شركة ار اس ام المحاسبون المتحدون للإستشارات المهنية
RSM Allied Accountants Professional Services Co.

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

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2024

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(A SAUDI CLOSED JOINT STOCK COMPANY)

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FOR THE YEAR ENDED DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Opinion:
We have audited the financial statements of **Alpha Arabia Finance Company** ("the Company"), which comprise the statement of financial position as of December 31, 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 (ISA's) 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 are endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters:
We would like to draw attention to note number (2) to the financial statements, which describe that the current year figures for the year from January 1, 2024 to December 31, 2024 along with a comparative figures for the period from June 8, 2023 (the date of issuing Commercial Register) to December 31, 2023, therefore, the presented comparative figures are not comparable. Our opinion is not modified in respect of this matter.

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 IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Bylaws, 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. Board of Directors 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 ISA's 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued):
As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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, 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; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

RSM Allied Accountants Professional Services

C.R.4030228773

Mohammed Bin Farhan Bin Nader
(License No. 435)
Riyadh, Kingdom of Saudi Arabia
Sha'aban 10, 1446 H (Corresponding to February 9, 2025)

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

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024
(SAUDI RIYAL)

	Notes	2024	2023
ASSETS			
Cash and cash equivalents	5	**44,763,938**	94,658,602
Islamic financing receivables, net	6	**92,451,512**	-
Prepaid expenses and other current assets	7	**1,839,102**	2,690,242
Property and equipment	8	**365,149**	225,870
Right of use assets	9	**3,659,761**	5,123,665
Intangible assets	10	**2,724,969**	2,212,820
TOTAL ASSETS		**145,804,431**	104,911,199
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	**100,000,000**	100,000,000
(Accumulated losses)/Retained earning		**(9,668,430)**	65,422
TOTAL EQUITY		**90,331,570**	100,065,422
LIABILITIES			
Islamic financing payables	12	**37,346,910**	-
Accrued expenses and other current liabilities	13	**14,405,269**	347,723
Lease liabilities	9	**3,015,446**	4,393,094
Zakat provision	14	**325,865**	16,355
Employees' defined benefit's obligations	15	**379,371**	88,605
TOTAL LIABILITIES		**55,472,861**	4,845,777
TOTAL EQUITY AND LIABILITIES		**145,804,431**	104,911,199

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024
(SAUDI RIYAL)

	Notes	2024	For the period from June 8, 2023 (The date of issuing Commercial Registration) to December 31, 2023
Commission income from Islamic financing receivables		**12,934,895**	-
Commission expense from Islamic financing payables		**(806,264)**	-
Net commission income from Islamic financing		**12,128,631**	-
Expected credit losses on Islamic financing receivables	6	**(3,022,560)**	-
Salaries, wages and other benefits	16	**(11,595,195)**	(1,969,450)
Other general and administrative expenses	17	**(5,665,398)**	(805,607)
Selling and marketing expenses	18	**(2,071,713)**	-
Depreciation on property and equipment	8	**(75,976)**	(13,273)
Depreciation on right of use asset	9	**(1,463,904)**	(731,952)
Amortization on intangible asset	10	**(594,412)**	-
Finance cost	19	**(227,081)**	(137,477)
Other income	20	**3,147,199**	3,739,536
(Loss for the year) / profit for the period before zakat		**(9,440,409)**	81,777
Zakat	14	**(319,074)**	(16,355)
Net (loss for the year) / profit for the period		**(9,759,483)**	65,422
Other comprehensive income items:			
Items will not to be reclassified to profit or loss in subsequent years:			
Re-measurement of employees defined benefits obligations	15	**25,631**	-
Total other comprehensive income for the year / period		**25,631**	-
Total comprehensive (loss for the year)/ income for the period		**(9,733,852)**	65,422

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024
(SAUDI RIYAL)

	Share capital	Retained earnings /(Accumulated loss)	Total equity
For the period from June 8, 2023 (The date of issuing Commercial Registration) to December 31, 2023			
Profit for the period	-	65,422	65,422
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	65,422	65,422
Capital injection	100,000,000	-	100,000,000
Balance as of December 31, 2023	100,000,000	65,422	100,065,422
For the year ended December 31, 2024			
Balance as of January 1, 2024	**100,000,000**	**65,422**	**100,065,422**
Loss for the year	-	(9,759,483)	(9,759,483)
Other comprehensive income for the year	-	25,631	25,631
Total comprehensive loss for the year	-	(9,733,852)	(9,733,852)
Balance as of December 31, 2024	**100,000,000**	**(9,668,430)**	**90,331,570**

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(SAUDI RIYAL)

	2024	For the period from June 8, 2023 (The date of issuing Commercial Registration) to December 31, 2023
OPERATING ACTIVITIES:		
Net (loss for the year) / profit for the period before zakat	**(9,440,409)**	81,777
Adjustments:		
Depreciation on property and equipment	**75,976**	13,273
Depreciation on right of use assets	**1,463,904**	731,952
Amortization on intangible asset	**594,412**	-
Expected credit losses on Islamic financing receivables	**3,022,560**	-
Commission expense from Islamic financing payable	**806,264**	-
Finance cost on lease liabilities	**222,352**	137,477
Finance costs related to employees' defined benefits obligations	**4,729**	-
Current service cost for employees' defined benefits obligations	**311,668**	89,438
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	**851,140**	(2,690,242)
Islamic financing receivables, gross	**(95,474,072)**	-
Accrued expenses and other current liabilities	**14,057,546**	347,723
Cash flows used in operations	**(83,503,930)**	(1,288,602)
Employee's defined benefits obligations paid	-	(833)
Zakat paid	**(9,564)**	-
Net cash flows used in operating activities	**(83,513,494)**	(1,289,435)
INVESTING ACTIVITIES:		
Purchases of property and equipment	**(215,255)**	(239,143)
Purchases of intangible assets	**(1,106,561)**	(2,212,820)
Net cash flows used in investing activities	**(1,321,816)**	(2,451,963)
FINANCING ACTIVITIES:		
Capital injection	-	100,000,000
Proceeds from Islamic financing payables	**40,000,000**	-
Commission expense from Islamic financing payables paid	**(1,098,242)**	-
Islamic financing payables paid	**(2,361,112)**	-
Lease liabilities paid	**(1,600,000)**	(1,600,000)
Net cash flows from financing activities	**34,940,646**	98,400,000
Net changes in cash and cash equivalents during the year / period	**(49,894,664)**	94,658,602
Cash and cash equivalents at the beginning of the year / period	**94,658,602**	-
Change in cash held as collateral	**(3,734,691)**	-
Cash and cash equivalents at the end of the year / period	**41,029,247**	94,658,602
Non-cash transactions:		
Accrued finance cost on Islamic financing payable	**88,022**	-
Additions of right of use assets and lease liabilities	-	5,855,617

The accompanying notes form an integral part of these financial statements

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.

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 financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs endorsed in KSA").

The Company's financial statements for the period from June 8, 2023 (the date of issuing Commercial Register) to December 31, 2023 were the first annual statements issued by the management of the company in accordance with the Bylaws, therefore comparative figures are not comparable.

The 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 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 financial statements are prepared using accrual basis.

2-3 Functional and presentation currency

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

2- BASIS OF PREPARATION (CONTINUED):

2-4 Accounting estimates and judgements

In the application of the Company's material accounting policies information, which are described in Note 4, the management are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the company material accounting policies information, management has made judgments that have a material impact on the amounts included in the financial statements, such as the concept of going concern accounting.

Uncertainty of estimates and assumptions

Information about estimates and assumptions about uncertainty that have risks that may have a material impact on the amounts included in the company's financial statements are as follows:

Estimated useful lives of property and equipment and intangible assets

The useful lives used to amortize or depreciate intangible assets or property and equipment respectively relates to the expected future performance of the assets acquired and management's judgement based on technical evaluation of the period over which economic benefit will be derived from the asset. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. An asset's expected life and expected residual value has a direct effect on the depreciation charged in statement of comprehensive income.
The useful lives and residual values of the Company's assets are determined by management based on technical evaluation at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their lives such as changes in technology.

Discount rate used to determine the carrying amount of the lease liabilities

The determination of the lease liabilities depends on certain assumptions, which include selection of the borrowing rate. The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the borrowing rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's financial statements within the next year. Further information on the carrying amounts of the lease liabilities and the sensitivity of those amounts to changes in discount rate are provided in notes of these financial statements.

Discount rate used to determine the carrying amount of the employees' defined benefit obligations

The determination of the employees' defined benefit obligation depends on certain assumptions, which include selection of the discount rate. The discount rate is set by reference to market yields at the end of the reporting period on high quality corporate bonds.

Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's financial statements within the next year. Further information on the carrying amounts of the employees' defined benefit obligation and the sensitivity of those amounts to changes in discount rate are provided in notes of these financial statements.

2- BASIS OF PREPARATION (CONTINUED):

2-4 Accounting estimates and judgements (Continued)

Impairment of financial instruments - Measurement of ECL

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of loss allowances. The Company's ECL allowance calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that involve considerable judgements and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PD, LGD and EAD; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Zakat provision

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat provisions are recorded on an accrual basis, with the zakat charge calculated based on the zakat base. The related provision is recognized in the profit or loss account. Any additional amounts payable, if determined upon final assessments, are accounted for and are expected to be paid to ZATCA.

3- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

3-1 New standards, amendments to standards and interpretations issued:

The Company has adopted the following new standards and amendments for the first time that are effective from January 1, 2024:

Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current" and "Non-current Liabilities with Covenants"

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment also clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective of requiring an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 "Climate-related Disclosures"

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

The adoption of these amendments does not have any material impact on the financial statements during the year.

3- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (CONTINUED)

3-2 Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after January 1, 2025 and earlier application is permitted, however, the Company has not early adopted them in preparing these consolidated financial statements.

Amendments to IAS 21 "Lack of Exchangeability"

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Amendments to IFRS 9 and IFRS 7 "classification and measurement of financial instruments"

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.

IFRS 18 "Presentation and Disclosures in Financial Statements"

IFRS 18 includes requirements for all entities applying to IFRS for the presentation and disclosure of information in financial statements.

IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

4- MATERIAL ACCOUNTING POLICIES INFORMATION

The following are material accounting policies information applied by Company in preparing these financial statements:

Fair value measurement

The Company measures financial instruments, such as financial derivatives, at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use while pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial year.

Impairment of non- financial assets

The Company assesses at the date of preparing the financial statements whether there is an indication that the value of an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount of an asset is the fair value of the asset or cash-generating unit (CGU) less cost to sell or the value in use of the asset, which is higher.It is specified for a single asset unless the asset generates cash flows that are not significant independent of the flows generated by other assets or Company's assets and the carrying amount of an asset or cash-generating unit exceeds (CGU) its recoverable amount, the value of the asset must be decreased to its recoverable amount.

In determining value in use, the future cash flows deducted to their present value using a pre-tax discount rate that reflects market assessments of the time value of money and the risks related to the asset. In determining fair value less costs to sell, new market transactions are considered, when available, or an appropriate valuation model is used. These values are verified by comparing them with the valuation multiples and the prices of the listed shares of the subsidiaries offered for public trading or through any other fair value indicators.

In calculating impairment, the Company relies on detailed budgets and discretionary accounts that are prepared separately for each cash-generating unit (CGU) of the Company to which the individual assets are allocated. These detailed budgets and discretionary accounts usually cover five years. To cover longer periods, a long-term growth rate is calculated and applied to the project's future cash flows after the fifth year.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Impairment of non- financial assets (Continued)
Impairment losses from continuing operations are recognized in the statement of comprehensive income within the expenses appropriate to the function of the assets that have impaired. An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses for non-financial assets, other than goodwill, no longer exist or have decreased. The reversal of the impairment loss is recognized in the statement of comprehensive income

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position consist of cash at banks and in cash and time deposits with maturities of three months or less and which are not exposed to a significant risk of change in value.

For the purpose of preparing the cash flow statement, cash and cash equivalents include bank balances, cash in hand and short-term deposits as described above, and restricted account balances are eliminated.

Islamic financing receivables (IFRs)
The Company initially recognizes Islamic financing receivables when, and only when, the entity becomes party to the contractual provisions of the instrument. IFRs are measured initially at fair value including directly attributable transaction costs which is generally the transaction price and subsequently at their amortized cost. IFRs are offered under the following Shariah compliant mode:

Tawarruq
It is a contract whereby the Company sells a commodity or an asset to its customers on a deferred payment basis. The customer sells the same commodity or an asset to a third party at market price to raise the cash needed. The selling price charged by Company comprises the cost plus an agreed commission margin.

Prepaid expenses and other current assets
Prepaid expenses and other current assets are recognized with the amounts paid to the service providers against services that will be received in the future, or amounts paid to external parties and will be refunded in the future.

Transactions with related parties
Transactions with related parties represent transfer of resources, services, or obligations between related parties. Terms and conditions relating to related party transactions are approved by shareholders.

Property and equipment
Property and equipment are stated at cost, net of accumulated depreciation and / or accumulated impairment losses, if any. Projects under construction and lands are not depreciated, if any. Such costs include the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects, if the recognition criteria is met. When significant parts of property and equipment are replaced at certain intervals, the Company recognizes those parts as individual assets with a definite useful life and depreciation. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

The property and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Asset category	Useful life (in Years)
Computer hardware	4
Office equipment	4
Furniture and fixtures	5
Leasehold improvement	10 or lease period, whichever is shorter

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of comprehensive income when the asset is derecognized.

The residual value, useful lives and methods of depreciation of property and equipment are reviewed at the end of each financial year and adjustments are made on a prospective basis, if required.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Intangible assets
Intangible assets acquired separately are measured at initial recognition at cost. It represents the cost of intangible assets acquired in a business combination at their fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally developed intangible assets are not capitalized, except development costs, are capitalized and expenses are charged to a statement of comprehensive income for the year in which they are incurred.
The useful lives for intangible assets are classified as "finite" or "infinite". Impairment in value in value is assessed when there is an indication of the probability of impairment in the value. The amortization period and the amortization method for intangible assets with finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or expected manner in order to take advantage of the future economic benefits implicit in the asset by chancing the period or amortization method, when necessary and is treated as changes in accounting estimates. Intangible assets with finite useful life are recognized in the statement of comprehensive income in the expense category in line with the function of those intangible assets.

For intangible assets with an indefinite useful life, they are not amortized, but they are tested for impairment in value annually either individually or cash-generating unit (CGU) level. The assessment of the indefinite useful life is reviewed annually to determine whether the use of an indefinite useful life is still justified. In the case of the not continuing these justifications, the estimate of the useful life is changed to a finite useful life on a prospective basis.

The useful life of Company's intangible assets is 5 years and they are amortized over the period of their useful life using straight line method.

Islamic financing payable
Financial facilities are initially recognized at fair value, net of transaction costs incurred. Financial facilities are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in statement of comprehensive income over the period of the facilities using the effective interest method. Financial facilities are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired.

Accrued expenses and other current liabilities
Accrued expenses and other current liabilities are obligations to pay for goods or services that have been received or provided, whether submitting bills or formally agreed upon with the supplier or not.

Leases
The determination of whether an agreement constitutes or contains a lease depends on the substance of the agreement at its inception date. The agreement represents or includes a lease if its fulfillment depends on the use of a specific asset or assets, or that the agreement grants the right to use a specific asset or assets even if this right is not expressly stated in the contract.

Company as a lessee
The lease is recognized as a right-of-use asset with its corresponding obligations on the date that the leased asset is ready for use by the Company. Each lease payment is allocated between the obligation and the financing cost.

The finance cost is recognized in the statement of comprehensive income over the lease term. Right-of-use assets are depreciated over the useful life of the asset and the lease term, whichever is shorter, and on a straight-line basis.

Right-of-use assets are initially measured at cost and consist of the following:

- The initial measurement amount of the lease obligation,
- Any lease payments made on or before the lease commencement date minus any lease incentives received,
- Any initial direct costs, and
- Recovery costs, when applicable.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Leases (Continued)

Lease liabilities contracts
On the inception date of the lease, the Company records the lease obligations measured at the present value of the lease payments made over the term of the lease. Lease payments include fixed payments (including substantially fixed payments) less any lease incentives receivable and variable rent payments based on an index or rate, and amounts expected to be paid under residual value guarantees.

The lease payments include the price to exercise the purchase option when there is reasonable certainty that the Company will exercise it and payments for penalties for canceling the lease if the terms of the lease provide for the Company to exercise the option to cancel. For variable lease payments that are not dependent on an index or rate, they are recorded as an expense in the period in which the payment is made.

Lease payments are discounted using the borrowing rate included in the lease or the Company's increased borrowing rate.

Short-term leases and impaired lease contracts
Short-term leases are contracts with a lease term of 12 months or less. Impaired assets are items that do not meet the Company's capitalization limits and are not material to the Company's statement of financial position as a whole. Payments for short-term lease contracts and lease contracts with low value assets are recognized on a straight-line basis in the statement of comprehensive income.

Zakat provision
Zakat provision is calculated at each year end 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.

Employees' defined benefits obligations
The employees defined benefit obligations were measured using the projected unit credit method.

Remeasurement, which consists of actuarial gains and losses, is recognized immediately in the statement of financial position and in retained earnings through other comprehensive income in the period in which it occurs.

Remeasurement is not reclassified to the statement of comprehensive income in subsequent periods.

End of service payments are based primarily on employees' final salaries, allowances and cumulative years of service, as described in the Saudi Arabia Labor Law.

Value added tax
Revenues, expenses and assets are recognized net of the amount of value added tax, except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of other current assets or other current liabilities in the statement of financial position.

Financial instruments
Financial instrument is a contract that creates financial assets for one entity and financial liabilities and equity for another entity.

Financial assets

Initial recognition and measurement
Financial assets are classified on initial recognition as being subsequently measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss. All financial assets are recognized on initial recognition at fair value plus transaction costs, unless the financial assets are recorded at fair value through profit or loss.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement
The measurement of financial assets depends on their classification, as described below:

Financial assets at amortized Cost
After initial measurement, those financial assets are measured at amortized value using the effective interest rate method and are subject to impairment. Gains or losses are recognized in the statement of comprehensive income when the asset is disposed of, or modifications are made, or impairment on value. Financial assets at amortized cost in the Company consist of cash and cash equivalent, Islamic financing receivables, and other current asset

Derecognition of financial asset
Financial asset is derecognized only when:

- Contractual rights in the cash flows of a financial asset expire; or
- The Company has transferred its rights to receive cash flows from the asset or has committed to pay the cash flows in full without delay to a third party through a "transfer" agreement, and whether (a) the Company has transferred substantially all the risks and rewards of the asset or (b) the Company has neither transferred nor retained a substantially all the risks and rewards of the asset, but it has transferred its right to control it.

If the Company has transferred its rights to receive cash flows from an asset or has entered into a transfer agreement, it assesses to what extent it retains the risks and rewards associated with the asset. An asset is recognized to the extent that the Company's relationship with it continues if it has neither transferred nor retained all the risks and benefits associated with the asset nor transferred its right to control it.

Impairment in the value of financial assets

The Company recognizes an allowance for expected credit losses for all debt instruments not carried at fair value through the statement of comprehensive income.

The provision for expected credit losses is recognized in two stages. For a credit exposure that has not experienced a significant increase in credit risk since initial recognition, ECLs are recognized for the credit risk arising from a potential default within 12 months (12-month expected credit losses). For a credit exposure that has experienced a significant increase in credit risk since the initial recognition, an allowance for expected credit losses must be recognized over the remaining life of the exposure, regardless of the timing of default (lifetime expected credit losses). For trade debtors, the Company applies a simplified approach to the calculation of expected credit losses. Therefore, the Company has used a provision matrix that is based on its historical experience of credit losses, which has been adjusted for future factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified on initial recognition, as financial liabilities at fair value through comprehensive income, or loans and payables, or as financial derivatives that are used as hedging instruments for covering risks.

All financial liabilities are initially recognized at fair value and in the case of loans, and payables, net of directly attributable transaction costs.

Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and advances
After initial recognition, loans and advances are measured at amortized cost using the effective interest rate method. The gain or loss is recognized in the statement of comprehensive income when the obligations are derecognized, as well as through the process of amortizing the effective interest rate.

Derecognition of financial liabilities
Financial obligations are derecognized when the obligation is paid, canceled or the obligation under the contract expires.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Financial instruments (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the financial statements, when the Company has a legally enforceable right to offset the recognized amounts and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

Commission income / expense recognitions

Commission income is recognized to the extent that it is probable that economic benefits will flow to the Company, and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Commission income and commission expense are recognized in the statement of comprehensive income using the effective commission rate method. The 'effective commission rate' is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

When calculating the effective commission rate for financial instruments other than purchase or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument but excluding expected credit losses. For purchase or originated credit-impaired financial assets, a credit adjusted effective commission rate is calculated using estimated future cash flows including expected credit loss ("ECL") allowance.

The calculation of the effective commission rate includes fees that are an integral part of the effective commission rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Measurement of amortized cost and commission income

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective commission rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any ECL allowance.

The effective commission rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or financial liability. In calculating commission income and commission expense, the effective commission rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. The effective commission rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market commission rates.

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

Fee and commission income and expense

Fee income and expense that are integral part to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Other fee and commission income is recognised as the related services are performed including servicing income. Other fee expense relates mainly to transaction and services fee, which are expensed as the services are received.

Expenses

General and administrative expenses include direct and indirect expenses that are not directly related to cost of revenues in accordance with generally accepted accounting standards. Allocations of common expenses between selling and marketing and general and administrative expenses, when required, are made on a consistent basis.

4- MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Finance cost
Finance costs are expensed in the period to which they relate. Finance costs consist of interest on employees defined benefits obligations and lease liabilities.

Contingent liabilities
Contingent liabilities are disclosed when the Company has a contingent liability as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Provisions - General
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Foreign currency transactions
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in statement of comprehensive income.

Subsequent events
Financial statements are affected by subsequent events that require an amendment to the financial statements while it is disclosed subsequent events that do not require an amendment of the financial statements.

5- CASH AND CASH EQUIVALENTS

	(Saudi Riyal)	
	2024	2023
Islamic short-term deposits (A)	**20,500,000**	92,000,000
Cash at banks (B)	**20,483,995**	2,655,753
Cash in hand	**45,252**	2,849
	41,029,247	94,658,602
Cash held as collateral (C)	**3,734,691**	-
Total	**44,763,938**	94,658,602

(A) Islamic short-term deposits represent short term deposits with commercial banks with an agreed rate of return per annum. During the year ended December 31, 2024, the Company earned the profit of SR 2,837,425 (December 31, 2023: SR 3,739,536) (Note 20). The profit receivables as of December 31, 2024, on these term deposits amounts to SR 139,172 (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.

(C) Cash held as collateral amounting to SR 3.7 million represent collateral against Islamic financing payables (Note 12).

6- ISLAMIC FINANCING RECEIVABLES, NET

The outstanding of Islamic financing receivable is as follows:

	(Saudi Riyal)	
	2024	2023
Small and medium enterprises (SMEs)	**92,361,929**	-
Personal (Retails)	**89,583**	-
Total	**92,451,512**	-

The breakdown outstanding of Islamic financing receivable is as follows:

	(Saudi Riyal)	
	2024	2023
Gross investment in Islamic financing	**132,375,725**	-
Unearned Islamic financing income	**(36,901,653)**	-
Net investment in Islamic financing	**95,474,072**	-
Less: Expected credit losses on Islamic financing receivables	**(3,022,560)**	-
Balance as of end of the year	**92,451,512**	-

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

	(Saudi Riyal)		
		2024	
	Personal	**SMEs**	**Total**
Performing	**90,308**	**83,489,987**	**83,580,295**
Under-performing	-	**7,408,617**	**7,408,617**
Non-performing	-	**4,485,160**	**4,485,160**
Net investment in Islamic financing	**90,308**	**95,383,764**	**95,474,072**
Less: Expected credit losses (A)	**(725)**	**(3,021,835)**	**(3,022,560)**
Net investment in Islamic financing	**89,583**	**92,361,929**	**92,451,512**

6- ISLAMIC FINANCING RECEIVABLES, NET (CONTINUED)

Stage-wise analysis of Islamic financing receivables

	(Saudi Riyal)		
	2024		
	Personal	**SMEs**	**Total**
Stage 1	90,308	83,489,987	83,580,295
Stage 2	-	7,408,617	7,408,617
Stage 3	-	4,485,160	4,485,160
Net investment in Islamic financing	90,308	95,383,764	95,474,072
Less: Expected credit losses (A)	(725)	(3,021,835)	(3,022,560)
Net investment in Islamic financing	89,583	92,361,929	92,451,512

Reconciliation of gross Islamic financing receivables:

	(Saudi Riyal)			
	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as of beginning of the year	-	-	-	-
Transfer from stage 1	(11,893,777)	11,893,777	-	-
Transfer from stage 2	-	(4,485,160)	4,485,160	-
Transfer from stage 3	-	-	-	-
Net other movements (B)	95,474,072	-	-	95,474,072
	83,580,295	7,408,617	4,485,160	95,474,072
Less: Expected credit losses (A)	(697,987)	(228,491)	(2,096,082)	(3,022,560)
Balance as of end of the year	82,882,308	7,180,126	2,389,078	92,451,512

(A) The staging in the expected credit losses is as follows:

	(Saudi Riyal)			
	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as of beginning of the year	-	-	-	-
Transfer from stage 1	2,324,573	(2,324,573)	-	-
Transfer from stage 2	-	2,096,082	(2,096,082)	-
Transfer from stage 3	-	-	-	-
New financial assets originated	(3,022,560)	-	-	(3,022,560)
Balance as of end of the year	(697,987)	(228,491)	(2,096,082)	(3,022,560)

The movement in the expected credit losses is as follows:

	(Saudi Riyal)	
	2024	2023
Balance as of beginning of the year / period	-	-
Charged during the year / period	(3,022,560)	-
Balance as of end of the year / period	(3,022,560)	-

(B) Net other movements include financing originated, financing repaid and other measurements.

6- ISLAMIC FINANCING RECEIVABLES, NET (CONTINUED)

Assignment of Islamic financing receivables:
The Company assigned Islamic financing receivables amounting to SR 50.42 million (December 31, 2023: Nil) to local commercial bank for obtaining Islamic bank financing. The carrying amount of associated Islamic bank financing amounts to SR 37.35 million (December 31, 2023: Nil) (Note 12). These Islamic financing receivables have not been derecognized from the statement of financial position as the Company retains substantially all the related risks and rewards, primarily credit risk. The Company is liable for the repayments of their assigned receivables to local commercial banks in case of customer default. The amount received on assignment of Islamic financing receivables has been recognized as Islamic bank financing in the statement of financial position. Pursuant to the terms of the transfer agreement, the Company is not allowed to re-pledge those receivables. The bank has recourse only to the receivables in the event the Company defaults its obligation.

7- PREPAID EXPENSES AND OTHER CURRENT ASSETS

	(Saudi Riyal)	
	2024	2023
Prepayments for IT related services (A)	**952,058**	1,482,286
Profit on Islamic short term deposits receivables (Note 5)	**139,172**	735,297
Other prepaid expenses	**747,872**	472,659
Total	**1,839,102**	2,690,242

(A) This relate to prepayments against IT services being taken by a Company from a related party, Information Technology Integrated Solutions (Note 21).

8- PROPERTY AND EQUIPMENT

	(Saudi Riyal)				
	Computer Hardware	**Office equipment's**	**Furniture and fixtures**	**Leasehold improvements**	**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	**161,940**	-	**18,123**	**35,192**	**215,255**
As of December 31, 2024	**386,006**	**10,143**	**23,057**	**35,192**	**454,398**
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 year	**65,584**	**1,014**	**3,513**	**5,865**	**75,976**
As of December 31, 2024	**78,224**	**1,637**	**3,523**	**5,865**	**89,249**
Netbook value:					
As of December 31, 2024	**307,782**	**8,506**	**19,534**	**29,327**	**365,149**
As of December 31, 2023	211,426	9,520	4,924	-	225,870

9- RIGHT OF USE ASSETS AND LEASE LIABILITIES

The following are the book values of the right of use assets and lease liabilities and movements during the year / period:

Right of use assets:

	(Saudi Riyal)	
	2024	2023
Cost:		
Balance at the beginning of the year / period	5,855,617	-
Additions	-	5,855,617
Balance at the end of the year / period	**5,855,617**	5,855,617
Accumulated depreciation:		
Balance at the beginning of the year / period	731,952	-
Charged during the year / period	**1,463,904**	731,952
Balance at the end of the year / period	**2,195,856**	731,952
Net book value at the end of the year / period	**3,659,761**	5,123,665

Lease liabilities:

	(Saudi Riyal)	
	2024	2023
Balance at the beginning of the year / period	**4,393,094**	-
Additions	-	5,855,617
Finance cost charged during the year / period (Note 19)	**222,352**	137,477
Paid during the year / period (A)	**(1,600,000)**	(1,600,000)
Balance at the end of the year / period	**3,015,446**	4,393,094

(A) Right of use asset is taken by a Company from its related party, Alpha united Investment Company. (Note 21)

10- INTANGIBLE ASSETS

	(Saudi Riyal)		
	Fully Developed	**Software under Development(A)**	**Total**
Cost:			
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	**3,319,381**	**(3,319,381)**	-
Balance as of December 31, 2024	**3,319,381**	-	**3,319,381**
Accumulated amortization:			
Charged during the year	**594,412**	-	**594,412**
Balance as of December 31, 2024	**594,412**	-	**594,412**
Netbook value:			
Balance as of December 31, 2024	**2,724,969**	-	**2,724,969**
Balance as of December 31, 2023	-	2,212,820	2,212,820

(A) The Software underdevelopment represents the amounts paid for IT infrastructure and systems to be used in the Company's operation. During the year the whole amounts has been capitalized.

11- SHARE CAPITAL

The share capital of the Company amounts to SR 100 million, divided into 10 million shares and issued shares of SR 10 each share, distributed among the shareholders as follows:

Shareholder name	Number of shares	Value of share	Total amount (Saudi riyal)
Alpha United Investment Company	3,000,000	10	30,000,000
National Trust Investment - Oman	3,000,000	10	30,000,000
Abdulmohsen AbdulRahman AlSowailem	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- ISLAMIC FINANCING PAYABLES

During the year, the company has obtained a total banking facility from a local commercial bank to finance Retail and SMEs customers under respective offerings amounting to SR 52 million. Out of this SR 40 million has been availed. The loan carry financing costs at SAIBOR Plus agreed commission rates. The loan is repayable on a periodic basis with the last installment due in August 2027. The loan has been secured against a restricted cash of the outstanding loan and agreed percentage of the outstanding Islamic financing receivables and promissory note. (Note 5 and Note 6).

The movement in Islamic bank financing for the year ended December 31, is as follows:

	(Saudi Riyal) 2024	2023
Balance at the beginning of the year / period	-	-
Additions	40,000,000	-
Accrued finance cost	88,022	-
Less: unamortized transaction cost (A)	(380,000)	-
Paid during the year / period	(2,361,112)	-
Balance at the end of the year / period	37,346,910	-

(A) A movement of unamortized transaction cost as follows:

	(Saudi Riyal) 2024	2023
Balance at the beginning of the year / period	-	-
Additions	570,000	-
Charged during the year / period	(190,000)	-
Balance at the end of the year / period	380,000	-

The break-up of islamic bank financing is as follows:

	(Saudi Riyal) 2024	2023
Due within 12 months	13,041,354	-
Due after 12 months	24,305,556	-
Total	37,346,910	-

13- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	(Saudi Riyal) 2024	2023
Security deposits of SMEs	12,175,150	-
Accrued expenses	1,472,505	105,777
Employees related accruals	442,070	158,791
Value Added Tax	224,361	-
GOSI payable	88,258	49,297
Others	2,925	33,858
Total	14,405,269	347,723

14- 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 movement in Zakat provision as follows:

	(Saudi Riyal)	
	2024	2023
Balance at the beginning of the year / period	**16,355**	-
Charged during the year / period	**319,074**	16,355
Paid during the year / period	**(9,564)**	-
Balance at the end of the year / period	**325,865**	16,355

15- EMPLOYEES' DEFINED BENEFITS OBLIGATIONS

The Company policy states that employees defined benefits obligations is payable to all employees who complete the qualifying service period under the labor law in the Kingdom of Saudi Arabia. The annual provision is based on actuarial valuation. The actuarial valuation carried out by an independent expert assigned by the Company's management, using the Actuarial Projected Unit Credit Method as of December 31, 2024.

The movement in employees' defined benefits obligations during the year / period was as follows:

	(Saudi Riyal)	
	2024	2023
Balance at the end of the year / period	**88,605**	-
Current service cost	**311,668**	89,438
Finance cost (Note 19)	**4,729**	-
Paid during the year / period	**-**	(833)
Actuarial remeasurement	**(25,631)**	-
Balance at the end of the year / period	**379,371**	88,605

Main actuarial assumptions and sensitivity analysis:

	2024	2023
Discount rate	**5.75%**	5.4%
Salary growth rate	**2.00%**	3.5%
Normal retirement age	**60 years**	60 years

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

	(Saudi Riyal)	
	2024	2023
Discount rate (1% increase)	**(339,412)**	(79,175)
Discount rate (1% decrease)	**(426,291)**	(99,622)
Salary growth rate (1% increase)	**(427,653)**	(99,725)
Salary growth rate (1% decrease)	**(337,682)**	(78,928)
Withdrawal rate (20% increase)	**(373,222)**	(86,262)
Withdrawal rate (20% decrease)	**(384,099)**	(90,807)
Mortality rate (20% increase)	**(379,416)**	(88,583)
Mortality rate (20% decrease)	**(379,325)**	(88,628)

15- EMPLOYEES' DEFINED BENEFITS OBLIGATIONS (CONTNUED)

Risks associated with employee' defined benefits obligations:

Salary increase Risks:
The most common type of retirement benefit is the one in which benefits are connected to it final salaries. The risk arises when the actual increases are higher than expected and therefore affect the obligation.

Withdrawal risks:
The actual withdrawal risk that varies with the valuation assumptions could pose a risk to the benefit obligation. The movement in commitment can proceed in both directions.

16- SALARIES, WAGES AND OTHER BENEFITS

	(Saudi Riyal)	
	2024	For the period from June 8, 2023 (The date of issuing Commercial Registration) to December 31, 2023
Salaries and related costs	**10,928,999**	1,880,012
Directors and Board Committees' attendance fees	**353,000**	-
Current service cost for employees' defined benefits obligations	**311,668**	89,438
Appreciation & incentives	**1,528**	-
Total	**11,595,195**	1,969,450

17- OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	(Saudi Riyal)	
	2024	For the period from June 8, 2023 (The date of issuing Commercial Registration) to December 31, 2023
IT Related expenses	**4,777,694**	534,303
Professional fee	**325,155**	63,250
Government fees	**106,908**	36,449
Shriaa committee Fees	**106,000**	15,000
Bank charges - operation	**22,017**	36,990
License and subscription	**35,287**	-
Pre-operating expense	**-**	33,632
Others	**292,337**	85,983
Total	**5,665,398**	805,607

18- SELLING AND MARKETING EXPENSES

	(Saudi Riyal)	
	2024	For the period from June 8, 2023 (The date of issuing Commercial Registration) to December 31, 2023
Advertising expense	**1,097,945**	-
Sales team incentives	**674,817**	-
Website expenses	**242,832**	-
Others	**56,119**	-
Total	**2,071,713**	-

19- FINANCE COST

	(Saudi Riyal)	
	2024	For the period from June 8, 2023 (The date of issuing Commercial Registration) to December 31, 2023
Finance cost on lease liabilities (Note 9)	**222,352**	137,477
Finance cost on employee's defined benefits obligations (Note 15)	**4,729**	-
Total	**227,081**	137,477

20- OTHER INCOME

	(Saudi Riyal)	
	2024	For the period from June 8, 2023 (The date of issuing Commercial Registration) to December 31, 2023
Income from Islamic deposits (Note 5)	**2,837,425**	3,739,536
Others	**309,774**	-
Total	**3,147,199**	3,739,536

21- 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.

21- RELATED PARTIES TRANSACTION (CONTINUED)

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

Name of related party	Type of relationship	Nature of transaction	(Saudi Riyal) 2024	2023
Information Technology Integrated Solutions	Affiliate	Operating	**2,349,863**	1,683,249
Alpha United Investment Company	Shareholder	Lease payment	**1,600,000**	1,600,000
Integrated Marketing Advertising Company	Affiliate	Operating	**1,055,024**	216,612
Integrated International Power Company	Affiliate	Operating	-	10,774

Remuneration to key management:
Compensation of the executive management personnel includes salaries, non-cash benefits and contributions to long-term employment benefits. Compensation and benefits for senior executive management personnel includes the following:

	(Saudi Riyal) 2024	For the period from June 8, 2023 (The date of issuing Commercial Registration) to December 31, 2023
Compensation of key management personnel of the Company	**6,324,740**	1,755,667
Number of key management personnel	**11**	8

22- CONTINGENCIES AND COMMITMENTS:

The Company has certain legal cases pending in courts against its customers. However, based on management's best estimate no significant contingencies exist as of December 31, 2024 (December 31, 2023: Nil).

23- FINANCIAL RISK MANAGEMENT

Risk is inherent in the Company's activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability. The Company's activities are exposed to a variety of financial risks which mainly include market risk, credit risk and liquidity risk.

23.1 Risk management structure:

Board of Directors
The Board of Directors is responsible for establishing the Company's policies, including risk management framework, and to review the performance of the Company to ensure compliance with these policies.

Executive Committee
The Executive Committee is established with primary mandate to review, monitor performance and provide necessary guidance on operational and strategic matters or other core activities driving the Company's business.

Risk and Credit Committee
The Risk and Credit Committee is established to develop and maintain comprehensive risk strategy and policies, including cyber security and IT risks. The Risk Management and Credit Committee is responsible to set Risk Appetite Framework (RAF) and ensure RAF remains consistent with short and long-term strategy, business and capital plan as well as other risk and credit related policies.

Nomination and Remuneration Committee
The Nomination and Remuneration Committee is established to identify and propose candidates for selection as members of Board, Committees and Executive Management. The Nomination and Remuneration Committee is responsible for preparing clear policy for remuneration of members and executive management.

23- FINANCIAL RISK MANAGEMENT (CONTINUED)

23.1 Risk management structure (Continued)

Audit Committee
The Audit Committee is reporting to Board of Directors. The Audit Committee assists the Board in carrying out its responsibilities with respect to assessing the quality and integrity of financial reporting, the audit thereof and the reliability of the internal controls of the Company.

Internal audit
All key operational, financial and risk management processes are audited by the Internal Audit. Internal audit examines the adequacy of the relevant policies and procedures, the Company's compliance with the internal policies and regulatory guidelines. Internal audit discusses the results of all assessments with management and reports its findings and recommendations to the Audit Committee. The risks faced by the Company and the way these risks are mitigated by management are summarized below.

23.2 Market risk
Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of two types of risk: currency risk and commission rate risk.

23.2.1 Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried in Saudi Riyal. The Company incurs currency risk on borrowing in foreign currency that is entered in a currency other than Saudi Riyal. Management believes that there is no risk of significant losses due to exchange rate fluctuations as the all of the monetary assets and liabilities are in Saudi Riyals or currencies which are pegged to the Saudi Riyal and consequently the Company does not hedge its foreign currency exposure.
As at December 31, 2024, the Company has no foreign currency loan.

23.2.2 Commission rate risk
Commission rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market commission rates. The Company's exposure to the risk of changes in market commission rates relates primarily to the Company's long-term debt obligations with floating commission rates. The Company had variable rate financial liabilities Loan amounting to SR 37.34 million as of December 31, 2024 (2023: Nil) subject to commission rate risk that were not hedged.

23.3 Credit risk
Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Out of the total assets of SR 145.8 million (2023: SR 104.9 million), the assets which were subject to credit risk of financial assets amounted to SR 133.6 million (2023: SR 95.3million). The management analyze the credit risk in the following categories:

	(Saudi Riyal)	
	2024	2023
Financial assets		
Financial assets at amortized cost		
Cash at banks	**20,483,995**	2,655,753
Islamic short-term deposits	**20,500,000**	92,000,000
Islamic financing receivables	**92,451,512**	-
Other receivables	**139,172**	735,297
Total	**133,574,679**	95,391,050

23- FINANCIAL RISK MANAGEMENT (CONTINUED)

23.3 Credit risk (continued)

23.3.1 Net investment in Islamic financing

The investment in Islamic financing generally expose to significant credit risk. Therefore, the Company has established a number of procedures to manage credit exposure including evaluation of customer credit worthiness, formal credit approvals, assigning credit limits, obtaining collateral and/ or personal guarantees.

The Company also follows a credit classification mechanism, primarily driven by days past due-delinquency as a tool to manage the quality of credit risk of the portfolio. Islamic financing receivables which are overdue for more than 3 months and where future cash flows are estimated to differ, are graded into subcategories according to Company's internal rating system i.e., performing, underperforming and non-performing. The portfolio that is neither past due nor impaired has satisfactory history of repayment, where applicable. As at statement of financial position date, the Company has adequate collaterals to cover the overall credit risk exposure after providing ECL.

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

Generating the term structure of PD:

Loss rates are calculated using a 'flowrate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. PD term structures are based on the default probability calculated on forward flow rates, average of past thirty-six months, adjusted by the outlook of the economy.

Significant increase in credit risk:

In determining whether credit risk has increased significantly since initial recognition, the Company uses its quantitative changes in PDs, delinquency status of accounts and, where possible, relevant historical experience. Based on instalment collection history, the management believes that the significant increase in credit risk arise only when the instalment is past due for more than 90 days.

Measurement of ECL:

The Company measures ECL at counterparty level considering the EAD, PD, LGD and discount rate. PD's are estimated at a certain date, based on the term structures as provided above. For LGD estimates, the Company use present value of recoveries for loss accounts adjusted by the forward-looking information. 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 including amortization. The EAD of Islamic finance receivables is its gross carrying amount. For discounting, the Company has used each contract's effective commission rate. The Company's management believes that adequate ECL has been made, where required to address the credit risk. Moreover, the Company in the ordinary course of providing receivables are subject to additional personal guarantees for security to mitigate credit risk associated with Islamic finance.

Concentration risk

Concentration of credit risk arises when a number of counterparties are engaged in similar business activity, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be affected similarly by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. The Company manages its credit risk exposure through diversification of Islamic financing activities to ensure that there is no undue concentration of risks with individual or groups of customers in specific sector, location or type of business.

Collateral held as security

The Company in the ordinary course of lending activities holds collateral as security to mitigate credit risk in the receivables for certain transactions. These collaterals mostly include cash margins as of December 31, 2024 amounted to SR 12.2 million (December 31, 2023: Nil).

23.3.2 Bank balances, term deposits 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 a bank having good credit ratings. Hence, currently the Company is not exposed to any significant credit risk. Other receivables are not significant and not exposed to significant credit risk.

23- FINANCIAL RISK MANAGEMENT (CONTINUED)

23.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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.

23- FINANCIAL RISK MANAGEMENT (CONTINUED)

23.4 Liquidity risk (Continued)

(Saudi Riyal)

	December 31, 2024					
Assets	**Within 3 months**	**4 to 12 months**	**1 to 3 years**	**3 to 5 years**	**No fixed maturity**	**Total**
Cash and cash equivalents	41,029,247	-	-	-	-	41,029,247
Islamic financing receivables, Net	6,952,667	25,745,832	59,193,622	559,391	-	92,451,512
Prepaid expenses and other current assets	459,776	1,379,326	-	-	-	1,839,102
Property and equipment, net	29,343	88,029	234,744	13,033	-	365,149
Right of use assets	365,976	1,097,928	2,195,857	-	-	3,659,761
Intangibles assets	165,969	497,907	1,327,752	733,341	-	2,724,969
	49,002,978	28,809,022	62,951,975	1,305,765	-	142,069,740
Liabilities						
Islamic financing payable	3,278,854	9,762,500	24,305,556	-	-	37,346,910
Accrued expenses and other current liabilities	1,898,567	467,552	11,850,650	188,500	-	14,405,269
Lease liabilities	365,654	975,079	1,674,713	-	-	3,015,446
Zakat provision	325,865	-	-	-	-	325,865
Employees' defined benefit's obligations	-	-	-	-	379,371	379,371
Total	5,868,940	11,205,131	37,830,919	188,500	379,371	55,472,861

(Saudi Riyal)

	December 31, 2023					
Assets	Within 3 months	4 to 12 months	1 to 3 years	3 to 5 years	No fixed maturity	Total
Cash and cash equivalents	94,658,602	-	-	-	-	94,658,602
Prepaid expenses and other current assets	672,561	2,017,681	-	-	-	2,690,242
Property and equipment, net	13,511	36,029	108,088	68,242	-	225,870
Right of use assets	365,976	975,936	2,927,808	853,945	-	5,123,665
Intangibles Assets	2,212,820	-	-	-	-	2,212,820
	97,923,470	3,029,646	3,035,896	922,187	-	104,911,199
Liabilities						
Accrued expenses and other current liabilities	228,630	119,093	-	-	-	347,723
Lease liabilities	365,654	1,096,962	2,930,478	-	-	4,393,094
Zakat provision	16,355	-	-	-	-	16,355
Employees' defined benefit's obligations	-	-	-	-	88,605	88,605
Total	610,639	1,216,055	2,930,478	-	88,605	4,845,777

24- CAPITAL MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain optimal capital structure to reduce the cost of capital. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to its shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2024. The company monitors capital on the basis of regulatory requirements of Regulations for Companies and SAMA minimum capital requirements for financing companies:

	(Saudi Riyal)	
	2024	2023
Capital adequacy ratio	**1.02%**	Nil

25- FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on 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 by the Company. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value of a non-financial asset takes into an account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques.

Valuation techniques

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
• Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

26- SUBSEQUENT EVENTS

As per management opinion, there are no significant subsequent events since the year ended that could have a material impact on the financial position of the Company or the results of its operations.

27- COMPARATIVE FIGURES

Comparative figures for the year ended December 31, 2023, have been reclassified to conform to the presentation and classification for current period.

28- APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved and authorized for issue by the Board of Directors on Shaban 10, 1446 H (Corresponding to February 9, 2025).