------------------------------|-------------------|--------------|
|                                     | 2025              | 2024         |
| Opening balance                     | 68,296,697        | 160,428,631  |
| Principal repayment during the year | (65,233,333)      | (92,131,934) |
| Closing balance                     | 3,063,364         | 68,296,697   |
| Current portion                     | 3,063,364         | 65,233,333   |
| Non-current portion                 | -                 | 3,063,364    |
|                                     | 3,063,364         | 68,296,697   |

During the year 2020, the Company entered into SAMA’s Funding for Lending Program, whereby Kafala (SME financing guarantee program) has guaranteed up to 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 is set to repay the remaining balance within three months from the year end.

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**10 TERM LOANS (CONTINUED)**

**10.3 Loan from Banks and other financial institutions**

|  | <b>As at 31 December</b> |                    |
|--|--------------------------|--------------------|
|  | <b>2025</b>              | <b>2024</b>        |
| Opening balance                        | 212,771,623              | 40,618,919         |
| Loans obtained during the year         | 362,632,738              | 185,169,722        |
| Financial charges for the year         | 29,275,002               | 8,104,188          |
| Principal repayment during the year    | (166,195,700)            | (14,800,000)       |
| Financial charges paid during the year | (28,226,051)             | (6,321,206)        |
| Closing balance                        | <b>410,257,612</b>       | <b>212,771,623</b> |
| Current portion                        | <b>107,923,249</b>       | 47,371,764         |
| Non-current portion                    | <b>302,334,363</b>       | 165,399,859        |
|  | <b>410,257,612</b>       | <b>212,771,623</b> |

The Company has multiple short and medium-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 interest rate of 10.99% p.a. per annum.

Under the agreements with banks and financial institutions, the Company has an aggregate maximum borrowing limit of SR 650 million (31 December 2024: SR 350 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% – 135% of the loan amount. The Company was also required is also required to maintain a current ratio of at least 1.5 and a financial leverage ratio of not more than 2.0.

As at 31 December 2025, the Company has maintained a current ratio of 4.54 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.

**11. Loan from a related party**

|   | <b>As at 31 December</b> |                   |
|---|--------------------------|-------------------|
|   | <b>2025</b>              | <b>2024</b>       |
| Opening balance                           | 81,186,517               | 98,027,769        |
| Financial charges accrued during the year | 7,879,757                | 6,641,416         |
| Equity Contribution on interest-free loan | -                        | (23,482,668)      |
| Closing balance                           | <b>89,066,274</b>        | <b>81,186,517</b> |

During 2021, the Company obtained loan amounting to SR 100 million in 4 equal tranches for a period of 3 years. These loans were interest 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 interest-free terms. The loan does not carry any covenants and is repayable in full on maturity in March 2027. Refer note 23 for details of loan from related party.

**12 ACCRUED EXPENSES AND OTHER LIABILITIES**

|                           | <b>As at 31 December</b> |                   |
|---------------------------|--------------------------|-------------------|
|                           | <b>2025</b>              | <b>2024</b>       |
| Murabaha related payables | 19,134,053               | 26,867,534        |
| Accrued expenses          | 2,819,161                | 3,963,677         |
| VAT and GOSI payable      | 323,010                  | 289,182           |
| Others                    | 2,025,482                | 1,552,038         |
|                           | <b>24,301,706</b>        | <b>32,672,431</b> |

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**13 PROVISION FOR ZAKAT**

**13.1 The movement in the zakat provision is as follows:**

|                               | <u>As at 31 December</u> |                     |
|-------------------------------|--------------------------|---------------------|
|                               | <u>2025</u>              | <u>2024</u>         |
| Opening balance               | 11,272,234               | 12,830,880          |
| Charge during the year        | 2,029,279                | 9,673,279           |
| Payments made during the year | <u>(10,942,710)</u>      | <u>(11,231,925)</u> |
| Closing balance               | <u>2,358,803</u>         | <u>11,272,234</u>   |

**13.2 Status of assessments**

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

**14 EMPLOYEES' TERMINATION BENEFITS**

|  | <u>As at 31 December</u> |                  |
|--|--------------------------|------------------|
|  | <u>2025</u>              | <u>2024</u>      |
| Opening balance at the beginning of the year                         | 1,753,200                | 1,719,100        |
| Current service cost   | 710,636                  | 193,340          |
| End of service payments during the year                              | (421,441)                | (159,240)        |
| Actuarial losses on remeasurement of employees' termination benefits | <u>118,805</u>           | <u>-</u>         |
| Closing balance at the end of the year                               | <u>2,161,200</u>         | <u>1,753,200</u> |

**14.1 The principal actuarial assumptions used in the actuarial valuation at the reporting date are as follows:**

|                  | <u>As at 31 December</u> |             |
|------------------|--------------------------|-------------|
|                  | <u>2025</u>              | <u>2024</u> |
| Discount rate    | 4.75%                    | 4.8%        |
| Salary increment | 2.5%                     | 2.5%        |
| Retirement age   | 65                       | 65          |

**14.2 Charge for the year**

|                      | <u>As at 31 December</u> |                |
|----------------------|--------------------------|----------------|
|                      | <u>2025</u>              | <u>2024</u>    |
| Current service cost | 632,578                  | 699,240        |
| Past service cost    | -                        | (505,900)      |
| Finance Cost         | <u>78,058</u>            | <u>-</u>       |
|                      | <u>710,636</u>           | <u>193,340</u> |

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**14 EMPLOYEES' TERMINATION BENEFITS (CONTINUED)**

**14.3 Sensitivity analysis**

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

|                                    | 31 December 2025 |           | 31 December 2024 |           |
|------------------------------------|------------------|-----------|------------------|-----------|
|                                    | Increase         | Decrease  | Increase         | Decrease  |
| Salary growth rate (1%) movement   | 2,265,802        | 2,064,162 | 1,838,055        | 1,674,481 |
| Discount rate (1%) movement        | 2,071,726        | 2,259,318 | 1,680,618        | 1,832,795 |
| Retirement age rate (10%) movement | 2,115,166        | 2,210,259 | 1,715,857        | 1,792,998 |

**Risks associated with defined benefit plans**

*Salary increase risk:*

The retirement benefit of the Company is one where the benefit is linked with final salary. The risk arises when the actual salary increases are higher than expectation and impacts the liability accordingly.

*Longevity risks:*

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

**15 SHARE CAPITAL**

As at 31 December 2025, the Company's authorised, issued and paid-up share capital was SR 300 million (31 December 2024: SR 300 million) divided into 30 million shares (31 December 2024: 30 million shares) with a nominal value of SR 10 each.

On 7 March 2024, the Company completed its Initial Public Offering ("IPO") and its ordinary shares (8.83% amounting to 2.65 million shares) were listed on the Nomu - Parallel Market (Saudi Arabia). During the year ended 31 December 2024, the Company paid initial public offer (IPO) costs amounting to 8.7 million on behalf of the shareholders in their respective ownership. These costs were settled by the shareholders during the year ended 2024.

**16 STATUTORY RESERVE**

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the issued Company's articles of association, the Company was required to transfer 10% of its net income for the year to the statutory reserve until such reserve equals 30% of its share capital. However, after the issuance of new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023), the requirement to transfer net income to the reserve has become voluntary. The management has amended their articles of association and have removed the requirement of transfer of net income to the reserve. The statutory reserve will be transferred to retained earnings after approval of the shareholders in the annual general meeting.

**17 COMMITMENTS**

**Capital commitments**

As of 31 December 2025 and 31 December 2024, there were no capital commitments outstanding against the Company.

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**18 GENERAL AND ADMINISTRATIVE EXPENSES**

|                                   | <u>Note</u> | <u>2025</u>              | <u>2024</u>              |
|-----------------------------------|-------------|--------------------------|--------------------------|
| Subscriptions                     | 18.1        | <b>45,839,005</b>        | 28,638,939               |
| Information technology            |             | <b>14,957,903</b>        | 3,416,035                |
| Bank charges                      |             | <b>6,812,150</b>         | 5,357,919                |
| Marketing expenses                |             | <b>5,786,145</b>         | 1,711,300                |
| Professional fees                 | 18.2        | <b>5,439,433</b>         | 2,672,176                |
| Depreciation and amortisation     | 8 & 9       | <b>4,108,023</b>         | 4,041,797                |
| Medical insurance                 |             | <b>3,087,196</b>         | 4,024,712                |
| Collection incentives             |             | <b>2,976,798</b>         | 3,027,418                |
| Utilities                         |             | <b>2,063,915</b>         | 1,576,645                |
| Employee termination benefits     |             | <b>1,188,764</b>         | 455,856                  |
| Rent expense                      |             | <b>909,025</b>           | 953,115                  |
| Committee allowances              |             | <b>462,000</b>           | 280,000                  |
| Office stationery and post office |             | <b>338,168</b>           | 223,931                  |
| Other expenses                    |             | <b>2,472,378</b>         | 3,925,233                |
|                                   |             | <b><u>96,440,903</u></b> | <b><u>60,305,076</u></b> |

18.1 This represents costs incurred for performing customer onboarding and due diligence procedures on applications that did not result in approved accounts or transactions.

**18.2 Auditor's remuneration:**

|  | <u>For the year ended 31 December</u> |                         |
|--|---------------------------------------|-------------------------|
|  | <u>2025</u>                           | <u>2024</u>             |
| Fee for statutory audit and interim reviews        | <b>908,500</b>                        | 892,975                 |
| Fee for other statutory and related certifications | <b>184,000</b>                        | 132,250                 |
|  | <b><u>1,092,500</u></b>               | <b><u>1,025,225</u></b> |

**19 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 net income 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. No single customer of the Company generates more than 10% of the revenue.

The Company's reportable segments are as follows:

- 1) Retail (Personal financing): This represents financing provided to the retail sector. Products included in retail segment are digital loans and invoice loans.
- 2) SME financing: This represents financing provided to the small and medium enterprises. Product included in SME financing segment are term loans.

The Company does not have any major customers through which the Company generates more than 10% of its income.

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**OPERATING SEGMENTS (CONTINUED)**

| <b>For the year ended 31 December 2025</b> | <b>Retail</b>       | <b>SME financing</b> | <b>Total</b>        |
|--|---------------------|----------------------|---------------------|
| Murabaha income                            | <b>258,805,852</b>  | <b>517,175</b>       | <b>259,323,027</b>  |
| <b>Revenue</b>                             |                     |                      |                     |
| Finance charges                            | <b>(37,154,759)</b> | <b>403,006</b>       | <b>(36,751,753)</b> |
| <b>Expenses</b>                            |                     |                      |                     |
| General and administrative expenses        | <b>(60,837,742)</b> | <b>(473,168)</b>     | <b>(61,310,910)</b> |
| Provision for expected credit losses       | <b>(74,244,894)</b> | <b>(13,055,339)</b>  | <b>(87,300,233)</b> |
| Salaries and employee related expenses     | <b>(33,943,523)</b> | -                    | <b>(33,943,523)</b> |
| Other income                               | <b>3,149,818</b>    | -                    | <b>3,149,818</b>    |
|  | <b>55,774,752</b>   | <b>(12,608,326)</b>  | <b>43,166,426</b>   |
| Unallocated income*                        |                     |                      | <b>2,109,957</b>    |
| Unallocated expenses**                     |                     |                      | <b>(35,129,990)</b> |
| <b>Net income before zakat</b>             |                     |                      | <b>10,146,393</b>   |
| <b>For the year ended 31 December 2024</b> | <b>Retail</b>       | <b>SME financing</b> | <b>Total</b>        |
| Murabaha income                            | 178,978,291         | 8,369,637            | 187,347,928         |
| <b>Revenue</b>                             | 178,978,291         | 8,369,637            | 187,347,928         |
| Finance charges                            | (15,052,825)        | (165,315)            | (15,218,140)        |
| <b>Expenses</b>                            |                     |                      |                     |
| General and administrative expenses        | (57,067,037)        | (3,238,039)          | (60,305,076)        |
| Provision for expected credit losses       | (32,218,342)        | 3,952,831            | (28,265,511)        |
| Salaries and employee related expenses     | (14,218,515)        | -                    | (14,218,515)        |
| Other income                               | 3,233,193           | -                    | 3,233,193           |
|  | 63,654,765          | 8,919,114            | 72,573,879          |
| Unallocated income*                        |                     |                      | 2,113,084           |
| Unallocated expenses**                     |                     |                      | (21,767,298)        |
| <b>Net income before zakat</b>             |                     |                      | <b>52,919,665</b>   |

\* Unallocated income mainly includes interest on short-term deposits.

\*\* 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.

| <b>For the year ended 31 December 2025</b> | <b>Retail</b>      | <b>SME financing</b> | <b>Total</b>       |
|--|--------------------|----------------------|--------------------|
| Murabaha receivables, net                  | <b>783,435,502</b> | <b>18,368,035</b>    | <b>801,803,537</b> |
| Unallocated assets                         |                    |                      | <b>196,655,116</b> |
| <b>Total assets</b>                        |                    |                      | <b>998,458,653</b> |
| Loans                                      | <b>499,323,886</b> | <b>3,063,364</b>     | <b>502,387,250</b> |
| Unallocated liabilities                    |                    |                      | <b>28,821,709</b>  |
| <b>Total liabilities</b>                   |                    |                      | <b>531,208,959</b> |
| <b>For the year ended 31 December 2024</b> | <b>Retail</b>      | <b>SME financing</b> | <b>Total</b>       |
| Murabaha receivables, net                  | 685,466,995        | 59,062,042           | 744,529,037        |
| Unallocated assets                         |                    |                      | 132,735,045        |
| <b>Total assets</b>                        |                    |                      | <b>877,264,082</b> |
| Loans                                      | 293,958,140        | 75,526,414           | 369,484,554        |
| Unallocated liabilities                    |                    |                      | 45,697,865         |
| <b>Total liabilities</b>                   |                    |                      | <b>415,182,419</b> |

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**20 FAIR VALUES 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 other financial assets and liabilities, the carrying values were determined to be a reasonable approximation of fair value due to their short-term nature. Cash at bank is classified at Level 1, whereas short term deposits has been classified at Level 2 as per the fair value hierarchy and has been determined using observable input parameters derived from comparable markets.

Financial assets and liabilities classified as level 3 as per the fair value hierarchy presented in the table below 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 year.

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**FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**

**Valuation models (continued)**

The following table shows the carrying amount and fair values of financial assets and financial liabilities where fair value is different from carrying value or where the financial assets and liabilities are recorded at fair value, including their levels in the fair value hierarchy.

| 31 December 2025                                       | Carrying value | Fair value |         |             | Total       |
|--|----------------|------------|---------|-------------|-------------|
|  |                | Level 1    | Level 2 | Level 3     |             |
| <b><u>Financial assets as amortised cost:</u></b>      |                |            |         |             |             |
| Murabaha receivables, net                              | 801,803,537    | -          | -       | 822,686,599 | 822,686,599 |
| <b><u>Financial liabilities at amortised cost:</u></b> |                |            |         |             |             |
| Loan from a related party                              | 89,066,274     | -          | -       | 92,389,152  | 92,389,152  |
| Term loan  | 412,616,601    | -          | -       | 412,616,601 | 412,616,601 |
| <b>31 December 2024</b>                                |                |            |         |             |             |
|  | Carrying value | Fair value |         |             | Total       |
|  |                | Level 1    | Level 2 | Level 3     |             |
| <b><u>Financial assets as amortised cost:</u></b>      |                |            |         |             |             |
| Murabaha receivables, net                              | 779,637,606    | -          | -       | 809,344,895 | 809,344,895 |
| <b><u>Financial liabilities at amortised cost:</u></b> |                |            |         |             |             |
| Loan from a related party                              | 81,186,517     | -          | -       | 86,364,477  | 86,364,477  |
| Term loan  | 288,298,037    | -          | -       | 288,298,037 | 288,298,037 |

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**21 FINANCIAL RISK MANAGEMENT**

**Risk management framework**

The Company's Board of Directors has overall responsibility for the establishment and supervising the Company's risk management framework. The Board of Directors has established the Risk Management Committee, to oversee the development and maintenance of risk management processes, policies, strategies, risk methodologies and reporting them to the Board.

In addition, the Audit Committee of the Company also reviews the internal audit risk assessment, discusses the Company's policy with respect to risk assessment and risk management. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Risk Management Committee oversees the Company risks and reports to the Board of Directors.

*(i) Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents with banks and financial institutions, as well Murabaha receivables, including outstanding receivables. For details of credit risk in Murabaha receivables please refer note 6.

Cash and cash equivalents are maintained with local banks approved by the management. Accordingly, as a pre-requisite, the banks with whom cash and cash equivalents are maintained are required to have a minimum acceptable security rating level affirming their financial strength. Murabaha receivables are also exposed to significant credit risk. The Company has established procedures to manage credit exposure including robust process regarding evaluation of credit worthiness which includes obtaining formal credit approvals and assignment of risk-based credit limits. The compliance with credit limits by Murabaha receivables customers is regularly monitored by line management.

The overall decision to lend to a particular customer is based on the following key parameters:

- Dual credit score i.e. Saudi Credit Bureau (SIMAH) and internal risk acceptance criteria;
- Minimum income level and maximum debt burden of the borrower; and
- Loan repayment history with other financial institutions sourced from SIMAH; and
- Collateral evaluation in case of SME financing.

At the inception of the contract, internal credit risk ratings are allocated to each exposure. These credit risk grades are defined using a variety of qualitative and quantitative factors including income levels, employment segment, nationality etc.

A significant number of customers are Government sector employees. The Company generally receives repayments through variable channels such as SADAD and bank transfers. The Company has approved collection policies and procedures establishing a collection strategy to follow up with the delinquent customers. In order to monitor exposure to credit risk, reports are reviewed by the risk committee on a quarterly basis. Furthermore, the Company has also strengthened its legal department in order to be actively involved in the collection process of delinquent customers. The Company regularly reviews its risk management policies and systems to reflect changes in markets products and emerging best practice.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions. For SME customers, the Company may obtain security in the form of guarantees, or collaterals which can be called upon if the counterparty is in default under the terms of the agreement.

**Amounts arising from ECL – Significant increase in credit risk**

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment.

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**21 FINANCIAL RISK MANAGEMENT (CONTINUED)**

*(i) Credit risk (continued)*

**Amounts arising from ECL – Significant increase in credit risk (continued)**

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

Stage 1: When receivables are first recognised, the Company recognises an allowance based on 12 months ECLs. Stage 1 receivables also include facilities where the credit risk has improved and the receivables has been reclassified from Stage 2.

Stage 2: When a receivable has shown a significant increase in credit risk since origination, the Company records an allowance for the Lifetime ECL. Stage 2 receivables also include facilities, where the credit risk has improved and the receivables has been reclassified from Stage 3.

Stage 3: Receivables considered credit-impaired. The Company records an allowance for the Lifetime ECL.

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company's quantitative modelling, the remaining lifetime PD is determined to have increased significantly.

Using its expert credit judgment and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

For SME and retail portfolio, apart from the customers whose receivables are restructured due to deterioration in credit worthiness, as a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default; and
- the criteria do not align with the point in time when an asset becomes 30 days past due.

**Collateral**

The Company in the ordinary course of financing activities hold collaterals as security to mitigate credit risk in the Murabaha receivables. These collaterals mostly include real estate and financial guarantees from Kafala. The collaterals are held against the SME Murabaha receivables and are managed against relevant exposures at their net realizable values. For financial assets that are credit impaired at the reporting period, quantitative information about the collateral held as security is needed to the extent that such collateral mitigates credit risk. As on 31 December 2025, the fair value of collateral held against those Murabaha financing amount to SR 59.15 million (31 December 2024: 48.92 million).

The Company does not hold any collateral/ guarantee in respect of retail exposures.

The amount of collateral held as security for SME Murabaha receivables that are credit impaired as at 31 December are as follows:

|                          | <b>31 December 2025</b>  | 31 December 2024         |
|--------------------------|--------------------------|--------------------------|
| Less than 50% collateral | -                        | -                        |
| 51-80% collateral        | -                        | -                        |
| More than 80% collateral | <b>17,048,310</b>        | 38,634,838               |
| Total                    | <b><u>17,048,310</u></b> | <b><u>38,634,838</u></b> |

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**21 FINANCIAL RISK MANAGEMENT (CONTINUED)**

(i) *Credit risk (continued)*

**Concentration of Murabaha receivables according to segment**

| <b>As at 31 December 2025</b>        | <b>Murabaha<br/>receivables</b> | <b>ECL</b>          | <b>Total</b>       |
|--------------------------------------|---------------------------------|---------------------|--------------------|
| Retail – Government sector employees | 351,951,228                     | (9,805,478)         | 342,145,750        |
| Retail – Private sector employees    | 484,370,903                     | (43,081,151)        | 441,289,752        |
| SME – Construction                   | 6,755,158                       | (313,756)           | 6,441,402          |
| SME - Non-Construction               | 12,545,257                      | (618,624)           | 11,926,633         |
| <b>Total</b>                         | <b>855,622,546</b>              | <b>(53,819,009)</b> | <b>801,803,537</b> |

| <b>As at 31 December 2024</b>        | <b>Murabaha<br/>receivables</b> | <b>ECL</b>          | <b>Total</b>       |
|--------------------------------------|---------------------------------|---------------------|--------------------|
| Retail – Government sector employees | 316,155,256                     | (3,300,446)         | 312,854,810        |
| Retail - Private sector employees    | 428,156,932                     | (30,518,944)        | 397,637,988        |
| SME - Construction                   | 24,652,689                      | (281,437)           | 24,371,252         |
| SME - Non-Construction               | 37,798,307                      | (1,007,742)         | 36,790,565         |
| <b>Total</b>                         | <b>806,763,184</b>              | <b>(35,108,569)</b> | <b>771,654,615</b> |

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

| <b>Retail - 2025</b> | <b>Murabaha<br/>receivables</b> | <b>ECL</b>          | <b>Total</b>       |
|----------------------|---------------------------------|---------------------|--------------------|
| 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            | -                               | -                   | -                  |
|                      | <b>836,322,131</b>              | <b>(52,886,629)</b> | <b>783,435,502</b> |

| <b>Retail - 2024</b> | <b>Murabaha<br/>receivables</b> | <b>ECL</b>          | <b>Total</b>       |
|----------------------|---------------------------------|---------------------|--------------------|
| 0 – 30               | 624,185,478                     | (2,238,228)         | 621,947,250        |
| 31 – 60              | 21,071,175                      | (619,784)           | 20,451,391         |
| 61 – 90              | 19,873,436                      | (719,795)           | 19,153,641         |
| 91 – 180             | 18,454,586                      | (6,354,073)         | 12,100,513         |
| 181 - 270            | 26,341,877                      | (10,441,422)        | 15,900,455         |
| 271 - 360            | 28,891,209                      | (10,875,703)        | 18,015,506         |
| 361 - 450            | 7,594,202                       | (2,570,385)         | 5,023,817          |
| Above 450            | -                               | -                   | -                  |
|                      | <b>746,411,963</b>              | <b>(33,819,390)</b> | <b>712,592,573</b> |

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**21 FINANCIAL RISK MANAGEMENT (CONTINUED)**

(i) *Credit risk (continued)*

Credit quality of Murabaha receivables based on past due days is as follows (continued):

| SME - 2025 | Murabaha 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        |
|            | <b>19,300,415</b>    | <b>(932,380)</b> | <b>18,368,035</b> |

| SME - 2024 | Murabaha receivables | ECL                | Total             |
|------------|----------------------|--------------------|-------------------|
| 0 – 30     | 18,931,821           | (39,159)           | 18,892,662        |
| 31 – 60    | 2,100,343            | (29,652)           | 2,070,691         |
| 61 – 90    | 3,509,135            | (73,701)           | 3,435,434         |
| 91 – 180   | 4,339,143            | (206,078)          | 4,133,065         |
| 181 – 270  | 2,191,746            | (65,357)           | 2,126,389         |
| 271 – 360  | 1,225,947            | (18,386)           | 1,207,561         |
| 361 – 720  | 16,545,351           | (309,437)          | 16,235,914        |
| Above 720  | 11,507,735           | (547,409)          | 10,960,326        |
|            | <b>60,351,221</b>    | <b>(1,289,179)</b> | <b>59,062,042</b> |

Credit quality of Gross carrying value of Murabaha receivables on a product basis is as follows:

| 2025        | Stage 1            | Stage 2           | Stage 3            | Total              | PD ranges    |
|-------------|--------------------|-------------------|--------------------|--------------------|--------------|
| High risk   | 79,956,636         | 7,554,052         | 25,166,599         | 112,677,287        | 4.2% - 100%  |
| Medium risk | 408,278,186        | 27,165,049        | 64,364,783         | 499,808,018        | 3.7% - 100%  |
| Low risk    | 141,259,452        | 3,759,202         | 6,068,685          | 151,087,339        | 1.4% - 100%  |
| No score    | 55,897,673         | 3,615,156         | 13,236,658         | 72,749,487         | 5.6% - 100%  |
| SME         | 522,564            | -                 | 18,777,851         | 19,300,415         | 10.4% - 100% |
|             | <b>685,914,511</b> | <b>42,093,459</b> | <b>127,614,576</b> | <b>855,622,546</b> |              |

| 2024        | Stage 1            | Stage 2           | Stage 3            | Total              | PD ranges   |
|-------------|--------------------|-------------------|--------------------|--------------------|-------------|
| High risk   | 79,249,851         | 7,412,145         | 18,823,986         | 105,485,983        | 4.0% - 100% |
| Medium risk | 365,084,142        | 24,601,003        | 46,388,120         | 436,073,265        | 3.3% - 100% |
| Low risk    | 158,234,858        | 9,015,709         | 16,281,338         | 183,531,904        | 1.1% - 100% |
| No score    | 20,916,860         | 403,951           | -                  | 21,320,811         | 5.1% - 100% |
| SME         | 18,931,821         | 5,597,526         | 35,821,874         | 60,351,221         | 9.3% - 100% |
|             | <b>642,417,532</b> | <b>47,030,334</b> | <b>117,315,319</b> | <b>806,763,184</b> |             |

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**21 FINANCIAL RISK MANAGEMENT (CONTINUED)**

*(i) Credit risk (continued)*

**Measurement of ECL**

The Company applies the IFRS 9 general approach to measuring expected credit losses which uses a 12-month or lifetime expected loss allowance as applicable for Murabaha receivable contracts. The Company's ECL model is sensitive to macroeconomic variables such as expected movements of import, export, inflation and GDP scenario weightings. Management evaluates changes in such macroeconomic factors on a periodic basis and has recognised the corresponding impact on the calculation of ECL as at 31 December 2025. The assessment of credit risk in Murabaha receivables requires further estimations of credit risk using ECL which is derived by Probability of default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

The Company measures an ECL at a contract level considering the EAD, PD and LGD. PD estimates are estimates at a certain date, based on the term structures as provided below. For LGD estimates, the Company uses present value of recoveries for loss accounts adjusted by the forward-looking information. For retail and SME financing products LGD ranges from 5% to 60%. EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract i.e. contractual repayments. For discounting, the Company has used each contract's effective profit rate. The Company's management believes that adequate ECL allowance has been made, where required to address the credit risk.

**Generating the term structure of PD**

PD is determined based on the historical loss experience of an entity. This historic PD is then adjusted by a factor, determined by reviewing the historic relationship between key economic parameters and PD. Forward looking macro-economic information is then considered and the calculated historical PD is adjusted.

**Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition.

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when the receivables is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

Qualitative factors considered include restructuring and rescheduling status of receivables. All facilities that have been restructured in the past due to credit risk related factors or which were non performing loans in the past 12 months are to be considered Stage 2.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that the criteria are capable of identifying significant increases in credit risk before an exposure is in default.

**Incorporation of forward-looking information**

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on an extensive exercise carried out by the management, it had concluded that the GDP was the macroeconomic factor with the highest correlation to the historical collection and default trends. The Company measures the ECL as either a probability-weighted 12-month ECL (Stage 1) or a probability-weighted lifetime ECL (Stage 2 and 3). These probability weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weightings of 30%, 40% and 30% for "upturn", "baseline" and "downturn" scenarios respectively. Management updates the inputs with respect to macroeconomic factors to their ECL model on a periodic basis based on the latest available information. For details of macroeconomic factors used please refer note 3.15.

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**21 FINANCIAL RISK MANAGEMENT (CONTINUED)**

*(i)* **Sensitivity analysis**

An increase or decrease of 1% in the GDP growth rate weightings with all other variables held constant will result in an increase/decrease of SR 57,037 in the ECL allowance.

An increase or decrease of 1% in the inflation rate weightings with all other variables held constant will result in an increase/decrease of SR 9,776 in the ECL allowance.

An increase or decrease of 1% in the export rate weightings with all other variables held constant will result in an increase or decrease of SR 17,688 in the ECL allowance.

An increase or decrease of 1% in the import rate weightings with all other variables held constant will result in an increase or decrease of SR 2,064 in the ECL allowance.

**Cash and cash equivalents and other receivables**

The Company believes that it has a low credit risk on these financial assets and the loss allowance would not be material for the Company. The Bank balances are held with several commercial banks operating in the Kingdom having credit ratings from A1 to A2 as per Moody's. Hence, currently the Company is not exposed to any significant credit risk. Other receivables are not significant and not exposed to significant credit risk.

*(ii)* **Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its payment obligations when they fall due under normal and stress circumstances. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available. To mitigate this risk, management manages assets with liquidity in mind, maintaining an appropriate balance of cash, cash equivalents and readily marketable securities and monitors future cash flows and liquidity on a daily basis.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. Total unused credit facilities available to the Company as at 31 December 2025 were approximately SR 175 million (31 December 2024: SR: 125 million).

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**21 FINANCIAL RISK MANAGEMENT (CONTINUED)**

(ii) *Liquidity risk (continued)*

The Company has also complied with the liquidity ratios requirement. The contractual maturities of liabilities have been determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date and do not take account of the effective maturities as indicated by the Company's availability of liquid funds. Management monitors the maturity profile to ensure that adequate liquidity is maintained. The table below summarizes the maturity profile of the Company's liabilities based on contractual undiscounted cash flows. Maturity profile of financial assets and liabilities are as follows:

| <b>2025</b>   | <b>Less than 3<br/>months</b> | <b>3 to 12 months</b> | <b>1 to 10 years</b> | <b>Total 2025</b>    |
|---|-------------------------------|-----------------------|----------------------|----------------------|
| <b>Financial assets –<br/>commission bearing</b>          |                               |                       |                      |                      |
| Murabaha receivables                                      | 210,134,023                   | 427,957,151           | 588,182,900          | 1,226,274,074        |
| <b>Financial assets –<br/>non commission bearing</b>      |                               |                       |                      |                      |
| Cash and cash equivalents                                 | 151,772,796                   | -                     | -                    | 151,772,796          |
| Other receivables   | 18,916,478                    | -                     | -                    | 18,916,478           |
|   | <b>380,823,297</b>            | <b>427,957,151</b>    | <b>588,182,900</b>   | <b>1,396,963,348</b> |
| <b>Financial liabilities –<br/>commission bearing</b>     |                               |                       |                      |                      |
| Loan from a related party                                 | -                             | -                     | 100,000,000          | 100,000,000          |
| Term loan   | 38,320,672                    | 104,159,374           | 344,893,006          | 487,373,052          |
| <b>Financial liabilities –<br/>non commission bearing</b> |                               |                       |                      |                      |
| Accrued and other liabilities                             | 19,134,053                    | -                     | -                    | 19,134,053           |
|   | <b>57,454,725</b>             | <b>104,159,374</b>    | <b>444,893,006</b>   | <b>606,507,105</b>   |
| <b>Liquidity gap</b>                                      | <b>323,368,572</b>            | <b>323,797,777</b>    | <b>143,289,894</b>   | <b>790,456,243</b>   |
|   |                               |                       |                      |                      |
| <b>2024</b>   | <b>Less than 3<br/>months</b> | <b>3 to 12 months</b> | <b>1 to 10 years</b> | <b>Total 2024</b>    |
| <b>Financial assets –<br/>commission bearing</b>          |                               |                       |                      |                      |
| Murabaha receivables                                      | 180,805,090                   | 472,704,977           | 470,802,930          | 1,124,312,997        |
| <b>Financial assets –<br/>non commission bearing</b>      |                               |                       |                      |                      |
| Cash and cash equivalents                                 | 64,818,672                    | -                     | -                    | 64,818,672           |
| Other receivables   | 18,729,276                    | -                     | -                    | 18,729,276           |
|   | <b>264,353,038</b>            | <b>472,704,977</b>    | <b>470,802,930</b>   | <b>1,207,860,945</b> |
| <b>Financial liabilities –<br/>commission bearing</b>     |                               |                       |                      |                      |
| Loan from a related party                                 | -                             | -                     | 100,000,000          | 100,000,000          |
| Term loan   | 37,010,691                    | 94,958,461            | 197,332,792          | 329,301,944          |
| <b>Financial liabilities –<br/>non commission bearing</b> |                               |                       |                      |                      |
| Accrued and other liabilities                             | 26,867,534                    | -                     | -                    | 26,867,534           |
|   | <b>63,878,225</b>             | <b>94,958,461</b>     | <b>297,332,792</b>   | <b>456,169,478</b>   |
| <b>Liquidity gap</b>                                      | <b>200,474,813</b>            | <b>377,746,516</b>    | <b>173,470,138</b>   | <b>751,691,467</b>   |

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**21 FINANCIAL RISK MANAGEMENT (CONTINUED)**

*(iii) Commission rate risk*

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

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

|          | <u>31 December 2025</u>       |                             | <u>31 December 2024</u>       |                             |
|----------|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
|          | <u>Change in basis points</u> | <u>Impact on net income</u> | <u>Change in basis points</u> | <u>Impact on net income</u> |
| Increase | +50                           | (1,638,401)                 | +50                           | (453,835)                   |
| Decrease | -50                           | 1,638,401                   | -50                           | 453,835                     |

*iv) Currency risk*

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign currency exchange rates. All the transactions of the Company are in Saudi Arabian Riyals.

**22 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:

| <b>Debt to equity ratio</b>            | <u>2025</u>        | <u>2024</u> |
|--|--------------------|-------------|
| Debt                                   | <b>502,387,250</b> | 369,484,554 |
| Shareholders' equity                   | <b>467,249,694</b> | 459,251,385 |
| Debt to equity Ratio                   | <b>1.08</b>        | 0.80        |
| <b>Net receivables to equity ratio</b> | <u>2025</u>        | <u>2024</u> |
| Net receivables (excluding ECL)        | <b>855,622,546</b> | 806,763,184 |
| Shareholders' equity                   | <b>467,249,694</b> | 459,251,385 |
| Net receivables to equity ratio        | <b>1.83</b>        | 1.76        |

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**23 RELATED PARTY TRANSACTIONS AND BALANCES**

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:

|   | <u>As at 31 December<br/>2025</u> | <u>As at<br/>31 December 2024</u> |
|---|-----------------------------------|-----------------------------------|
| <b><i>Major Shareholders with significant influence:</i></b>  |                                   |                                   |
| Interest free loan from the shareholder                       | <u>100,000,000</u>                | <u>100,000,000</u>                |
| <b><i>Key Management Personnel</i></b>                        |                                   |                                   |
| Salaries and other short-term employee benefits               | 7,746,711                         | 7,689,620                         |
| End of service benefits – paid                                | 116,969                           | -                                 |
| End of service benefits – accrued                             | 728,161                           | 411,054                           |
| Compensation and allowances to the Board and other committees | 398,000                           | 280,000                           |
| Loans to key management personnel of the Company              | 71,213                            | 20,173                            |
|   | <u>9,061,054</u>                  | <u>8,400,847</u>                  |

**24 RECLASSIFICATIONS**

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

- Transaction cost on Murabaha receivables: During the year, the Company reassessed the accounting presentation of certain incremental transaction costs to ensure compliance with the requirements of IFRS 9 – Financial Instruments. Transaction costs that are incremental and directly attributable to the acquisition of Murabaha receivables measured at amortised cost were previously classified under Prepayments and other receivables. These amounts have now been reclassified to Murabaha receivables, as such costs form an integral part of the financial asset's carrying amount and are included in the calculation of the effective profit rate in accordance with IFRS 9. Furthermore, transaction costs relating to accepted Murabaha loans that were previously recognised within General and administrative expenses have been reclassified to Murabaha income. These reclassifications have been made to enhance the accuracy, consistency, and comparability of the financial statements in line with IFRS 9.
- Management fee charged on Term loans: Management has reassessed the accounting treatment of transaction costs incurred in connection with financial liabilities (Term loans) measured at amortised cost. Such costs were previously presented within Prepayments and other receivables. In accordance with IFRS 9 – Financial Instruments, transaction costs that are directly attributable to obtaining financial liabilities are required to be recognised as an adjustment to the initial carrying amount of the related borrowings and subsequently amortised over the term of the facility using the effective interest rate method. Accordingly, these transaction costs have been reclassified from Prepayments and other receivables and are now presented as a deduction from the carrying amount of the respective borrowings. The amortisation of these costs is recognised within finance costs over the tenure of the facilities. This reclassification enhances the accuracy, consistency, and compliance of the financial statement presentation in line with IFRS 9.

**QUARA FINANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**24 RECLASSIFICATIONS (CONTINUED)**

The following table shows the impact on each statement of financial position caption affected by the reclassification as at 1 January 2024:

| <b>Financial statement caption</b> | <b>1 January 2024 (before reclassification)</b> | <b>Transaction cost on Murabaha receivables</b> | <b>1 January 2024 (after reclassification)</b> |
|------------------------------------|---|---|--|
| Murabaha receivables, net          | 676,975,453                                     | 15,374,580                                      | 692,350,033                                    |
| Prepayments and other receivables  | 31,862,305                                      | (15,374,580)                                    | 16,487,725                                     |

The following table shows the impact on each statement of financial position caption affected by the reclassification as of 31 December 2024:

| <b>Financial statement caption</b>                   | <b>31 December 2024 (before reclassification)</b> | <b>Transaction cost on Murabaha receivables</b> | <b>Management fee charged on Term loans</b> | <b>31 December 2024 (after reclassification)</b> |
|--|---|---|---|--|
| <b><u>ASSETS</u></b>                                 |   |   |   |  |
| Murabaha receivables, net                            | 744,529,037                                       | 27,125,578                                      | -   | 771,654,615                                      |
| Prepayments and other receivables                    | 52,434,674  | (27,125,578)                                    | (2,830,278)                                 | 22,478,818                                       |
| Total Assets   | 877,264,082                                       | -   | (2,830,278)                                 | 874,433,804                                      |
| <b><u>LIABILITIES &amp; SHAREHOLDERS' EQUITY</u></b> |   |   |   |  |
| Term loans   | 291,128,315                                       | -   | (2,830,278)                                 | 288,298,037                                      |
| Total Liabilities and shareholders' equity           | 877,264,082                                       |   | (2,830,278)                                 | 874,433,804                                      |

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

|                                     | <b>31 December 2024 (before reclassification)</b> | <b>Subscription and Marketing expense</b> | <b>31 December 2024 (after reclassification)</b> |
|-------------------------------------|---|---|--|
| Murabaha income                     | 206,169,499                                       | (18,821,571)                              | 187,347,928                                      |
| General and administrative expenses | 79,126,647  | (18,821,571)                              | 60,305,076                                       |

The above reclassifications caused the cashflows from operating activities to increase by SR 2.8 million and the cashflows from financing activities to decrease by SR 2.8 million and were made to conform to the current period presentation.

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

**25 SUBSEQUENT EVENTS**

There were no events subsequent to the audited financial position date which required adjustments to or disclosure in these audited financial statements

**26 APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements have been approved by the Board of Directors on **17 February 2026** (corresponding to 29 Shaban 1447H).

**Board of Directors Resolution of Quara Finance Co**  
**No. (06/47/2026) in its meeting No. (01-47-2026)**  
**held on 17/02/2026**

We the undersigned in our capacity as members of the Board of Directors of Quara Finance Co, a Saudi joint stock Co registered under Commercial Registration No. (1010262141) issued in Riyadh on 09/02/1430H, and licensed by Saudi Central Bank under License No. (45/A S/201605) Dated 02/08/1437H, and pursuant to the delegated authority granted to us under the applicable laws, regulations, and rules governing the convening and decision-making of the Board of Directors.

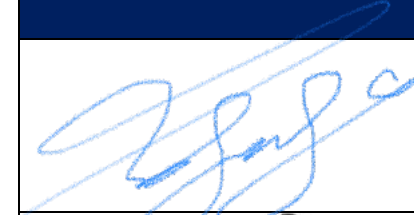




After reviewing the recommendation of the Audit Committee in its meeting No. (02-47-2026) held on 16 February 2026, regarding the approval of the Annual Financial Statements for 2025, **the Board of Directors has formally approved and ratified them.**

**قرار مجلس إدارة شركة كوارا للتمويل**  
**رقم (06/47/2026) في اجتماعها (2026-47-01) وتاريخ**  
**2026/02/17**

نحن الموقعون أدناه بصفتنا أعضاء مجلس الإدارة في شركة كوارا للتمويل، شركة سعودية مساهمة بموجب السجل التجاري رقم (1010262141) الصادر في مدينة الرياض بتاريخ 09/02/1430هـ، ومرخصة من البنك المركزي السعودي بموجب الترخيص رقم (45/أ/201605) بتاريخ 02/08/1437هـ، وبموجب الصلاحيات الممنوحة لنا وفق الأنظمة واللوائح والقواعد المتبعة لعقد اجتماعات مجلس الإدارة واتخاذ القرارات فيه.

وبعد اطلاع مجلس الإدارة على توصية لجنة المراجعة في اجتماعها رقم (02-47-2026) بتاريخ 16 فبراير 2026م، بشأن الموافقة على القوائم المالية السنوية لعام 2025، عليه تمت الموافقة والاعتماد.

## توقيع السادة أعضاء مجلس الإدارة

| التوقيع   | الصفة                  | الأعضاء                          |   |
|---|------------------------|----------------------------------|---|
| قرار مجلس الإدارة (06/47/2026)  |                        |                                  |   |
|    | رئيس مجلس الإدارة      | عبد الله بن عبد الرحمن الشلاش    | 1 |
|    | نائب رئيس مجلس الإدارة | عبد الكريم بن عبد العزيز الدعيجي | 2 |
|   | عضو                    | عبد الرحمن بن عبد العزيز المسند  | 3 |
|  | عضو                    | محمد بن مسفر المالكي             | 4 |
|  | عضو                    | خالد محمد فقيه                   | 5 |
|   | Member                 | Anand Sudarshan Raheja           | 6 |
|   | عضو                    | طارق سامي زيتون                  | 7 |

**No 4**

**Voting on discharging the  
members of the Board of  
Directors from liability for the  
fiscal year ended 31 December  
2025.**



أبراء ذمة أعضاء مجلس الإدارة عن السنة المالية 2025

| اسم العضو (عضو مجلس الإدارة)        |
|-------------------------------------|
| عبد الله بن عبد الرحمن الشلاش       |
| عبد الكريم بن عبد العزيز بن الدعيجي |
| أناند سودرشن رهيجا                  |
| طارق سامي زيتون                     |
| طارق بن محمد الجارالله              |
| عبد الرحمن بن عبد العزيز المسند     |
| محمد بن مسفر المالكي                |
| خالد بن محمد فقيه                   |



Public



**No 5**

**Voting on amending Audit  
Committee Charter (Attached)**

سري

//شعار: كوارا للتمويل//

لائحة لجنة  
المراجعة  
الإصدار 4.0 نوفمبر 2023

سري

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| رقم الصفحة | جدول المحتويات                         |
|------------|--|
| 3          | 1. المقدمة                             |
| 3          | 1.1 الرسالة                            |
| 3          | 1.2 الاستقلالية وخطوط الإبلاغ          |
| 3          | 1.3 التشكيل                            |
| 3          | 2. أهداف لجنة المراجعة                 |
| 4          | 3. نطاق العمل                          |
| 4          | 4. الصلاحيات                           |
| 5          | 5. التنظيم                             |
| 6          | 6. مهام الرئيس ونائب الرئيس وأمين السر |
| 6          | 7. اجتماعات لجنة المراجعة              |
| 7          | 8. الأدوار والمسؤوليات                 |
| 10         | 9. توصيات لجنة المراجعة                |
| 11         | 10. موافقة مجلس الإدارة                |

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## 1. مقدمة

تحدد لائحة لجنة المراجعة وظيفية اللجنة، بما في ذلك أهدافها ونطاق عملها. كما تضع اللائحة الإطار العام لتنفيذ اللجنة لعملها من خلال تحديد أنشطتها ومسؤولياتها وصلاحياتها بما يتناسب مع أنشطة الشركة.

وتحدد اللائحة كذلك علاقات اللجنة مع مجلس الإدارة والمديرين التنفيذيين والأطراف الخارجية (خاصةً المراجعين الخارجيين للشركة).

وتؤكد اللائحة على ممارسة العناية المهنية الواجبة والحفاظ على الموضوعية والاستقلالية.

### 1.1 الرسالة:

تتمثل رسالة لجنة المراجعة في مساعدة مجلس الإدارة على الوفاء بمسؤوليات الإشراف والحوكمة فيما يتعلق بنزاهة القوائم المالية للشركة، وفعالية نظام الرقابة الداخلية، وكفاية إدارة المخاطر، ومؤهلات واستقلالية وأداء كل من المراجعين الخارجيين والداخليين.

### 1.2 الاستقلالية وخطوط الإبلاغ

ترتبط لجنة المراجعة بعلاقة إبلاغ مباشرة مع مجلس الإدارة. وللحفاظ على موضوعيتها، لن تتولى لجنة المراجعة أي مسؤوليات تنفيذية.

### 1.3 التشكيل

تتألف لجنة المراجعة من ثلاثة أعضاء غير تنفيذيين على الأقل، على أن يكون من بينهم عضو مستقل واحد على الأقل من داخل وخارج مجلس الإدارة، ويرأسها عضو مستقل. يُعيّن مجلس الإدارة أعضاء لجنة المراجعة ورئيسها لمدة ثلاث سنوات. يجب الحصول على موافقة البنك المركزي السعودي على تعيين جميع الأعضاء.

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## 2. أهداف لجنة المراجعة

يتمثل الهدف من تأسيس لجنة المراجعة في مساعدة مجلس الإدارة على الوفاء بمسؤولياته الإشرافية فيما يتعلق بـ:

- أ. كفاية نظام الرقابة الداخلية وتقديم التوصيات اللازمة لتعزيز قوته.
  - ب. عدالة التقارير المالية.
  - ج. فعالية تنفيذ وظيفة المراجعة وكفاءتها.
  - د. كفاية وظيفة الشركة في مراقبة الامتثال للقوانين واللوائح.
- وقد فوض مجلس الإدارة لجنة المراجعة بالصلاحيات اللازمة لأداء مهامها بفعالية.

## 3. نطاق الأعمال

تساعد لجنة المراجعة مجلس الإدارة في إشرافه على ما يلي:

- أ. شفافية عملية إعداد التقارير المالية ونزاهة المعلومات المالية المنشورة.
- ب. فعالية نظام الرقابة المالية والتشغيلية وإدارة المخاطر في الشركة.
- ج. فعالية وظائف المراجعة الداخلية واستقلاليتها في تنفيذ مسؤولياتها.
- د. التوصية بتعيين المراجعين الخارجيين وتقييم أدائهم.
- هـ. فعالية عملية مراقبة الامتثال للقوانين واللوائح.
- و. فعالية إدارة الالتزام فيما يتعلق بوظائف مكافحة غسل الأموال وتمويل الإرهاب.

## 4. الهيئة

تتمتع لجنة التدقيق بالصلاحيات التالية:

- أ. الوصول غير المقيد إلى أعضاء الإدارة والموظفين، والاطلاع على أي بيانات أو معاملات أو تقارير أو سجلات أو مراسلات أو أي معلومات أخرى تراها ذات صلة وأهمية.
- ب. التوصية لمجلس الإدارة بشأن تعيين المراجعين الخارجيين وتحديد مكافآتهم وأتعاب تكليفهم والشروط المرجعية ونطاق عملهم.

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- ج. التوصية لمجلس الإدارة بشأن تعيين "رئيس المراجعة الداخلية أو مدير إدارة المراجعة الداخلية" والتوصية بحزمة تعويضاته ونطاق عمله ومراجعة أدائه.
- د. التوصية لمجلس الإدارة بشأن تعيين "مدير إدارة الالتزام" والتوصية بحزمة تعويضاته ونطاق عمله ومراجعة أدائه.
- هـ. التوصية لمجلس الإدارة بتعيين مستشارين داخليين وخارجيين، حسبما تراه ضرورياً للقيام بواجباتها.

## 5. التنظيم

- 1.1 يعين مجلس الإدارة أعضاء لجنة المراجعة مع مراعاة مؤهلاتهم الأكاديمية والمهنية وخبراتهم العملية.
- 1.2 تتألف لجنة المراجعة من ثلاثة (3) أعضاء كحد أدنى، على أن يكون أحدهم على الأقل مستقلاً، وألا يشغل أي من العضوين أي منصب تنفيذي في الشركة. يجب أن يتمتع أعضاء لجنة المراجعة بمؤهلات علمية وخبرة مهنية في مجال المراجعة وإدارة المخاطر، بما في ذلك المعرفة بمعايير المحاسبة والمراجعة، والقدرة على قراءة التقارير المالية، وفهم الأنظمة واللوائح والتعليمات الصادرة عن الجهات المختصة.
- 1.3 يلتزم الأعضاء بالحفاظ على سرية معلومات الشركة.
- 1.4 يُعيّن الأعضاء لمدة ثلاث (3) سنوات.
- 1.5 يجوز إنهاء عضوية أي عضو بقرار من مجلس الإدارة في الحالات التالية:
- أ. استقالة العضو من لجنة المراجعة، شريطة موافقة مجلس الإدارة.
- ب. إنهاء عضويته من قبل مجلس الإدارة.
- ج. انتهاء مدة تعيينه مع إبداء رغبته في عدم الاستمرار كعضو.
- د. تغيبه عن ثلاثة (3) اجتماعات متتالية دون عذر مقبول.

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- 1.6 عند وجود منصب شاغر في لجنة المراجعة بسبب الاستقالة أو العجز أو الإنهاء، يعين مجلس الإدارة بديلاً حتى نهاية المدة.
- 1.7 يحدد مجلس الإدارة مكافآت أعضاء اللجنة، بما في ذلك أي واجبات إضافية تتعلق بنطاق عمل لجنة المراجعة.
- 1.8 تنتخب لجنة المراجعة رئيساً من بين أعضائها.
- 1.9 تعين لجنة المراجعة أمين سر وتحدد مكافأته، كما يجوز للجنة انتخاب نائب للرئيس من بين أعضائها.

6. مهام الرئيس ونائب الرئيس وأمين السر

أ. يتولى رئيس لجنة المراجعة المسؤوليات التالية:

1. الموافقة على الاجتماعات المقترحة وجدول الأعمال وتحديد وقت ومكان الاجتماعات.
  2. رفع قضايا لجنة المراجعة إلى مجلس الإدارة.
  3. تقديم تقارير دورية عن أنشطة اللجنة لمجلس الإدارة، بعد الحصول على موافقة اللجنة.
  4. تمثيل لجنة المراجعة في مجلس الإدارة أو مع الأطراف المعنية الأخرى.
  5. رئاسة الاجتماعات، وفي حالة غيابه، يحل نائب الرئيس محله.
- ب. يحضر أمين سر لجنة المراجعة الاجتماعات دون أن يكون له الحق في التصويت، ويتولى إعداد محاضر الاجتماعات، والإخطار بالاجتماعات القادمة، وإعداد جدول الأعمال، وتنفيذ الأعمال الإدارية المتعلقة بلجنة المراجعة.

7. اجتماعات لجنة المراجعة

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- أ. يحق لأعضاء اللجنة فقط حضور الاجتماعات. يجوز للجنة المراجعة دعوة أشخاص آخرين مثل الرئيس التنفيذي، ورئيس العمليات، والمدير المالي، ورئيس المراجعة الداخلية، والمراجعين الخارجيين (مثل الشريك المسؤول عن مهمة المراجعة)، أو المستشارين الخارجيين حسبما تراه ضرورياً.
- ب. يتحقق النصاب القانوني للاجتماع بحضور الأغلبية البسيطة من الأعضاء.
- ج. يتعين على أعضاء لجنة المراجعة حضور اجتماعات اللجنة والمشاركة فيها بفعالية. في حالة الغياب، يجب على العضو إبلاغ الرئيس كتابياً.
- د. يُدعى المراجعون الخارجيون والداخليون لتقديم عروض للجنة المراجعة حسب الاقتضاء.
- هـ. تُعدّ لجنة المراجعة جدولاً سنوياً مخططاً لاجتماعاتها وتؤكد الجدول النهائي لكل اجتماع في الاجتماع السابق له.
- و. تُعقد الاجتماعات بما لا يقل عن أربع (4) مرات في السنة.
- ز. يمكن عقد اجتماعات خاصة حسب الحاجة. يجوز للرئيس الدعوة لعقد اجتماع بناءً على طلب أي من أعضاء اللجنة، أو المراجعين الخارجيين، أو رئيس المراجعة الداخلية، أو مجلس الإدارة.
- ح. يحق للجنة المراجعة الاجتماع مرة واحدة على الأقل سنوياً مع الأطراف التالية بشكل منفرد: المراجعون الخارجيون، والمراجعون الداخليون، أو أي عضو من الإدارة العليا ذي صلة. ينبغي أن يكون الغرض من هذه الاجتماعات مناقشة القضايا المتعلقة بنطاق عمل لجنة المراجعة.
- ط. يقوم أمين السر بتعميم جدول الأعمال والوثائق الداعمة على أعضاء لجنة المراجعة قبل كل اجتماع بوقت معقول.
- ي. يعمم أمين سر اللجنة محاضر الاجتماعات على أعضاء لجنة المراجعة؛ ومع ذلك، يجوز للجنة أن تقرر تعميمها على أعضاء الإدارة (حسب الاقتضاء).

8. الأدوار والمسؤوليات

سري

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- أ. فيما يتعلق بمسؤوليات التقارير، ترفع لجنة المراجعة تقارير عن أنشطتها إلى مجلس الإدارة بشكل منتظم، أو حسبما تقتضيه اللوائح.
- ب. تقييم الضوابط الداخلية وإدارة المخاطر التي وضعتها الإدارة.
- ج. مراجعة القوائم المالية السنوية والمرحلية تمهيداً لموافقة مجلس الإدارة عليها.
- د. مراجعة السياسات والإجراءات المحاسبية قبل اعتمادها وتنفيذها من قبل الشركة.
- هـ. تقييم الفعالية الشاملة للضوابط الداخلية.
- و. فهم إطار إدارة المخاطر والمجالات الحالية ذات الخطورة الأكبر وكيفية تخفيف هذه المخاطر.
- ز. مراجعة المؤهلات المهنية للمراجعين (بما في ذلك الخبرة والخلفية للشريك وموظفي المراجعة).
- ح. النظر في استقلالية المراجعين الخارجيين وأي تضارب محتمل في المصالح.
- ط. مراجعة أداء المراجعين الخارجيين سنوياً وتقديم التوصيات لمجلس الإدارة بشأن تعيين أو إعادة تعيين أو إنهاء خدمات المراجعين الخارجيين.
- ي. مناقشة أي مشاكل في المراجعة وأجهاها المراجعون الخارجيون خلال سير العمل العادي للمراجعة، بما في ذلك أي قيود على نطاق المراجعة أو الوصول إلى المعلومات.
- ك. ضمان استلام النتائج والتوصيات المهمة المقدمة من المراجعين الخارجيين والرد المقترح من الإدارة، ومناقشتها واتخاذ الإجراءات المناسبة بشأنها.
- ل. مناقشة مدى توافق السياسات المحاسبية المطبقة في التقارير المالية للشركة مع المعايير واللوائح ذات الصلة مع المراجعين الخارجيين.
- م. مراجعة خطة المراجعة المقدمة من المراجعين الخارجيين قبل بدء عملية المراجعة.
- ن. ضمان إمكان وصول المراجعين الخارجيين إلى رئيس لجنة المراجعة عند الحاجة.

سري

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- س. مراجعة أنشطة وموارد والهيكل التنظيمي لوظيفة المراجعة الداخلية وضمان عدم فرض قيود أو محددات غير مبررة من قبل الإدارة.
- ع. تعيين ومراجعة أداء وترقية أو استبدال رئيس المراجعة الداخلية ورئيس الالتزام.
- ف. مراجعة واعتماد خطة المراجعة والتوظيف والهيكل التنظيمي لوظيفة/ أنشطة المراجعة الداخلية.
- ص. مراجعة واعتماد خطة الالتزام والتوظيف والهيكل التنظيمي لوظيفة الالتزام.
- ق. اعتماد خطة المراجعة الداخلية للعام المقبل وضمان تناولها للمجالات الرئيسية للمخاطر، وأن هناك تنسيقاً مناسباً مع المراجعين الخارجيين.
- ر. ضمان استلام النتائج والتوصيات المهمة المقدمة من رئيس المراجعة الداخلية ورئيس الالتزام والرد المقترح من الإدارة، ومناقشتها واتخاذ الإجراءات المناسبة بشأنها.
- ش. بدء التحقيق، كلما دعت الحاجة.
- ت. مراجعة معاملات الأطراف ذات العلاقة وضمان تسجيل هذه المعاملات والإفصاح عنها بشكل مناسب.
- ث. الاحتفاظ بالمعلومات المشروطة وعدم نقلها إلى أي طرف آخر دون موافقة من الشركة.



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شركة كوارا للتمويل



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## موجز الوثيقة

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| الوصف                         |   |
| لائحة عمل لجنة المراجعة       | اسم الوثيقة:                                    |
| لجنة المراجعة                 | مالك الوثيقة:                                   |
| لائحة عمل/ميثاق               | نوع الوثيقة:                                    |
| QRAC-CHR-AC                   | ترميز الوثيقة:                                  |
| عام                           | التصنيف:  |
| مسودة                         | الحالة:   |
| دورية التحديث:                | موقع الحفظ:                                     |
| عند تشكيل اللجنة / عند الحاجة | الملف المشترك – إدارة الشؤون القانونية والحوكمة |
|                               | رقم الإصدار الأخير:                             |
|                               | V5  |
|                               | تاريخ اعتماد الإصدار الأخير:                    |

## سجل الإصدارات

| رقم الإصدار | تاريخ الاعتماد  | رقم القرار   | نوع التحديث | وصف التحديث                        |
|-------------|-----------------|--------------|-------------|------------------------------------|
| V1          | -               | -            | -           | -                                  |
| V2          | -               | -            | -           | -                                  |
| V3          | 21 أغسطس 2022م  | -            | جزئي        | حسب المتطلبات التنظيمية            |
| V4          | 13 نوفمبر 2023م | -            | جزئي        | حسب المتطلبات التنظيمية            |
| V5          | -               | (46-47-2025) | كامل        | تحديث كامل حسب المتطلبات التنظيمية |

## الموافقات على الوثيقة

| رقم قرار     | التاريخ        | الصلاحية | المنصب/الجهة                 |
|--------------|----------------|----------|------------------------------|
| -            | 22 يوليو 2025م | الإعداد  | لجنة المراجعة                |
| (46-47-2025) | 23 يوليو 2025م | التوصية  | مجلس الإدارة                 |
| -            |                | الاعتماد | الجمعية العمومية (المساهمين) |

|               |  |       |       |                         |  |       |              |
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قائمة المحتويات:

- 4 ..... الغرض من اللجنة •
- 4 ..... تشكيل اللجنة •
- 5 ..... نطاق عمل اللجنة •
- 8 ..... رئيس اللجنة •
- 9 ..... أمين سر اللجنة •
- 10..... الاجتماعات •
- 12..... المكافآت •

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### الغرض من اللجنة

تهدف لجنة المراجعة إلى دعم مجلس الإدارة في الإشراف على نزاهة وشفافية التقارير والقوائم المالية، وكفاءة وفعالية نظم الرقابة الداخلية، وضمان الالتزام بالأنظمة واللوائح والتعليمات ذات الصلة، والتوصية بتعيين مراجعي الحسابات وتقييم استقلاليتهم، بما يعزز مبادئ الحوكمة والشفافية.

### تشكيل اللجنة

- تُشكل لجنة المراجعة بقرار من مجلس الإدارة، ولا تضم أيًا من أعضاء المجلس التنفيذي، وتتألف اللجنة من ثلاثة أعضاء على الأقل ولا تزيد عن خمسة أعضاء، على أن يكون من بينهم عضو واحد مستقل على الأقل، ويتولى رئاستها عضو مستقل، وأن يكون من بينهم عضو مختص بالشؤون المالية والمحاسبية.
- يُعيّن أعضاء لجنة المراجعة بقرار من مجلس الإدارة لمدة ثلاث سنوات، ويجوز إعادة ترشيحهم لعضوية اللجنة عند انتهاء مدتهم.
- لا يجوز لمن يعمل أو كان يعمل خلال السنتين الماضيتين في الإدارة التنفيذية أو المالية للشركة، أو لدى مراجع حسابات الشركة، أن يكون عضوًا في لجنة المراجعة.
- لا يجوز لعضو لجنة المراجعة أن يكون عضوًا في لجان المراجعة في أكثر من خمس شركات مساهمة مدرجة في السوق في آن واحد.
- في حال شغور أحد مقاعد اللجنة بشكل يؤدي إلى عدم اكتمال النصاب أو التأثير على أدائها، يقوم مجلس الإدارة بتعيين عضو بديل مؤقتًا إلى حين انتهاء مدة العضوية أو حتى تعيين عضو آخر.

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- ويجوز لمجلس الإدارة إنهاء عضوية أي عضو في اللجنة في الحالات التالية:
  - استقالة عضو لجنة المراجعة.
  - تغيب العضو عن ثلاثة اجتماعات متتالية دون عذر مقبول.
  - إساءة استخدام الصلاحيات أو استغلال العضوية بما يخل بعمل اللجنة أو يؤثر على نزاهتها.

### نطاق عمل اللجنة

#### أولاً: التقارير المالية

تتولى اللجنة مسؤولية متابعة عدالة وشفافية التقارير المالية للشركة، ويشمل ذلك:

1. دراسة القوائم المالية الأولية والسنوية قبل عرضها على مجلس الإدارة، وإبداء الرأي والتوصية بشأنها؛ لضمان نزاهتها وعدالتها وشفافيتها.
2. تتولى اللجنة مهمة إبداء الرأي الفني بناءً على طلب مجلس الإدارة؛ بمدى عدالة وتوازن ووضوح تقرير المجلس والقوائم المالية للشركة.
3. دراسة السياسات المحاسبية المعتمدة في الشركة، وإبداء الرأي والتوصية لمجلس الإدارة بشأنها.
4. مناقشة مراجع الحسابات حول مدى توافق السياسات المحاسبية المطبقة في التقارير المالية مع المتطلبات النظامية.
5. دراسة أي مسائل جوهرية أو غير مألوفة تتضمنها القوائم أو التقارير المالية.
6. التحقق من التقديرات المحاسبية في المسائل الجوهرية الواردة في التقارير المالية.

#### ثانياً: المراجعة الداخلية

تشمل مهام اللجنة في الإشراف على المراجعة الداخلية ما يلي:

1. مراجعة واعتماد خطة المراجعة الداخلية التي أعدها رئيس إدارة المراجعة الداخلية أو مقدم الخدمات الخارجي ويشمل ذلك نطاق الخطة والميزانية المخصصة له.

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2. التوصية للمجلس بالموافقة على الهيكل التنظيمي للإدارة، ومراجعته بشكل دوري كلما دعت الحاجة إلى ذلك.
3. متابعة تنفيذ خطة استقطاب الموارد البشرية المعدة من رئيس الإدارة وتقييم مدى مناسبتها، والتأكد من وجود الموارد البشرية المناسبة في الإدارة من ناحية العدد والمؤهلات والمهارات وفق تلك الخطة، والأخذ بعين الاعتبار توافر الكفاءات اللازمة لأداء مهام الإدارة لدى جميع منسوبها ككل وليس لكل فرد على حدة.
4. مراجعة أداء الإدارة للتحقق من قدرتها على أداء مسؤولياتها باستقلالية وموضوعية.
5. دراسة ومراجعة نظم الرقابة الداخلية والمالية وإدارة المخاطر في الشركة.
6. الرقابة والإشراف على أداء وأنشطة المراجع الداخلي وإدارة المراجعة الداخلية وفعاليتهم في أداء الأعمال والمهام المنوطة بها، والتأكد من توافر الموارد والمهارات اللازمة.
7. التأكد من تحلي مدير الإدارة بالنزاهة، والقدرة على أداء مهام عمله بصدق وحرص ومسؤولية، والتأكد من تقيده بالأنظمة واللوائح والتعليمات، وأنه لم تسبق إدانته بأي جريمة مخلة بالشرف والأمانة ما لم يكن قد رُذ إليه اعتباره.
8. التأكد من اتخاذ الإدارة التنفيذية الإجراءات التصحيحية اللازمة في الوقت والشكل المناسبين، لمعالجة نقاط الضعف في الرقابة ومسائل الالتزام بالسياسات والأنظمة والتعليمات وغيرها من المخالفات والملاحظات وجوانب القصور التي تحددها الإدارة وتوصي بشأنها.
9. التوصية للمجلس بتعيين أو إعادة تعيين أو إقالة رئيس إدارة المراجعة الداخلية أو المراجع الداخلي واقتراح مكافأته، واعتماد مؤشرات قياس أدائه وتقييم أدائه بشكل دوري.
10. ضمان استلام النتائج والتوصيات المهمة المقدمة من رئيس إدارة المراجعة الداخلية، ومناقشتها، ومتابعة الردود والإجراءات المتخذة بشأنها.
11. دراسة ومراجعة تقارير المراجعة الداخلية الربعية والسنوية ومتابعة تنفيذ الإجراءات التصحيحية للملاحظات الواردة فيها.
12. تقييم فعالية وكفاءة الضوابط والسياسات والإجراءات الداخلية، وآلية رفع التقارير ومدى الالتزام بها، وتقديم التوصيات لتحسينها.

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### ثالثاً: مراجع الحسابات

تُعين اللجنة بالإشراف على علاقة الشركة بمراجع الحسابات كما يلي:

1. التوصية لمجلس الإدارة بترشيح مراجع الحسابات وعزلهم وتحديد أتعابهم وتقييم أدائهم، بعد التحقق من استقلالهم ومراجعة نطاق عملهم وشروط التعاقد معهم.
2. التحقق من استقلالية مراجع الحسابات وموضوعيته وعدالته، ومدى فعالية أعمال المراجعة، مع الأخذ بعين الاعتبار القواعد والمعايير ذات الصلة.
3. مراجعة خطة مراجع حسابات الشركة وأعماله، والتحقق من عدم تقديمه أعمالاً فنية أو إدارية أو استشارية تخرج عن نطاق أعمال المراجعة، وإبداء مرنيتها حيال ذلك.
4. منح صلاحية الوصول المباشر للمراجع الحسابات إلى رئيس لجنة المراجعة عند الحاجة.
5. دراسة تقرير مراجع الحسابات وملاحظاته على القوائم المالية ومتابعة ما اتخذ بشأنها.
6. الإجابة عن استفسارات مراجع حسابات الشركة.

### رابعاً: الالتزام ومكافحة غسل الأموال وتمويل الإرهاب

تسهم اللجنة في الإشراف على إطار الالتزام والامتثال بما يشمل:

1. مراجعة التقارير الدورية الصادرة عن إدارة الالتزام، وتوثيق الإجراءات المتخذة حيالها، والقرارات الناتجة عنها، والرفع بها إلى المجلس.
2. التحقق من التزام الشركة بالأنظمة واللوائح والسياسات والتعليمات ذات الصلة، واتخاذ الإجراءات اللازمة لتحسين مستوى الالتزام النظامي في الشركة.
3. التحقق من تطبيق سياسة الالتزام المعتمدة من المجلس، وتقييم مدى فعاليتها، وتحديثها وتقديم التوصيات بشأنها.
4. اعتماد خطة الالتزام المتضمنة النشاطات والعمليات الرئيسية للإدارة وتحديثها سنوياً من رئيس الإدارة.
5. مراجعة نتائج تقارير الجهات الرقابية، والتحقق من اتخاذ الشركة الإجراءات اللازمة بشأنها.

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6. التوصية بتعيين رئيس إدارة الالتزام ومكافحة غسل الأموال وتمويل الإرهاب، والموافقة على طلب استقالته، ورفعها للمجلس، وتقييم أدائه بشكل دوري.
7. مناقشة توصيات رئيس الإدارة بشأن الملاحظات الجوهرية المتعلقة بعدم الالتزام ومخاطرها، وتقييم رد الإدارة التنفيذية حيالها، واتخاذ الإجراءات اللازمة.
8. الرفع إلى المجلس بالمسائل التي ترى ضرورة اتخاذ إجراء بشأنها، وإبداء توصياتها بالإجراءات التي يتعين اتخاذها.
9. اتخاذ ما يلزم بشأن البلاغات المقدمة من إدارة الالتزام بشأن التجاوزات أو الانتهاكات.
10. التحقق من أن عدد موظفي الإدارة كاف بما يتناسب مع حجم أعمال الشركة ونموذج عملها.

#### خامساً: الصلاحيات العامة

لجنة المراجعة ممارسة الصلاحيات التالية بما يمكنها من أداء مهامها:

1. الاطلاع على السجلات والوثائق والمعلومات ذات الصلة.
2. طلب الإيضاحات من مجلس الإدارة أو اللجان أو الإدارة التنفيذية.
3. طلب دعوة الجمعية العامة للانعقاد عند إعاقة مجلس الإدارة عن عملها أو في حال وجود أضرار أو خسائر جسيمة تعرضت لها الشركة.

#### رئيس اللجنة

يتولى رئيس لجنة المراجعة المهام والمسؤوليات التالية:

- أ- الموافقة على عقد الاجتماعات واعتماد جدول الأعمال، وتحديد مواعيدها وأماكن انعقادها بالتنسيق مع أمين السر وأعضاء اللجنة.
- ب- رئاسة اجتماعات اللجنة، وضمان إدارتها بكفاءة وفاعلية، والتفويض بها لأحد الأعضاء في حال تعذر الحضور.
- ت- تقديم التقارير الدورية عن أعمال وأنشطة اللجنة، بما في ذلك محاضر الاجتماعات والتوصيات، لمجلس الإدارة بعد

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اعتمادها من اللجنة.

- ث- تمثيل لجنة المراجعة أمام مجلس الإدارة والجهات التنظيمية والأطراف ذات العلاقة عند الحاجة.
- ج- ضمان التزام اللجنة بأداء مهامها وفقاً لللائحة عملها المعتمدة من الجمعية العامة والأنظمة واللوائح والتعليمات ذات العلاقة، ومتابعة تنفيذ قراراتها وتوصياتها الصادرة عنها.
- ح- الإشراف على تقييم أداء اللجنة بشكل دوري، وتحديد فرص التحسين في أدائها وآليات عملها.
- د- مراجعة طلبات أعضاء اللجنة بالاعتذار عن حضور الاجتماعات، واتخاذ القرار بالموافقة أو الرفض بناءً على المبررات المقدمة.
- ذ- متابعة تنفيذ خطط اللجنة السنوية، والتأكد من توافق أنشطتها مع أهدافها.
- ر- دعم أعضاء اللجنة وتمكينهم من أداء مهامهم من خلال ضمان توافر المعلومات والموارد اللازمة لذلك.

#### أمين سر اللجنة

يتولى أمين سر لجنة المراجعة المهام والمسؤوليات التالية:

1. التنسيق مع رئيس اللجنة وأعضائها بشأن عقد الاجتماعات، واقتراح جدول الأعمال وتحديد مواعيد الاجتماعات وأماكن انعقادها.
2. مراجعة وتحضير الوثائق والمعلومات اللازمة التي ستعرض في الاجتماعات، ومشاركتها مع أعضاء اللجنة قبل موعد الاجتماع بثلاثة أيام على الأقل.
3. حضور اجتماعات اللجنة دون أن يكون له حق التصويت أو المشاركة في اتخاذ القرارات.
4. إعداد محاضر الاجتماعات وتوثيق ما دار من نقاشات ومداولات، بما في ذلك:
  - مكان وتاريخ الاجتماع ووقت بدايته وانتهائه.
  - أسماء الأعضاء والمدعوين الحاضرين والمعتذرين.
  - القرارات الصادرة ونتائج التصويت عليها.
  - التحفظات أو الملاحظات التي أبدتها أي من الأعضاء – إن وجدت.

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○ توقيع المحضر من جميع الأعضاء الحاضرين.

5. حفظ محاضر الاجتماعات والوثائق ذات العلاقة، وضمان سرّيتها، بما في ذلك المعلومات والبيانات الحساسة أو السرية الخاصة بالشركة أو اللجنة.
6. تنفيذ الأعمال المكلفة من اللجنة، بما في ذلك المتابعة والتنظيم والتواصل مع الجهات والأطراف المعنية داخل الشركة وإبلاغهم بالتوصيات والقرارات الصادرة عن اللجنة ومتابعة تنفيذها.
7. أداء المهام الأخرى التي تُسند إليه من قبل رئيس اللجنة أو أعضاء اللجنة، والتي تتعلق بتنظيم عمل اللجنة وسير اجتماعاتها.
8. تنظيم سجل إفصاحات أعضاء اللجنة.
9. إعداد تقارير اللجنة، والرفع بها إلى المجلس وحفظها.

## الاجتماعات

- 1) تعقد لجنة المراجعة اجتماعاتها بشكل دوري على ألا يقل عددها عن أربعة اجتماعات خلال السنة المالية.
- 2) يتحقق النصاب القانوني لاجتماع اللجنة بحضور أغلبية الأعضاء، على أن يكون من بينهم رئيس اللجنة.
- 3) تجتمع اللجنة بصفة دورية مع كل من: مراجع الحسابات، ورئيس إدارة المراجعة الداخلية، ورئيس إدارة الالتزام ومكافحة غسل الأموال وتمويل الإرهاب، كما يحق لهم طلب الاجتماع مع اللجنة كلما دعت الحاجة.
- 4) يقتصر حضور الاجتماعات على أعضاء اللجنة وأمين السر، ويجوز للجنة، بحسب ما تراه مناسبًا، دعوة من تراه من مسؤولي الشركة أو من خارجها لحضور الاجتماعات ومناقشة الموضوعات ذات الصلة، ويشمل ذلك على سبيل المثال لا الحصر: الرئيس التنفيذي، المدير المالي، رئيس إدارة المراجعة الداخلية، رئيس إدارة الالتزام ومكافحة غسل الأموال وتمويل الإرهاب، مراجع الحسابات، أو المستشارين.

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(5) لا يحق للمدعويين من غير الأعضاء المشاركة في النقاشات إلا إذا طُلب منهم ذلك من قبل اللجنة، كما يُحظر عليهم إفشاء أي معلومات أو مستندات اطلعوا عليها خلال الاجتماعات، ويلتزم الجميع – بمن فيهم أعضاء اللجنة وأمين السر – بالحفاظ التام على سرية محتوى الاجتماعات والنقاشات والمستندات المعروضة فيها.

(6) يتعين على أعضاء اللجنة حضور الاجتماعات والمشاركة الفعالة فيها.

(7) لرئيس اللجنة صلاحية الدعوة لعقد اجتماعات خاصة كلما دعت الحاجة، سواء بمبادرة منه أو بناءً على طلب أي من أعضاء اللجنة، أو مراجع الحسابات، أو رئيس إدارة المراجعة الداخلية أو رئيس إدارة الالتزام ومكافحة غسل الأموال وتمويل الإرهاب، أو مجلس الإدارة.

(8) تصدر قرارات اللجنة بأغلبية أصوات الأعضاء الحاضرين، وفي حال تساوي الأصوات، يُرَجَّح الجانب الذي يصوت له رئيس الاجتماع.

(9) يتولى أمين السر إعداد جدول أعمال الاجتماع بالتنسيق مع رئيس اللجنة والأعضاء، وإرسال الدعوات للأعضاء والمدعويين قبل موعد الاجتماع بوقت كافٍ، متضمنة وقت وتاريخ ومكان الاجتماع، إضافة إلى الوثائق الداعمة.

(10) يُعد أمين السر مسودة محضر الاجتماع، متضمنةً المناقشات والقرارات ونتائج التصويت، وأسماء الحاضرين والمتعذرين، وتزود هذه المسودة لأعضاء اللجنة والمدعويين الحاضرين للاطلاع وإبداء الملاحظات والمرئيات خلال مدة لا تتجاوز ثلاثة أيام عمل، تمهيداً لاعتمادها بصيغتها النهائية وتوقيعها من قبل أعضاء اللجنة والمدعويين الحاضرين.

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## المكافآت

تُمنح مكافآت أعضاء لجنة المراجعة وفقاً لسياسة المكافآت والتعويضات لأعضاء مجلس الإدارة ولجانته وكبار التنفيذيين المعتمدة من قبل الجمعية العامة، وبناءً على توصية من لجنة الترشيحات والمكافآت واعتماد مجلس الإدارة. وتراعى هذه المكافآت على النحو الآتي:

1. تتكون مكافأة شغل عضوية لجنة المراجعة من مبلغ سنوي مقطوع وبدلات حضور الاجتماعات، إضافة إلى أي استحقاقات أخرى يتم إقرارها.
2. يُصرف بدل حضور اجتماع لجنة المراجعة بمبلغ (2,000) ريال سعودي عن كل اجتماع، أي ما يعادل بمجموع (8,000) ريال سعودي لكل عضو لأربعة اجتماعات خلال السنة المالية.
3. تُمنح المكافآت اعتباراً من تاريخ انضمام العضو إلى اللجنة، ويتم صرفها سنوياً بعد اعتمادها من الجمعية العامة، باستثناء بدلات الحضور التي يجوز صرفها بعد كل اجتماع.
4. يتم إيقاف أو استرداد المكافآت إذا ثبت أنها صرفت بناءً على معلومات غير دقيقة، أو ترتبت عن استغلال غير مشروع للوضع الوظيفي.
5. يُراعى للأعضاء القادمين من خارج مقر الاجتماع تغطية تكاليف السفر والإقامة، بما في ذلك:
  - تأمين تذاكر السفر على درجة رجال الأعمال أو بدل مالي يعادلها.
  - تأمين حجز الفندق أو صرف بدل مبيت يعادل تكلفة الإقامة.

**Decision of the Board of Directors of  
Quara Finance Company,  
No. (46/47/2025) in its meeting No. (03-  
47-2025) held on 23/07/2025**

**قرار مجلس إدارة شركة كوآرا للتمويل  
رقم (46/47/2025) في اجتماعها رقم (03-47-  
2025) بتاريخ 2025/07/23م**

We the undersigned bellow as a member of the Board of Directors of Quara Finance Co, A Saudi joint stock Co with CR No (1010262141) issued in Riyadh dated 09/02/1430 H. Saudi Central Bank licenses no (45/AS/201605) Dated 02/08/1437H And in accordance with the powers granted to us based on rules and laws followed to hold and take decision, we decided the following:

After the Board reviewed the recommendation of the Audit Committee in its meeting No. (03-47-2025) dated 22 July 2025, regarding the Update of the Audit Committee Charter,

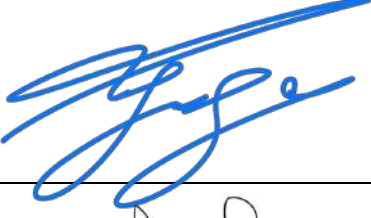
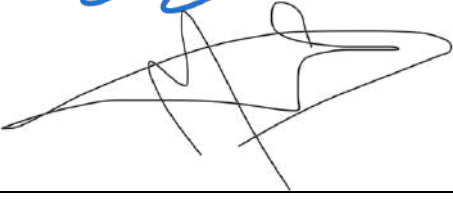
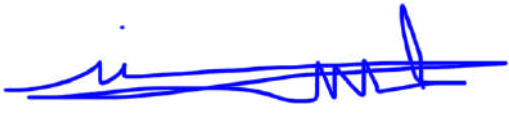

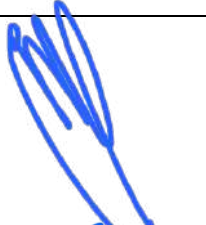
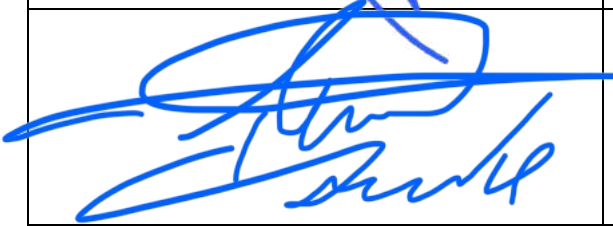
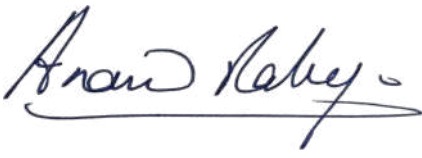
**The Board of Directors has therefore formally approved the update and recommended its submission to the General Assembly for Approval.**

نحن الموقعون أدناه بصفتنا أعضاء مجلس الإدارة في شركة كوآرا للتمويل، شركة سعودية مساهمة لها سجل تجاري رقم (1010262141) صادر من مدينة الرياض في 09/02/1430هـ، وترخيص البنك المركزي السعودي رقم (45/أش/201605) وتاريخ 02/08/1437هـ، وبموجب الصلاحيات الممنوحة لنا وفق القواعد والقوانين المتبعة لعقد واتخاذ قرارات مجلس الإدارة، قررنا ما يلي:

وبعد اطلاع مجلس الإدارة على توصية لجنة المراجعة في اجتماعها رقم (03-47-2025) بتاريخ 22 يوليو 2025م، بشأن تحديث لائحة عمل لجنة المراجعة، وعليه تمت الموافقة والتوصية بها للجمعية العامة لاعتمادها.

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## توقيع السادة أعضاء مجلس الإدارة

| التوقيع   | الصفة                  | الاسم                                  |   |
|---|------------------------|--|---|
|    | رئيس مجلس الإدارة      | الأستاذ/ عبد الله عبد الرحمن الشلاش    | 1 |
|    | نائب رئيس مجلس الإدارة | الأستاذ/ عبد الكريم عبد العزيز الدعيجي | 2 |
|    | عضو                    | الأستاذ/ عبد الرحمن عبد العزيز المسند  | 3 |
|  | عضو                    | الأستاذ/ محمد مسفر المالكي             | 4 |
|  | عضو                    | الأستاذ/ خالد محمد فقيه                | 5 |
|  | عضو                    | الأستاذ/ طارق ساي زيتون                | 6 |
|  | Member                 | Mr. Anand Sudarshan Raheja             | 7 |

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## محضر اجتماع الجمعية العامة العادية لشركة كوارا للتتمويل

(مساهمة مقللة)

المنعقدة بتاريخ 1445/04/29هـ الموافق 2023/11/13م

بناءً على الدعوة الموجهة إلى مساهمي الشركة لحضور اجتماع الجمعية العامة العادية للشركة بموجب قرار مجلس الإدارة بالدعوة إلى عقد الجمعية العامة العادية، وبعد إشعار وزارة التجارة بذلك، فقد انعقدت الجمعية العامة العادية لشركة كوارا للتتمويل في مقر الشركة الرئيسي بمدينة الرياض في يوم الإثنين بتاريخ 1445/04/29هـ الموافق 2023/11/13م في تمام الساعة 01:00 م وقد حضر جميع المساهمين وهم:

1. شركة الموارد الأولى للعقارات، سجل تجاري رقم ( 1010635958 )، المالكة لعدد (10,000,000) سهم، بنسبة تملك في شركة كوارا للتتمويل مقدارها (33,33%) وحضر عنها الأستاذ/ يوسف بن عبدالله الشلاش، سعودي الجنسية، هوية وطنية رقم (1004227847) بصفته مفوضاً بالحضور.
2. شركة عوائد المالية، سجل تجاري رقم ( 1010636115 )، المالكة لعدد ( 10,000,000 ) سهم، بنسبة تملك في شركة كوارا للتتمويل مقدارها (33,33%)، وحضر عنها الأستاذ/ ماجد بن عبدالرحمن القاسم، سعودي الجنسية، هوية وطنية رقم (1012163109) بصفته مفوضاً بالحضور.
3. شركة نواقيس للتجارة، سجل تجاري رقم (1010635960)، المالكة لعدد (10,000,000) سهم، بنسبة تملك في شركة كوارا للتتمويل مقدارها (33,33%) وحضر عنها الأستاذ/ طارق بن محمد الجارالله، سعودي الجنسية، هوية وطنية رقم (1022866709).

افتتح وترأس الاجتماع رئيس مجلس الإدارة الأستاذ / عبدالله بن عبدالرحمن الشلاش، وأعلن بأن عدد الأسهم الممثلة في الاجتماع بلغت (30,000,000) سهماً، أي بنسبة (100%) من أسهم الشركة، وبذلك أصبح انعقاد الجمعية صحيحاً طبقاً لأحكام النظام الشركة الأساسي. ثم بدأت أعمال الجمعية العامة العادية أعمالها، وتم تعيين الأستاذة/ أنوار بنت متعب المرشد، سعودية الجنسية، أمين السر، وجامعاً للأصوات. تداول الحضور بنود جدول أعمال الجمعية فتم استعراض قرار المجلس بتعيين السيد/ عبدالكريم عبدالعزيز الدعيجي كعضو جديد في مجلس الإدارة بدلاً عن العضو المستقيل السيد/ فواز خالد الفريحي، ثم اطلع المجلس على كل من: لائحة عمل لجنة الترشيحات والمكافآت و لجنة المراجعة، و تم استعراض الأعمال والعقود والأرصدة الناتجة عن كافة التعاملات التي تمت بين الشركة وشركة الخير كابيتال السعودية وشركة الموارد الأولى للعقارات، و وبانتهاء المناقشة في المواضيع المطروحة في جدول الأعمال طلب رئيس الجمعية من الحاضرين للاجتماع الإذلاء بأصواتهم على بنود جدول الأعمال في بطاقات التصويت التي وزعت عليهم، وعلى ضوء نتائج التصويت، أدرجت الجمعية العامة العادية القرارات والنتائج التالية:

1. الموافقة على قرار مجلس الإدارة الصادر بتعيين السيد/ عبدالكريم عبدالعزيز الدعيجي كعضو جديد في مجلس الإدارة بدلاً عن العضو المستقيل السيد/ فواز خالد الفريحي وذلك بعد أن تم الحصول على خطاب من البنك المركزي السعودي يتضمن عدم ممانعته على تعيينه، وأن يكمل العضو الجديد مدة سلفه بعدد أصوات بنسبة 100%.
2. اعتماد لائحة عمل لجنة الترشيحات والمكافآت بالصيغة المرفقة بعدد أصوات بنسبة 100%.
3. اعتماد لائحة عمل لجنة المراجعة بالصيغة المرفقة بعدد أصوات بنسبة 100%.
4. الموافقة على الأعمال والعقود والأرصدة الناتجة عنها والتي تمت بين الشركة وشركة الخير كابيتال السعودية والتي لرئيس مجلس الإدارة السيد/ عبدالله بن عبدالرحمن الشلاش مصلحة غير مباشرة فيها كونه عضو مجلس إدارة ورئيس تنفيذي في شركة الخير كابيتال السعودية وبالإضافة إلى أنه لعضو مجلس الإدارة السيد/ ماجد بن عبدالرحمن القاسم وعضو مجلس الإدارة السيد/ عبدالرحمن

عبدالعزیز المسند مصلحة غير مباشرة فيها كون كل منهما يشغل منصب عضو مجلس إدارة في شركة الخير كابيتال السعودية، وهذه الأعمال والعقود هي عبارة عن اتفاقية إدارة حساب محفظة استثمارية والتي تم ابرامها بين الشركة وشركة الخير كابيتال السعودية

بتاريخ 2020/03/27م)، وبموجب هذه الاتفاقية توافق الشركة على تعيين شركة الخير كابيتال السعودية لإدارة حساب محفظة استثمارية خاصة بالشركة طبقاً للشروط والأحكام الواردة في هذه الاتفاقية، وقد بلغ إجمالي قيمة التعاملات المتمثلة في (إيرادات فائدة على وديعة قصيرة الأجل) عن فترة الستة أشهر المنتهية في 30 يونيو 2023م مبلغ وقدره (2,202,202) ريال سعودي، بينما بلغ إجمالي الرصيد الناتج عن هذه الأعمال والعقود المتمثلة في (وديعة قصيرة أجل) كما في نهاية فترة الستة أشهر المنتهية في 30 يونيو 2023م مبلغ وقدره (68,268,103) ريال سعودي، وقد تمت هذه الأعمال والعقود والأرصدة الناتجة عنها بدون شروط أو مزايا تفضيلية بعدد أصوات بنسبة 100%.

5. الموافقة على الأعمال والعقود التي تمت بين الشركة وشركة الخير كابيتال السعودية والتي لرئيس مجلس الإدارة السيد/ عبدالله بن عبدالرحمن الشلاش مصلحة غير مباشرة في هذه الاتفاقية كونه عضو مجلس إدارة ورئيس تنفيذي مكلف في شركة الخير كابيتال السعودية وبالإضافة إلى أنه لعضو مجلس الإدارة السيد/ ماجد بن عبدالرحمن القاسم وعضو مجلس الإدارة السيد/ عبدالرحمن عبدالعزیز المسند مصلحة غير مباشرة في هذه الاتفاقية كون كل منهما يشغل منصب عضو مجلس إدارة في شركة الخير كابيتال السعودية، وهذه الأعمال والعقود هي عبارة عن اتفاقية الارتباط التي تم ابرامها بين الشركة وشركة الخير كابيتال السعودية بتاريخ 2023/11/02م، وبموجب هذه الاتفاقية تقوم الشركة بتفويض شركة الخير كابيتال السعودية كمدير سجل الاكتتاب لتقديم الخدمات المنصوص عليها في الملحق رقم (أ) المرفق بهذه الاتفاقية، ويبلغ مبلغ التعاقد (750,000) ريال سعودي غير شامل ضريبة القيمة المضافة تستحق عند استكمال الطرح العام وادراج الشركة في سوق نمو وتخصم مباشرة من متحصلات الطرح وذلك وفق الاعتاب المحددة في الملحق رقم (ب) المرفق بالاتفاقية، وقد تمت هذه الاعمال والعقود بدون شروط او مزايا تفضيلية، وتحل هذه الاتفاقية محل اتفاقية الارتباط التي تم ابرامها سابقا بين الشركة وشركة الخير كابيتال السعودية بتاريخ 2022/10/13م والتي تم تعيين شركة الخير كابيتال السعودية بموجها كمدير للاكتتاب حيث أنها مدتها سنة وانتهت بتاريخ 2023/10/12م ولم يتم تجديدها من قبل الطرفين بعدد أصوات بنسبة 100%.

6. الموافقة على الرصيد الناتج عن الأعمال والعقود التي تمت بين الشركة وشركة الموارد الأولى للعقارات، حيث أن شركة الموارد الأولى للعقارات تعتبر من كبار المساهمين في الشركة، وهذه الأعمال والعقود والأرصدة الناتجة عنها هي عبارة عن (اتفاقية تمويل مبرمة في عام 2021م بين الشركة وشركة الموارد الأولى للعقارات وذلك لغرض حصول الشركة على تمويل من شركة الموارد الأولى للعقارات بمبلغ وقدره (100,000,000) ريال سعودي)، وقد بلغ إجمالي الرصيد الناتج عن هذه الاعمال والعقود المتمثلة في (قرض من طرف ذي علاقة) كما في نهاية فترة الستة أشهر المنتهية في 30 يونيو 2023م مبلغ وقدره (95,684,782) ريال سعودي، وقد تمت الأعمال والعقود التي نتجت عنها هذه الأرصدة بدون شروط أو مزايا تفضيلية بعدد أصوات بنسبة 100%.

وبنهاية الاجتماع وإعلان نتائج التصويت، قدم رئيس الجمعية باسم مجلس إدارة شركة كوآرا للتمويل والشكر والتقدير للحضور معلنا انتهاء أعمال الجمعية.

رئيس الجمعية  
عبدالله بن عبدالرحمن الشلاش



أمين السر  
أنوار بنت متعب المرشد

