



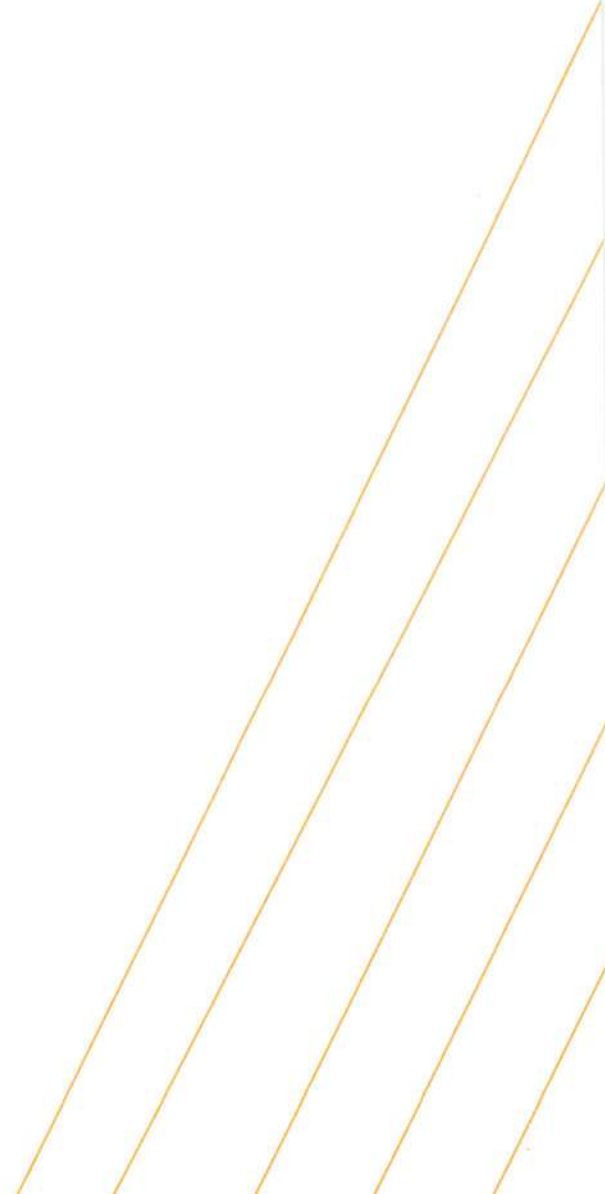
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NAYLA FINANCE COMPANY
(Single Person Joint Stock Company)

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE PERIOD FROM 1 DECEMBER 2024 TO 31 DECEMBER 2025**



**NAYLA FINANCE COMPANY
(SINGLE PERSON JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
For the period from 1 December 2024 to 31 December 2025**

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INDEPENDENT AUDITOR'S REPORT

**TO THE DIRECTORS OF NAYLA FINANCE COMPANY
(SINGLE PERSON JOINT STOCK COMPANY)
Kingdom of Saudi Arabia, Riyadh**

Opinion

We have audited the financial statements of Nayla Finance Company ("the Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 01 December 2024 to 31 December 2025, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the period from 01 December 2024 to 31 December 2025 ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

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

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

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

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

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



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE DIRECTORS OF NAYLA FINANCE COMPANY (SINGLE PERSON JOINT STOCK COMPANY) Kingdom of Saudi Arabia

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)


**TO THE DIRECTORS OF NAYLA FINANCE COMPANY
(SINGLE PERSON JOINT STOCK COMPANY)
Kingdom of Saudi Arabia**

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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



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For Professional Consulting**



**Abdullah M. Al Azem
License No. 335**

15 Ramadan, 1447 AH (04 March, 2026)
Riyadh, Kingdom of Saudi Arabia

NAYLA FINANCE COMPANY (SINGLE PERSON JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(Amounts in Saudi Riyals)

	<i>Notes</i>	31 December 2025
ASSETS		
Cash and cash equivalents	5	6,608,764
Islamic Financing receivables - net	6	10,415,100
Prepayments and other current assets	7	66,985
Intangible assets	8	2,916,569
Property and equipment	9	995,766
Right of use asset	13	410,736
Deferred tax asset	15	2,320,335
TOTAL ASSETS		23,734,255
LIABILITIES AND SHAREHOLDER'S EQUITY		
LIABILITIES		
Accrued expenses and other current liabilities	10	700,115
Amount due to related party	11	2,390,592
Borrowings	12	5,007,147
Lease liabilities	13	256,230
Employees' end of service benefits	14	480,255
TOTAL LIABILITIES		8,834,339
SHAREHOLDER'S EQUITY		
Share capital	16	10,000,000
Additional capital	17	14,454,240
Accumulated losses		(9,554,324)
TOTAL SHAREHOLDER'S EQUITY		14,899,916
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		23,734,255

The accompanying notes 1 to 23 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer

Layth Saleh

**Chairman Of Board Of
Directors**

NAYLA FINANCE COMPANY (SINGLE PERSON JOINT STOCK COMPANY)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 DECEMBER 2024 TO 31 DECEMBER 2025
(Amounts in Saudi Riyals)

	<i>Notes</i>	<u>For the period from 1 December 2024 to 31 December 2025</u>
Financing income	18	2,261,608
Financing expense		(16,484)
NET FINANCING INCOME		<u>2,245,124</u>
Other income		455,812
INCOME FROM OPERATIONS		<u>2,700,936</u>
OPERATING EXPENSES		
Marketing expenses		(828,953)
General and administration expenses	19	(12,023,898)
Charge of expected credit loss allowance, net	6	(1,722,744)
TOTAL OPERATING EXPENSES		<u>(14,575,595)</u>
LOSS BEFORE TAX		<u>(11,874,659)</u>
Deferred tax income	15	2,320,335
LOSS FOR THE PERIOD		<u>(9,554,324)</u>
Other comprehensive income		-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u><u>(9,554,324)</u></u>

The accompanying notes 1 to 23 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer

Layth Saleh

**Chairman Of Board Of
Directors**

NAYLA FINANCE COMPANY (SINGLE PERSON JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 DECEMBER 2024 TO 31 DECEMBER 2025
(Amounts in Saudi Riyals)

	Share capital	Additional capital	Accumulated losses	Total
At December 1, 2024	-	-	-	-
Issue of share capital and capital contribution	10,000,000	14,454,240	-	24,454,240
Loss for the period	-	-	(9,554,324)	(9,554,324)
Total comprehensive loss for the period	-	-	(9,554,324)	(9,554,324)
Balance at 31 December 2025	10,000,000	14,454,240	(9,554,324)	14,899,916

The accompanying notes 1 to 23 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer

Layth Saleh

Chairman Of Board Of Directors

NAYLA FINANCE COMPANY (SINGLE PERSON JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 DECEMBER 2024 TO 31 DECEMBER 2025
(Amounts in Saudi Riyals)

	<i>Notes</i>	For the period from 1 December 2024 to 31 December 2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax		(11,874,659)
<i>Adjustments for:</i>		
Amortization of intangible assets	8	425,146
Depreciation on property and equipment	9	299,429
Depreciation on right of use asset	13	345,884
Charge of expected credit loss allowance	6	1,722,744
Provision for employees' end of service benefits	14	480,255
Finance charge on lease liabilities		39,610
		(8,561,591)
<i>Changes in operating assets and liabilities:</i>		
Islamic financing receivables - net	6	(12,137,844)
Prepayments and other assets		(66,985)
Accrued expenses and other current liabilities		700,115
Amount due to related parties	11	2,390,592
Net cash used in operating activities		(17,675,713)
CASH FLOWS FROM INVESTING ACTIVITIES		
Software development costs	8	(3,341,715)
Purchase of property and equipment	9	(1,295,195)
Net cash used in investing activities		(4,636,910)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed for additional capital	11	14,454,240
Proceed from issuance of share capital		10,000,000
Payment of lease liability	13	(540,000)
Proceed from Borrowing	12	5,007,147
Net cash generated from financing activities		28,921,387
Net change in cash and cash equivalents		6,608,764
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	5	6,608,764

The accompanying notes 1 to 23 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer

Layth Saleh

**Chairman Of Board Of
Directors**

NAYLA FINANCE COMPANY (SINGLE PERSON JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 DECEMBER 2024 TO 31 DECEMBER 2025
(Amounts in Saudi Riyals)

1. GENERAL

Nayla Finance Company (the “Company”) is a single person joint stock company registered in the Kingdom of Saudi Arabia under the commercial registration number 1009145092 dated 29 Jumada al-Awwal 1446H (corresponding to 01 December 2024). The Company is a wholly owned subsidiary of Nayla Lending Solutions Holding Limited (“Parent Company”) incorporated and registered under the laws of Cayman Islands with registration number WC-404451.

The Company’s financial year ends on 31 December. However, as the Company was incorporated on 01 December 2024, the current financial statements have been prepared for the period from 01 December 2024 to 31 December 2025.

The Company is licensed to operate under the Saudi Central Bank (“SAMA”) having license no. 99/A Sh/202504 dated 18 Shawwal 1446H (corresponding to 17 April 2025). The Company is authorized to provide only micro-enterprise financing upto SAR 200,000 in the Kingdom of Saudi Arabia. The Company’s registered office is located in Riyadh at the following address:

Nayla Finance Company
4212, Saud Ibn Abdulaziz Ibn Muhammad Branch
Al Muruj, 12282, Riyadh
Kingdom of Saudi Arabia

2. BASIS OF PREPARATION

Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), that are endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and the provision of Companies ' law and Company's by-laws (collectively referred to as “IFRS as endorsed in KSA”).

Basis of measurement and presentation

These financial statements have been prepared on a going concern basis under the historical cost convention, except as disclosed in the notes to these financial statements.

These statement of financial position is stated broadly in order of liquidity.

Functional and presentation currency

These financial statements are expressed in Saudi Arabian Riyals.

Going concern

In making the going concern assessment, the Company has considered a wide range of information relating to present and future projections of profitability, cash flows and other capital resources etc.

NAYLA FINANCE COMPANY (SINGLE PERSON JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 DECEMBER 2024 TO 31 DECEMBER 2025
(Amounts in Saudi Riyals)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are set out below.

New standards, interpretations and amendments adopted by the entity

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

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

New standards not yet effective and not early adopted

Standard/Interpretation	Description	Effective from periods beginning on or after
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely.
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026

NAYLA FINANCE COMPANY (SINGLE PERSON JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 DECEMBER 2024 TO 31 DECEMBER 2025
(Amounts in Saudi Riyals)

3. SUMMARY OF MATERIAL ACCOUNTING

New standards not yet effective and not early adopted

Standard/Interpretation	Description	Effective from periods beginning on or after
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations it defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' (MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

Cash and cash equivalents

Cash and cash equivalents comprise unrestricted balances held with banks and term deposits with original maturities of three months or less, which are used by the Company to meet its short-term commitments. These are carried at amortized cost in the statement of financial position.

Islamic Financing receivables

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

Tawarruq

It is a contract whereby the Company sells a commodity (Deferred Sale of Commodity "Tawarruq") to its customer on a deferred payment basis. The customer sells the same commodity to a third party at market price to obtain cash.

NAYLA FINANCE COMPANY (SINGLE PERSON JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 DECEMBER 2024 TO 31 DECEMBER 2025
(Amounts in Saudi Riyals)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Recognition and measurement

Intangible assets acquired by the Company are measured at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditures on intangible assets are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the statement of comprehensive income as it is incurred.

Amortization

Intangible assets are amortized on a straight-line basis in the statement of comprehensive income over their estimated useful lives three years, from the date on which it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if considered appropriate.

The estimated useful lives of Intangibles for the current period are as follows:

	<u>Life</u>
Core and other office related softwares	3 years

Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is recognized within other income in profit or loss and statement of comprehensive income.

Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits of the expenditures will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is calculated to write off the cost of the items of property and equipment less their estimated residual values using the straight-line method over their useful lives and is generally recognized in the statement of comprehensive income. Depreciation on fixed assets will commence from the date the asset is available for use in accordance with IAS 16.

The estimated useful lives of property and equipment for the current period are as follows:

	<u>Life</u>
Leasehold improvements	5 years
Furniture & Fixtures	5 years
Office Equipment	3 years
Computers	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if considered appropriate.

NAYLA FINANCE COMPANY (SINGLE PERSON JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 DECEMBER 2024 TO 31 DECEMBER 2025
(Amounts in Saudi Riyals)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation 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 of the amount can be made.

End of service benefits

The end-of-service indemnity provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of changes in equity as a remeasurement reserve / other reserves with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income will not be reclassified to profit or loss in subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- Re-measurements

The Company presents the first two components of defined benefit costs in profit or loss in the line item "Employees' salaries and related charges."

NAYLA FINANCE COMPANY (SINGLE PERSON JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 DECEMBER 2024 TO 31 DECEMBER 2025
(Amounts in Saudi Riyals)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue / expenses recognition

Financing income and expense are recognised in the statement of comprehensive income using the effective profit rate "EPR" method. The EPR is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial instrument to:

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

When calculating the EPR for financial instruments other than purchased 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 purchased or originated credit-impaired financial assets, a credit-adjusted EPR is calculated using estimated future cash flows including expected credit loss ("ECL") allowance.

Fee income and expenses

Fee income and expenses that are integral to the effective profit rate on a financial asset or financial liability are included in the effective profit rate.

Other fee income / expense is generally recognized as the related services are performed / received.

Financial assets and financial liabilities

a) Recognition and initial measurement

The Company initially recognizes financial assets and financial liabilities when it becomes party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

b) Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI or FVTPL.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and commission on the principal amount outstanding.

Financial assets at FVTPL

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

NAYLA FINANCE COMPANY (SINGLE PERSON JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 DECEMBER 2024 TO 31 DECEMBER 2025
(Amounts in Saudi Riyals)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Classification of financial assets (continued)

Business model assessment (continued)

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual commission revenue, maintaining a particular commission rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets, or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume, and timing of sales in prior periods, the reasons for such sales and the expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is also based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets in the future.

c) Classification of financial liabilities

The Company classifies its financial liabilities at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the effective commission rate.

All Islamic bank financing and other financial liabilities are initially recognized at fair value less transaction costs. Subsequently, financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit or loss.

d) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

e) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

f) Impairment

The Company recognizes ECL allowance on IFRs. The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured equal to a 12-month ECL:

- Financing investment securities that are determined to have low credit risk at the reporting date; and
- Other financial assets on which credit risk has not increased significantly since their initial recognition.

12-month ECL is the portion of lifetime ECL that results from default events on a financial asset that are possible within the 12 months after the reporting date. Financial assets, for which 12-month ECL is recognised, are referred to as 'Stage 1' financial instruments. Financial assets allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

NAYLA FINANCE COMPANY (SINGLE PERSON JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 DECEMBER 2024 TO 31 DECEMBER 2025
(Amounts in Saudi Riyals)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

f) Impairment (continued)

Lifetime ECL is the ECL that results from all possible default events over the expected life of the financial asset or the maximum contractual period of exposure. Financial assets for which lifetime ECL is recognised but that are not credit-impaired are referred to as 'Stage 2' financial assets. Financial assets allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial assets for which the lifetime ECL is recognised and that are credit-impaired are referred to as 'Stage 3' financial assets.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. ECL is measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of Default ("PD"),
- Loss Given Default ("LGD"), and
- Exposure at Default ("EAD").

The Company, when determining whether the credit risk on a financial asset has increased significantly since the initial recognition of the financial asset, considers the 'days past due' analysis of each exposure and other qualitative factors. Management considers such analysis to be an effective and efficient measure of monitoring significant increase in credit risk, without undue cost and effort, as it enters into Islamic Financing Contracts with individual customers.

Presentation of allowance for ECL in the statement of financial position

Allowance for ECL of financial assets measured at amortised cost are presented in the statement of financial position as a deduction from the gross carrying amount of the assets.

Right of use assets / Lease liabilities

On initial recognition, at inception of the contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Right of use assets

The Company applies a cost model, and measures right of use (RoU) asset at cost less accumulated depreciation and accumulated impairment losses, if any which is adjusted for any re-measurement of the lease liability and lease modifications.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Right of use assets (continued)

The RoU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of RoU assets are determined on the same basis as those of property and equipment.

Lease liabilities

On initial recognition, the lease liability is the present value of all remaining payments to the lessor, discounted using the profit rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental financing rate. Generally, the Company uses its incremental financing rate as the discount rate. After the commencement date, the Company measures the lease liability by:

1. Increasing the carrying amount to reflect profit on the lease liability.
2. Reducing the carrying amount to reflect the lease payments made and;
3. Re-measuring the carrying amount to reflect any re-assessment or lease modification.

The lease liability is measured at amortised cost using the effective profit rate method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the RoU asset or is recorded in statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of property and equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate in the Kingdom of Saudi Arabia, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the Kingdom of Saudi Arabia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made.

Deferred Tax

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The company records deferred tax assets / liabilities using the tax rates, enacted or substantively enacted by the balance sheet date expected to be applicable at the time of its reversal. Deferred tax assets are reviewed at each reporting date and are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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4. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATED AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Material estimates in applying accounting policies

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Impairment of Islamic financing receivable

An estimate of the collectible amount of Islamic financing receivable is made based on the expected credit loss model at an amount equal to the life time ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Useful lives and residual values of property and equipment and intangible assets

An estimate of the useful lives and residual values of property and equipment and intangible assets, which comprise a significant portion of the Company's total assets, is made for the purposes of calculating depreciation and amortization respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

Provision for employees' end of service benefits

The Company makes various estimates in determining the provision for employees' end of service benefits provision. These estimates are disclosed relevant note 14

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

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5 CASH AND CASH EQUIVALENTS

	<i>Notes</i>	<u>31 December 2025</u>
Cash at bank	5.1	6,608,764
		<u>6,608,764</u>

5.1 This represents current accounts maintained with local banks.

5.2 The management has conducted a review as required under IFRS 9 and based on such assessment; the management believes that there is no need for any significant expected credit loss against the carrying value of bank balances.

6 ISLAMIC FINANCING RECEIVABLES - NET

6.1 The breakup of islamic financing receivables is as follows:

	<u>31 December 2025</u>
Performing	7,456,255
Under-performing	1,291,639
Non-performing	3,177,313
Gross receivables	<u>11,925,207</u>
ECL allowance	(1,510,107)
Net receivables	<u>10,415,100</u>

6.2 Reconciliation of gross to net islamic financing receivables:

	<u>31 December 2025</u>
Gross receivables	12,688,779
Unearned finance income	(763,572)
	<u>11,925,207</u>
ECL allowance	(1,510,107)
Net receivables	<u>10,415,100</u>

6.3 Stage wise analysis of islamic financing receivables:

	<u>31 December 2025</u>
Stage 1	7,456,255
Stage 2	1,291,639
Stage 3	3,177,313
	<u>11,925,207</u>
ECL allowance	(1,510,107)
Net receivables	<u>10,415,100</u>

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6 ISLAMIC FINANCING RECEIVABLES - NET

6.4 Reconciliation of gross islamic financing receivables

	Stage 1	Stage 2	Stage 3	Total
	(12 months ECL)	(lifetime ECL for increase in SICR but not impaired)	(lifetime ECL for credit impaired)	
As at 1 December 2024	-	-	-	-
Transfer from Stage 1	-	-	-	-
Transfer from Stage 2	-	-	-	-
Transfer from Stage 3	-	-	-	-
Finance originated	7,456,255	1,291,639	3,177,313	11,925,207
	7,456,255	1,291,639	3,177,313	11,925,207
Write-off during the period	-	-	-	-
	<u>7,456,255</u>	<u>1,291,639</u>	<u>3,177,313</u>	<u>11,925,207</u>

6.5 Movement in expected credit loss allowance of islamic financing receivables:

	Stage 1	Stage 2	Stage 3	Total
	(12 months ECL)	(lifetime ECL for increase in SICR but not impaired)	(lifetime ECL for credit impaired)	
As at 1 December 2024	-	-	-	-
Transfer from Stage 1	-	-	-	-
Transfer from Stage 2	-	-	-	-
Transfer from Stage 3	-	-	-	-
Finance originated	(69,131)	(47,144)	(1,393,832)	(1,510,107)
	(69,131)	(47,144)	(1,393,832)	(1,510,107)
Write-off during the period	-	-	-	-
	<u>(69,131)</u>	<u>(47,144)</u>	<u>(1,393,832)</u>	<u>(1,510,107)</u>

6.6 The movement in expected credit loss is as follows:

	<u>31 December 2025</u>
ECL allowance as at 1 December 2024	-
Provision for expected credit loss allowance - net of reversals	1,731,107
Recoveries against write off	(8,363)
Charge of expected credit loss allowance – net	<u>1,722,744</u>

6.7 Ageing analysis of islamic financing receivables:

	Gross Exposure	ECL	Net exposure
0 to 30 days	7,537,744	(69,234)	7,468,510
31 to 60 days	816,914	(23,030)	793,884
61 to 90 days	477,081	(24,011)	453,070
91 to 120 days	3,093,468	(1,393,832)	1,699,636
Total	<u>11,925,207</u>	<u>(1,510,107)</u>	<u>10,415,100</u>

7 PREPAYMENTS AND OTHER CURRENT ASSETS

	<u>31 December 2025</u>
Prepaid expenses	53,225
Advance to vendor	13,760
	<u>66,985</u>

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8 INTANGIBLE ASSETS

	31 December 2025		
	Core and other office related softwares	CWIP	Total
Cost			
Balances as at 1 December 2024	-	-	-
Additions during the period	3,317,774	23,941	3,341,715
As at 31 December 2025	<u>3,317,774</u>	<u>23,941</u>	<u>3,341,715</u>
Accumulated amortization			
Balances as at 1 December 2024	-	-	-
Charge for the period	425,146	-	425,146
As at 31 December 2025	<u>425,146</u>	<u>-</u>	<u>425,146</u>
Net book value As at 31 December 2025	<u>2,892,628</u>	<u>23,941</u>	<u>2,916,569</u>

8.1 Intangible assets include costs relating to internally generated software development, comprising directly attributable expenses such as salaries of IT development team that are capitalized during the development phase in accordance with IAS 38. The project relates to the development of "Financing Origination and Management System".

9 PROPERTY AND EQUIPMENT

9.1 Property and equipment

	31 December 2025				
	Furniture & Fixtures	Leasehold improvements	Computers	Office equipment	Total
Cost					
As at 1 December 2024	-	-	-	-	-
Additions during the period	242,730	704,720	223,019	124,726	1,295,195
As at 31 December 2025	<u>242,730</u>	<u>704,720</u>	<u>223,019</u>	<u>124,726</u>	<u>1,295,195</u>
Accumulated depreciation					
As at 1 December 2024	-	-	-	-	-
Charge for the period	58,894	133,375	67,632	39,528	299,429
As at 31 December 2025	<u>58,894</u>	<u>133,375</u>	<u>67,632</u>	<u>39,528</u>	<u>299,429</u>
Net book value As at 31 December 2025	<u>183,836</u>	<u>571,345</u>	<u>155,387</u>	<u>85,198</u>	<u>995,766</u>

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10 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

31 December 2025

Payable to vendors	274,402
Accrued expenses	172,801
Value added tax	58,429
Accrued employee's cost	73,643
Other payables	120,840
	<u>700,115</u>

11 AMOUNT DUE TO RELATED PARTY

31 December 2025

As at 1 December 2024	-
Funds received during the period	2,390,592
	<u>2,390,592</u>

11.1 RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Company include shareholders, Board of Directors and Committees and key management personnel. In the ordinary course of its activities, the Company transacts business with its related parties on mutually agreed terms.

Significant related party balances at period end and transactions entered with the related parties during the period comprised the following:

Balances with related parties

31 December 2025

Due to related parties

a) Payable to Sanabil Venture Studio Business Solutions	2,390,592
	<u>2,390,592</u>

Related party transactions during the period were as follows:

Related party	Nature of transactions	For the period from 1 December 2024 to 31 December 2025
a) Sanabil Venture Studio Business Solutions	Staff salaries & expenses paid	340,020
b) Nayla Lending Solutions Holding Limited	Additional capital & expenses paid	14,454,240

11.2 Transactions with Parent Company – Pre-Establishment Funding

During the period from February 2024 to November 2024, that is prior to the obtaining commercial registration on 1 December 2024, certain establishment costs and asset purchases were incurred by the Parent Company and related parties on behalf of the Subsidiary. These costs included fixed asset purchases, staff salaries, office rental, and software development expenditures.

As at 1 December 2024, these items were recorded in the Company's books at their respective cost amounts based on invoices and payment evidence provided by the Parent Company.

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11 AMOUNT DUE TO RELATED PARTY (CONTINUED)

11.2 Transactions with Parent Company – Pre-Establishment Funding (continued)

The funding for these amounts has been presented as "Due to related parties" and "Additional capital Contribution" based on management's assessment of the substance of the arrangement.

The total recognised amount was as follows:

- a) Establishment expenses: SR 2,049,479
- b) Property and equipment: SR 921,096
- c) Intangible asset – internally generated software: SR 645,634
- d) Others: SR 204,095

No formal repayment schedule has been agreed as of the reporting date.

11.3 Transactions with key management personnel

**For the period from
1 December 2024 to
31 December 2025**

Remuneration	1,823,738
Termination and other long term benefits	192,767
	<u>2,016,505</u>

12 BORROWINGS

During the period, the Company obtained a working capital facility of SR 10 million. The first tranche amounting to SR 5 million was made available during the period from the Social Development Bank (SDB) under Co financing arrangement with the purpose of financing the Company's working capital requirements for financing its customers. The arrangement does not specify a fixed repayment schedule and the facility limit can be increased on mutual consensus. The facility carries a fixed rate profit charged to the Company only on amounts disbursed for Islamic financing receivables as per the terms mentioned in the agreement. As of 31 December 2025, the Company had drawn SR 1.894 million from the facility.

31 December 2025

Working capital from Social Development Bank	5,000,000
accrued finance cost	7,147
	<u>5,007,147</u>

13 LEASE LIABILITY AND RIGHT OF USE ASSET

Set out below are the carrying amounts of right-of-use assets i.e., office building taken on lease and the movement during the period:

a) Lease liability	31 December 2025
As at 1 December 2024	-
Additions	756,620
Interest expense	39,610
Payment during the period	(540,000)
	<u>256,230</u>

Below is the break-up between current and non-current portion of lease liability:

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13 LEASE LIABILITY AND RIGHT OF USE ASSET (CONTINUED)

a) Lease liability (continued)

31 December 2025

Current portion	256,230
	<u>256,230</u>

31 December 2025

b) Right of Use Asset

Cost

As at 1 December 2024	-
Additions during the period	756,620
	<u>756,620</u>

Accumulated depreciation

As at 1 December 2024	-
Charge for the period	345,884
	<u>(345,884)</u>
	<u>410,736</u>

14 EMPLOYEES' END OF SERVICE BENEFITS

The Company provides end of service benefits to its employees. The entitlement is based upon the employees' final salary and length of service, subject to the completion of a minimum service year, calculated under the provisions of the labor Law and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the years of employment.

The Company's plan is exposed to actuarial risks such as: discount rate and salary risk.

- Discount risk: A decrease in the discount rate will increase the plan liability.
- Salary risk: The present value of the end of service benefit plan liability is calculated by reference to the estimated future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

31 December 2025

As at 1 December 2024	-
Current service cost	479,697
Past service cost	558
	<u>480,255</u>

All movements arising in respect of the end-of-service benefits liability during the period are recognized in the statement of profit or loss.

The maturity profile of the undiscounted benefit obligation is as follows:

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14 EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)

31 December 2025

Expected employer contributions:	
Year 1	520
Year 2	6,890
Year 3	9,453
Year 4	7,976
Year 5	11,706
Next 5 years	69,277

The most recent actuarial valuation was performed using the projected unit credit method by Kapadia and Kochrekar Actuaries & Consultants.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

31 December 2025

Salary increases	7.00%
Discount rate	5.79%

Sensitivity analysis:

A qualitative sensitivity analysis for significant assumptions as at 31 December 2025, is shown below:

2025

SR

	Impact on defined benefit obligation – Increase / (Decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption
Expected rate of salary increase	+/- 1%	575,887	(402,143)
Discount rate	+/- 1%	(402,004)	578,120

15 DEFERRED TAX ASSET

31 December 2025

Deferred tax asset on deductible temporary differences arising in respect of:

a) Property and equipment	43,803
b) Employees' end of service benefits	96,051
c) Expected Credit Loss allowance	302,021
d) Business losses	1,878,460
	<u>2,320,335</u>

16 SHARE CAPITAL

As at 31 December 2025, issued and fully paid-up share capital of the Company was SR 10 million divided into 1 million shares with a nominal value of SR 10 each.

17 ADDITIONAL CAPITAL

During the period, the Company received an additional capital contribution of SR 14,454,240 from "Nayla Lending Solutions Holding Limited" (Parent company). The contribution does not bear interest, has no fixed repayment date, and does not create a contractual obligation on the Company to deliver cash or another financial asset. Accordingly, it has been classified as equity under "Additional Capital" in accordance with IAS 32 Financial Instruments.

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	<i>Notes</i>	For the period from 1 December 2024 to 31 December 2025
18 FINANCING INCOME		
Financing Income on:		
Profit on financing	<i>18.1</i>	1,904,102
Admin fee		357,506
		2,261,608
18.1	Profit on financing comprises the profit earned on financing provided to customers. This income is recognized over the life of the financing using the effective profit rate method, reflecting the consideration receivable under the financing agreements.	
19 GENERAL AND ADMINISTRATION EXPENSES	<i>Notes</i>	For the period from 1 December 2024 to 31 December 2025
Salaries and employees' related expenses		7,278,556
Information technology related costs		1,626,898
Professional and consulting fees	<i>19.2</i>	739,339
Customer inquiry and verification cost		763,822
Depreciation of property and equipment	<i>9</i>	299,429
Amortization of intangible assets	<i>8</i>	425,146
Depreciation of right of use asset	<i>13 (b)</i>	345,884
Office supplies		176,936
Disallowed VAT		109,709
Withholding tax on foreign payments		54,137
Interest on lease liabilities	<i>13</i>	39,610
Utilities expenses		51,123
Directors and board committee fee		56,250
Other expenses		57,059
		12,023,898

19.1 General & Administration expenses include SR 2,049,479 relating to pre-establishment expenditures refer note 11.2.

19.2 These include SR 183,500 in respect of auditor's remuneration.

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20 FINANCIAL INSTRUMENTS

The Company's use of financial instruments exposes it to a variety of financial risks. The Company continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework and developing and monitoring the risk management policies in close co-operation with the Company's operating units. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. The Company through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors oversees how management monitors compliance with the risk management policies and procedures and reviews adequacy of the risk management framework in relation to the risks faced by the Company.

The Company is exposed through its operations to the following financial risks:

- Profit rate risk,
- Credit risk, and;
- Liquidity risk.

These risks are discussed below:

Profit rate risk

Profit rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's financial assets including islamic financing receivables held at amortised cost as well as financial liabilities including borrowings which are based on fixed rates. The Company's management monitors the fluctuations in profit rates on regular basis and takes appropriate measures to minimize the profit rate risk.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Potential concentrations of credit risk consist principally of Islamic financing receivables. Details of how credit risk relating to Islamic financing receivables is managed is disclosed in note 6.

Expected credit loss (ECL) measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition wherein if a financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and if the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.

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20 FINANCIAL INSTRUMENTS (CONTINUED)

Significant increase in credit risk

Expected credit loss (ECL) measurement

When determining whether the risk of default has increased significantly since initial recognition, the Company considers quantitative, qualitative information and backstop indicators and analysis based on the Company's historical experience and expert credit risk assessment, including forward-looking information.

For amounts due from banks, the Company uses the low credit risk exemption as permitted by IFRS 9 based on the external rating agency credit grades. If the financial instrument is rated below BBB- (sub investment grade) on the reporting date, the Company considers it as significant increase in credit risk.

Financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

Credit impaired assets

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, there is sufficient doubt about the ultimate collectability; or the customer is past due for more than 30 days.

Incorporation of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on external actual and forecast information, the Company formulates a view of the future direction of relevant economic variables. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Kingdom of Saudi Arabia and selected private sector and academic forecasters.

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

For Islamic financing receivables, the Company uses a provision matrix based on the historic default rates observed and adjusted for forward looking factors to measure ECL as given below.

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20 FINANCIAL INSTRUMENTS (CONTINUED)

Incorporation of forward-looking information (continued)

Aging brackets of Islamic financing receivables	31 December 2025		
	Estimated total gross carrying amount at default	Expected credit loss rate %	Lifetime ECL
Not due /< 30 days	7,537,744	1%	69,234
31 – 60 days	816,914	3%	23,030
61 – 90 days	477,081	5%	24,011
91 – 120 days	3,093,468	45%	1,393,832
	11,925,207	13%	1,510,107

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Company has accumulated losses as of that date. These conditions indicate that the Company's ability to meet its obligations as they become due and to continue as a going concern are dependent upon the Company's ability to arrange adequate funds in a timely manner. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are made available to meet any future commitments. The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	Total contractual cash flows	Carrying amount
At 31 December 2025						
Accrued expenses and other current liabilities	700,115	-	-	-	700,115	700,115
Amount due to related party	2,390,592	-	-	-	2,390,592	2,390,592
Borrowings	5,007,147	-	-	-	5,007,147	5,007,147
Lease liabilities	256,230	-	-	-	256,230	256,230
	8,354,084	-	-	-	8,354,084	8,354,084

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20 FINANCIAL INSTRUMENTS (CONTINUED)

20 Fair value of financial instruments

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This Grouping is determined based on the lowest level of significant inputs used in fair value measurement, 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).

The Company's financial assets and financial liabilities are measured at amortized cost. The carrying amounts of these financial instruments approximate their fair values due to their short-term nature. Accordingly, the Company has not disclosed separate fair value information for these financial instruments.

20 Carrying amount vs fair value

The Company considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

- Cash at bank
- Islamic financing and other receivables
- Accruals and other payables
- Borrowings

	<u>31 December 2025</u>
Financial assets	
Financial assets at amortized cost:	
Cash and cash equivalents	6,608,764
Islamic Financing receivables - net	10,415,100
Total financial assets at amortized cost	<u>17,023,864</u>
Total financial assets	<u>17,023,864</u>
Financial liabilities	
Financial liabilities at amortized cost:	
Accrued expenses and other current liabilities	700,115
Amount due to related party	2,390,592
Borrowings	5,007,147
Lease liabilities	256,230
Total financial liabilities at amortized cost:	<u>8,354,084</u>
Total financial liabilities	<u>8,354,084</u>

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21 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments of the Company at any of the reporting dates.

22 SUBSEQUENT EVENTS

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

23 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Board of Directors on 13 Ramadan 1447H (corresponding to 2 March 2026)