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شركة آر إس إم المحاسبون المتحدون للإستشارات المهنية
RSM Allied Accountants Professional Services Co.

ALPHA ARABIA FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024
AND INDEPENDENT AUDITOR'S REPORT ON REVIEW

ALPHA ARABIA FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIODS ENDED JUNE 30, 2024

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Report on Review of Condensed Interim Financial Statements

To the Shareholders of
Alpha Arabia Finance Company
(A Saudi Closed Joint Stock Company)

Introduction:

We have reviewed the accompanying condensed interim statement of financial position of **Alpha Arabia Finance Company** (“the Company”) as of June 30, 2024, and the related condensed interim statement of comprehensive income, for the three-months and six months period then ended June 30, 2024 and the condensed interim statement of changes in equity and cash flows for the six months period ended then, and other explanatory notes. Management is responsible for preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard (34) “Interim Financial Reporting” endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review:

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

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia.

Other matter:

These are the first condensed interim financial statements for the six months period ended June 30, 2024. The Company did not prepare condensed interim financial statements for the six months period ended June 30, 2023 since the date of Registration in the Commercial registration is June 8, 2023. Accordingly, no review report has been issued for the six months period ended June 30, 2023.

RSM Allied Accountants Professional Services

Mohammed Bin Farhan Bin Nader

(License No. 435)

Riyadh, Kingdom of Saudi Arabia

Muharram 17, 1446 H (Corresponding to July 23, 2024)



ALPHA ARABIA FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF JUNE 30, 2024
(SAUDI RIYAL)

| | Notes | June 30, 2024 | December 31, 2023 |
|--|-------|----------------------|-------------------|
| | | (Unaudited) | (Audited) |
| ASSETS | | | |
| Cash and cash equivalents | 5 | 55,895,534 | 94,658,602 |
| Islamic financing receivables, net | 6 | 41,760,555 | - |
| Prepaid expenses and other current assets | 7 | 2,129,165 | 2,690,242 |
| Property and equipment | 8 | 290,278 | 225,870 |
| Right of use assets | 9 | 4,391,713 | 5,123,665 |
| Intangible assets | 10 | 3,056,907 | 2,212,820 |
| TOTAL ASSETS | | 107,524,152 | 104,911,199 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | 11 | 100,000,000 | 100,000,000 |
| (Accumulated losses) / retained earnings | | (6,334,783) | 65,422 |
| TOTAL EQUITY | | 93,665,217 | 100,065,422 |
| LIABILITIES | | | |
| Accrued expenses and other current liabilities | 12 | 9,023,294 | 347,723 |
| Lease liabilities | 9 | 4,526,545 | 4,393,094 |
| Zakat provision | 13 | 66,327 | 16,355 |
| Employees' defined benefit's obligations | | 242,769 | 88,605 |
| TOTAL LIABILITIES | | 13,858,935 | 4,845,777 |
| TOTAL EQUITY AND LIABILITIES | | 107,524,152 | 104,911,199 |

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

ALPHA ARABIA FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2024
(SAUDI RIYAL)

| | Notes | For the three months period ended June 30, 2024 (Unaudited) | For the six months period ended June 30, 2024 (Unaudited) |
|--|-------|---|---|
| Income | | | |
| Income from Islamic financing | | 882,148 | 1,022,254 |
| Other income | 15 | 1,156,774 | 2,486,640 |
| Total income | | 2,038,922 | 3,508,894 |
| Expenses | | | |
| Expected credit losses for islamic financing receivables | 6 | (345,952) | (439,784) |
| Salaries, wages and other benefits | | (2,744,465) | (4,970,947) |
| Depreciation of right of use assets | 9 | (365,976) | (731,952) |
| Amortization of intangible assets | 10 | (165,969) | (262,474) |
| Depreciation of property and equipment | 8 | (16,491) | (30,002) |
| Other general and administrative expenses | 14 | (1,300,240) | (2,471,623) |
| Selling and marketing expenses | | (523,375) | (809,330) |
| Finance cost | 9 | (67,225) | (133,451) |
| Total expenses | | (5,529,693) | (9,849,563) |
| Loss for the period before zakat | | (3,490,771) | (6,340,669) |
| Zakat | | (29,768) | (59,536) |
| Loss for the period | | (3,520,539) | (6,400,205) |
| Other comprehensive income items | | - | - |
| Total comprehensive loss for the period | | (3,520,539) | (6,400,205) |

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

ALPHA ARABIA FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024
(SAUDI RIYAL)

| | <u>Share capital</u> | <u>Retained earnings / (accumulated losses)</u> | <u>Total equity</u> |
|---|----------------------|---|---------------------|
| <u>For the six-months period ended June 30, 2024</u> | | | |
| Balance as of January 1, 2024 (Audited) | 100,000,000 | 65,422 | 100,065,422 |
| Loss for the period | - | (6,400,205) | (6,400,205) |
| Other comprehensive income for the period | - | - | - |
| Total comprehensive loss for the period | - | (6,400,205) | (6,400,205) |
| Balance as of June 30, 2024 (unaudited) | 100,000,000 | (6,334,783) | 93,665,217 |

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

ALPHA ARABIA FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024
(SAUDI RIYAL)

| | For the six months period ended June 30, 2024 |
|---|--|
| | (Unaudited) |
| <u>OPERATING ACTIVITIES:</u> | |
| Loss for the period before zakat | (6,340,669) |
| Adjustments for: | |
| Depreciation of property and equipment | 30,002 |
| Depreciation of right of use assets | 731,952 |
| Amortization of intangible assets | 262,474 |
| Expected credit losses for Islamic financing receivables | 439,784 |
| Finance cost | 133,451 |
| Current service cost for employee's defined benefits obligations | 154,164 |
| Changes in operating assets and liabilities: | |
| Prepaid expenses and other current assets | 561,077 |
| Islamic financing receivables, gross | (42,200,339) |
| Accrued expenses and other current liabilities | 8,675,571 |
| Cash used in operating activities | (37,552,533) |
| Zakat paid | (9,564) |
| Net cash flows used in operating activities | (37,562,097) |
| <u>INVESTING ACTIVITIES:</u> | |
| Addition in property and equipment | (94,410) |
| Addition in intangible assets | (1,106,561) |
| Net cash flows used in investing activities | (1,200,971) |
| Net changes in cash and cash equivalents during the period | (38,763,068) |
| Cash and cash equivalents at the beginning of the period | 94,658,602 |
| Cash and cash equivalents at the end of the period | 55,895,534 |

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024**

1- COMPANY INFORMATION

Alpha Arabia Finance Company (“the Company”) is a Saudi Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010887286 dated Dhul-Qi’dah 19, 1444 H, (corresponding to June 8, 2023) having obtained the necessary approval from the Ministry of Commerce (MOC) and Notary Public.

In accordance with Article 6 of the implementing Regulations of the Law of supervision of finance Companies, the Company submitted its application to the Saudi Central Bank (“SAMA”) to obtain a license as a financing Company. On Ramadan 20, 1444 H (corresponding to April 11, 2023) the Company received an initial approval from the SAMA to practice consumer financing, financial leasing, and financing small and medium enterprises.

The Company obtained the license having a number of 85/AH/202402 from SAMA on Rajab 25, 1445 H (corresponding to February 6, 2024), authorizing the Company to engage in the finance lease activities. The Company commenced its commercial operations in terms of investing in Islamic financing in the month of February 2024.

The principal activities of the Company include financial lease, financing to Small and Medium Enterprises (SMEs) and Consumer financing.

The Company’s registered office located in Riyadh Kingdom of Saudi Arabia, postal code 13524.

2- BASIS OF PREPARATION

2-1 Statement of compliance

The Company’s condensed interim financial statements have been prepared in accordance with International Accounting Standard number (34) "Interim Financial Reporting" that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncement approved by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

These condensed interim financial statements do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards. and therefore, they should be read in conjunction with the Company’s annual financial statements for the period ended December 31, 2023.

The results for the period are not indication of the annual results for the Company.

The Company’s condensed interim financial statements for the six months period ended June 30, 2024 are the first statements issued by the management of the company covering this period since the date of registration of Company in the Commercial Register is June 8, 2023, therefore no comparative figures have been presented for the condensed interim statement of comprehensive income and condensed interim statement of changes in equity and condensed interim statement of cash flows.

The interim condensed statement of financial position is presented in descending order of liquidity, as this presentation is more appropriate to the Company’s operations.

2-2 Basis of measurement

These condensed interim financial statements have been prepared under historical cost convention using going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. Moreover, these condensed interim financial statements are prepared using accrual basis.

2-3 Accounting estimates and assumptions

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The judgements are made by the management in applying the Company’s accounting policies and are the key sources of estimation uncertainty. In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the period ended 31 December 2023.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024**

2- BASIS OF PREPARATION (CONTINUED)

2-4 Functional and presentation currency

These condensed interim financial statements are presented in Saudi Riyal, unless otherwise stated. The Saudi Riyal is the functional and presentation currency of the Company.

3- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are new standards and number of amendments to standards which are effective from January 1, 2024 which will be explained in Company's annual financial statements, furthermore, there was no material impact on the Company's condensed interim financial statements for several amendments apply for the first time in 2024. The Company has not adopted any other standard, amendments to standards and interpretations that has been issued but is not effective yet.

4- CONSISTENT MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies information followed, and the methods of calculation applied in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the Company's annual financial statements for the period ended December 31, 2023 except as follows:

Islamic Financing Receivables – net (Tawarruq receivables)

Tawarruq is an agreement whereby the Company sells to a customer an asset, which the Company has purchased and after such sale, arranges to sell the underlying asset and disburses the sale proceeds to the customer. The selling price comprises the cost plus an agreed profit margin. Gross amounts due under the Tawarruq sale contract include the total sale payments on the Tawarruq agreement (Tawarruq sale contract receivable). The difference between the Tawarruq sale contract receivable and the cost of the sold asset is recorded as unearned Tawarruq profit and for presentation purposes, is deducted from the gross amounts due under the Tawarruq sale contract receivable.

Income from Islamic financing

Income from Islamic financing receivables is recognized in statement of comprehensive income using effective profit rate ("EPR"), on the outstanding balance over the term of the contract.

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

Income from Islamic financing is calculated by applying the EPR to the carrying amount of financial assets, except for:

- Purchased or originated credit-impaired ("POCI") financial assets, for which the original credit [1] adjusted EPR is applied to the amortised cost of the financial asset;
- Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which income is calculated by applying the EPR to their amortised cost (i.e. net of the expected credit loss provision) starting from the subsequent reporting period.

Processing fee

Processing fees and other operating income represent administration fees which include Islamic financings initiation and customer risk assessment. Processing fee income is recognised over the period of Islamic financings using the effective profit rate method, which results in a constant periodic rate of return over the net investment outstanding over the term of the contract.

Other operating income

Other operating income is recorded as when earned.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024**

5- CASH AND CASH EQUIVALENTS

| | (Saudi Riyal) | |
|---------------------------------|--------------------------|--------------------------|
| | <u>June 30, 2024</u> | <u>December 31, 2023</u> |
| Islamic short-term deposits (A) | 55,600,000 | 92,000,000 |
| Cash at banks (B) | 293,002 | 2,655,753 |
| Cash in hand | 2,532 | 2,849 |
| Total | <u>55,895,534</u> | <u>94,658,602</u> |

(A) Islamic short-term deposits represent short term deposits with commercial banks with an average rate of return of 6 % per annum. During the period, the Company has earned the profit of SR 2,294,232 (Note 15). The profit receivables as of June 30, 2024 on these term deposits amounts to SR 566,806 (December 31, 2023: SR 735,297) (Note 7).

(B) Cash at banks comprises of current account balances held with local banks having sound credit ratings.

6- ISLAMIC FINANCING RECEIVABLES, NET

| | (Saudi Riyal) | |
|--|--------------------------|--------------------------|
| | <u>June 30, 2024</u> | <u>December 31, 2023</u> |
| Gross investment in islamic financing | 60,986,849 | - |
| Unearned islamic financing income | (17,489,094) | - |
| Total outstanding investment in Islamic financing | 43,497,755 | - |
| Less: Unearned admin fees | (1,297,416) | - |
| Net investment in islamic financing | 42,200,339 | - |
| Less: Expected credit losses for islamic financing receivables | (439,784) | - |
| Balance as of end of the period | <u>41,760,555</u> | <u>-</u> |

The bifurcation of Islamic financing receivables into performing and non-performing is as follows:

| | June 30, 2024 | | |
|-------------------------------------|----------------------|-------------------------------|--------------------------|
| | <u>Personal</u> | <u>Small and medium sized</u> | <u>Total</u> |
| Performing | 17,981 | 42,182,358 | 42,200,339 |
| Non-performing | - | - | - |
| Gross receivables | 17,981 | 42,182,358 | 42,200,339 |
| Less: Expected credit losses | (154) | (439,630) | (439,784) |
| Net investment in Islamic financing | <u>17,827</u> | <u>41,742,728</u> | <u>41,760,555</u> |

Stage wise analysis of Islamic financing receivables is as follows:

| | June 30, 2024 | | |
|---------------------------------------|--------------------------|----------------|--------------------------|
| | <u>Stage 1</u> | <u>Stage 2</u> | <u>Total</u> |
| Balance as of beginning of the period | - | - | - |
| Transfer from Stage 1 | - | - | - |
| Transfer from Stage 2 | - | - | - |
| Net other movements (*) | 42,200,339 | - | 42,200,339 |
| | 42,200,339 | - | 42,200,339 |
| Less: Expected credit losses | (439,784) | - | (439,784) |
| | <u>41,760,555</u> | <u>-</u> | <u>41,760,555</u> |

*Net other movements include financing originated, financing repaid and other measurements.

The movement in the expected credit losses is as follows:

| | (Saudi Riyal) | |
|---------------------------------------|-------------------------|--------------------------|
| | <u>June 30, 2024</u> | <u>December 31, 2023</u> |
| Balance as of beginning of the period | - | - |
| Charged during the period | (439,784) | - |
| Balance as of end of period | <u>(439,784)</u> | <u>-</u> |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

7- PREPAID EXPENSES AND OTHER CURRENT ASSETS

| | (Saudi Riyal) | |
|--|------------------|-------------------|
| | June 30, 2024 | December 31, 2023 |
| Prepayments for IT related services (A) | 1,093,202 | 1,482,286 |
| Profit receivables on Islamic short-term deposits (Note 5) | 566,806 | 735,297 |
| Advances to suppliers | 99,935 | - |
| Other prepaid expenses | 369,222 | 472,659 |
| Total | 2,129,165 | 2,690,242 |

(A) These includes an amount of SR 721,962 against IT services being taken by a Company from related parties, Information Technology Integrated Solutions and Integrated Marketing Advertising Company.

8- PROPERTY AND EQUIPMENT

| | (Saudi Riyal) | | | |
|---------------------------------|----------------------|----------------------|----------------------------|----------------|
| | Computer Hardware | Office equipments | Furnitures and fixtures | Total |
| Cost: | | | | |
| Additions | 224,066 | 10,143 | 4,934 | 239,143 |
| As of December 31, 2023 | 224,066 | 10,143 | 4,934 | 239,143 |
| Additions | 74,677 | - | 19,733 | 94,410 |
| As of June 30, 2024 | 298,743 | 10,143 | 24,667 | 333,553 |
| Accumulated depreciation | | | | |
| Charged during the period | 12,640 | 623 | 10 | 13,273 |
| As of December 31, 2023 | 12,640 | 623 | 10 | 13,273 |
| Charged during the period | 28,288 | 507 | 1,207 | 30,002 |
| As of June 30, 2024 | 40,928 | 1,130 | 1,217 | 43,275 |
| Net book value: | | | | |
| As of June 30, 2024 | 257,815 | 9,013 | 23,450 | 290,278 |
| As of December 31, 2023 | 211,426 | 9,520 | 4,924 | 225,870 |

9- RIGHT OF USE ASSETS AND LEASE LIABILITIES

The rights of use assets have been measured at an amount equal to the lease liabilities and adjusted for the amounts of lease payments due related to those lease contracts recognized in the condensed interim statement of financial position. The following are the book values of the assets of the right of use assets, the obligations of the company's leases and movements during the period:

Right of use assets:

| | (Saudi Riyal) | |
|--|------------------|-------------------|
| | June 30, 2024 | December 31, 2023 |
| Cost: | | |
| Balance as of beginning of the period | 5,855,617 | - |
| Additions | - | 5,855,617 |
| Balance as of end of the period | 5,855,617 | 5,855,617 |
| Accumulated depreciation: | | |
| Balance as of beginning of the period | 731,952 | - |
| Charged during the period | 731,952 | 731,952 |
| Balance as of end of the period | 1,463,904 | 731,952 |
| Net book value | 4,391,713 | 5,123,665 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

9- RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Lease liabilities:

| | (Saudi Riyal) | |
|--|------------------|-------------------|
| | June 30, 2024 | December 31, 2023 |
| Balance as of beginning of the period | 4,393,094 | - |
| Additions | - | 5,855,617 |
| Finance cost charged during the period | 133,451 | 137,477 |
| Paid during the period | - | (1,600,000) |
| Balance as of end of the period | 4,526,545 | 4,393,094 |

10- INTANGIBLE ASSETS

| | (Saudi Riyal) | | |
|--|--------------------|-----------------------------|------------------|
| | Fully Developed | Under Development (A) | Total |
| <u>Cost:</u> | | | |
| Additions | - | 2,212,820 | 2,212,820 |
| Balance as of December 31, 2023 | - | 2,212,820 | 2,212,820 |
| Additions | 1,106,561 | - | 1,106,561 |
| Transfers | 2,212,820 | (2,212,820) | - |
| Balance as of June 30, 2024 | 3,319,381 | - | 3,319,381 |
| <u>Accumulated amortization</u> | | | |
| Charged during the period | 262,474 | - | 262,474 |
| Balance as of June 30, 2024 | 262,474 | - | 262,474 |
| <u>Net book value:</u> | | | |
| Balance as of June 30, 2024 | 3,056,907 | - | 3,056,907 |
| Balance as of December 31, 2023 | - | 2,212,820 | 2,212,820 |

(A) The project underdevelopment represents the amounts paid for IT infrastructure and systems to be used in the Company's operation.

11- SHARE CAPITAL

The share capital of the Company as of June 30, 2024 and as of December 31, 2023 amounts to SR 100 million, divided into 10 million shares of SR 10 each share, distributed among the shareholders as follows:

| | (Saudi riyal) | | |
|-------------------------------------|---------------------|-------------------|--------------------|
| Shareholder name | Number of shares | Value of share | Total |
| Alpha United Investment Company | 3,000,000 | 10 | 30,000,000 |
| National Trust Investment - Oman | 3,000,000 | 10 | 30,000,000 |
| Abdulmohsen AbdulRahman Al Sowailem | 3,000,000 | 10 | 30,000,000 |
| Sultan Saleh Al Musabhi | 600,000 | 10 | 6,000,000 |
| Fahad Saleh Al Musabhi | 400,000 | 10 | 4,000,000 |
| Total | 10,000,000 | | 100,000,000 |

12- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

| | (Saudi Riyal) | |
|--------------------------------|------------------|-------------------|
| | June 30, 2024 | December 31, 2023 |
| Cash guarantees from customers | 4,713,550 | - |
| Other payables | 3,499,607 | 33,858 |
| Employees related accruals | 376,345 | 158,791 |
| VAT payable | 177,592 | - |
| Accrued expenses | 174,214 | 105,777 |
| GOSI payable | 81,986 | 49,297 |
| Total | 9,023,294 | 347,723 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

13- ZAKAT PROVISION

Zakat provision is calculated at the year end of each year in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA). The zakat provision shall be recorded at the end of the financial year within the items of comprehensive income and the differences resulting from the final assessment are recognized within the same item in the year in which the zakat assessment is approved. The Company has calculated estimated zakat adjustment near period end of these condensed interim financial statements.

14- OTHER GENERAL AND ADMINISTRATIVE EXPENSES

| | (Saudi Riyal) | |
|---------------------|---|---|
| | For the three months period ended June 30, 2024 | For the six months period ended June 30, 2024 |
| IT related expenses | 1,111,181 | 2,103,229 |
| Professional fee | 70,237 | 176,262 |
| Utilities | 46,144 | 75,533 |
| Government fees | 27,700 | 39,365 |
| Bank charges | 910 | 6,029 |
| Others | 44,068 | 71,205 |
| Total | 1,300,240 | 2,471,623 |

15- OTHER INCOME

| | (Saudi Riyal) | |
|------------------------------|---|---|
| | For the three months period ended June 30, 2024 | For the six months period ended June 30, 2024 |
| Profits on deposits (Note 5) | 987,540 | 2,294,232 |
| Others | 169,234 | 192,408 |
| Total | 1,156,774 | 2,486,640 |

16- RELATED PARTIES TRANSACTION

Related parties represent the directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties. Prices and terms of payment for transactions with related parties are approved by the shareholders of the Company. Transactions with related parties are under normal course of business.

Significant related party transactions held during the period are as follows:

| Name of related party | Type of relationship | Nature of transaction | (Saudi Riyal) | |
|---|----------------------|-----------------------|--|--|
| | | | For the three months period ended June 30, 2024 | For the six months period ended June 30, 2024 |
| Information Technology Integrated Solutions (A) | Affiliate | Operating | 130,346 | 876,404 |
| Integrated Marketing Advertising Company | Affiliate | Operating | 327,121 | 712,453 |

(A) Due from Information Technology Integrated Solutions and Integrated Marketing Advertising Company amounts to SR 503,875 and 218,087 as of period- end respectively (Note 7A).

17- CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as of period end.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

18- FAIR VALUE

For the purpose of fair value disclosures of condensed interim financial instruments, all financial assets and liabilities of the Company are not measured at fair value, as they are measured at amortized cost.

19- SUBSEQUENT EVENTS

As per management opinion, there are no significant subsequent events after the period ended June 30, 2024 that could have a material impact on the condensed interim financial position of the Company or the results of its operations.

20- APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements for the three months and six months period ended June 30, 2024 were approved by the Board of Directors on Muharram 17, 1446 H (Corresponding to July 23, 2024).