
**TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**REISSUED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

REISSUED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2023

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TAMWEEL AL-OULA COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY)

Opinion

We have audited the reissued financial statements of Tamweel Al-Oula Company (A Saudi Closed Joint Stock Company) (the "Company"), which comprise the reissued statement of financial position as at 31 December 2023, and the reissued statement of profit or loss and other comprehensive income, reissued statement of changes in shareholder's equity and reissued statement of cash flows for the year then ended, and notes to the reissued financial statements, including material accounting policy information.

In our opinion, the accompanying reissued financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

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 Reissued 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 reissued financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the reissued financial statements for the year ended 31 December 2023. These matters were addressed in the context of our audit of the reissued financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the 'Auditor's Responsibilities for the Audit of the Reissued Financial Statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the reissued financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying reissued financial statements.



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**INDEPENDENT AUDITOR’S REPORT
TO THE SHAREHOLDERS OF TAMWEEL AL-OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY) (continued)**

Key audit matters (continued)

1. Restatements and Reclassifications in the Financial Statements

Description of key audit matter	How the key audit matter was addressed in the audit
<p>As described in note 35 to the Company’s reissued financial statements, the Company restated and reclassified certain amounts included in previously issued financial statements to correct errors and to improve the presentation and application of the IFRS as endorsed in KSA.</p> <p>The Company operates in the financial services sector, where financial reporting involves complex accounting requirements, including the classification and measurement of financial instruments, application of IFRS 9 Financial Instruments, and judgment-based presentation and disclosure requirements. During the audit, we noted that the Company had challenges in consistently applying these requirements and placed an increased reliance on manual processes and post-closing adjustments.</p> <p>As a result, a number of restatements and reclassifications were required to ensure that the reissued financial statements appropriately reflected the substance of transactions and complied with IFRS as endorsed in KSA. These matters affected multiple financial statement line items and disclosures and required significant audit effort and professional judgment to assess their appropriateness and completeness.</p> <p>Given the significance of the restatements and reclassifications, their impact on comparability with previously issued financial information, and the increased risk of material misstatement and the significant judgements involved, we considered this matter to be of significance in our audit.</p>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the nature and circumstances that led to the restatements and reclassifications, including management’s assessment of the underlying errors and the corrective actions taken. • Evaluating the appropriateness of the revised accounting treatment, classification, and presentation applied by management, with reference to IFRS as endorsed in KSA. • Performing detailed substantive audit procedures over the restated and reclassified balances, including: <ul style="list-style-type: none"> - Re-performing relevant calculations and reconciliations; - Testing the accuracy of revised journal entries and reclassification adjustments; and - Assessing whether the adjustments appropriately corrected the identified errors. • Extending our testing of manual journal entries and post-closing adjustments, particularly those affecting financial instruments, income recognition, and presentation between statement of financial position line items, in response to the increased risk arising from limited accounting expertise. • Evaluating the adequacy and transparency of disclosures related to the restatements and reclassifications, including the nature of the adjustments, improvements made to credit risk / ECL sensitivity disclosures and their impact on previously reported amounts.



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**INDEPENDENT AUDITOR’S REPORT
TO THE SHAREHOLDERS OF TAMWEEL AL-OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY) (continued)**

Key audit matters (continued)

1. Restatements and Reclassifications of Financial Statements (continued)

Description of key audit matter	How the key audit matter was addressed in the audit
	<ul style="list-style-type: none"> Communicating the circumstances giving rise to the restatements, together with related qualitative observations regarding the finance function, to those charged with governance.

2. Expected credit loss on Islamic finance receivables and Musharaka financing assets

Description of key audit matter	How the key audit matter was addressed in the audit
<p>As at 31 December 2023, the Company’s gross Islamic finance receivables amounted to SR 3,104.78 million and the related expected credit losses (“ECL”) amounted to SR 107.44 million, comprising SR 32.27 million of ECL against Stage 1 and 2 exposures and SR 75.17 million of ECL against exposures classified under Stage 3.</p> <p>As at 31 December 2023, the Company’s Musharaka financing assets amounted to SR 620.50 million and the related ECL amounted to SR 50.12 million, comprising SR 2.86 million of ECL against Stage 1 and 2 exposures and SR 47.26 million of ECL against exposures classified under Stage 3.</p> <p>The basis of calculation of ECL is presented in note 3 “Material accounting policy information” and note 31 “Risk Management” to the reissued financial statements. Significant accounting judgements, estimates and assumptions and disclosures of loans and advances and credit risk are included in notes 4, 13, 14 and 31 respectively to the reissued financial statements.</p>	<p>Our procedures, among others, focused on following:</p> <ul style="list-style-type: none"> We obtain an understanding of the Company’s process of estimating expected credit losses, including identifying the key inputs forming part of the computation; We obtained an understanding over the ECL model developed by the Company in consultation with its external experts and tested its mathematical accuracy. We also tested the completeness and accuracy of the data used as source data / input into the model; We assessed: <ul style="list-style-type: none"> the compliance of Company’s IFRS 9 based expected credit loss policy including the determination of significant increase in credit risk criteria with the requirements of IFRS 9 and regulatory guidelines; the Company’s ECL modelling techniques, methodology and underlying assumptions against the requirements of IFRS 9 and compared to externally available data and actual customer data maintained by the Company; the basis of determination of any management overlays applied by the Company’s management to incorporate the effects of the current and future economic outlook;



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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TAMWEEL AL-OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY) (continued)**

Key audit matters (continued)

2. Expected credit loss on Islamic finance receivables and Musharaka financing assets (continued)

Description of key audit matter	How the key audit matter was addressed in the audit
<p>IFRS 9 Financial Instruments (IFRS 9) requires use of expected credit loss models for the purposes of calculating expected credit loss on Islamic finance receivables and Musharaka financing assets carried at amortised cost. The process for estimating the expected credit loss on Islamic finance receivables and Musharaka financing assets in accordance with IFRS 9 is a significant and complex area, due to the subjective nature of ECL calculation and the level of estimation involved.</p> <p>Due to the complexity of ECL related IFRS 9 requirements, effect of the matters stated above, significance of the judgements applied in determination of ECL and the Company's exposure to loans and advances forming a major portion of the Company's assets, the audit of ECL is considered key area of focus.</p>	<ul style="list-style-type: none">• We reviewed the work performed by Company's experts and also assessed the competence of these experts involved with the Company.• For a sample of exposures, we performed procedures to evaluate:<ul style="list-style-type: none">- Appropriateness of exposure at default, probability of default and loss given default (including collateral values used) in the calculation of ECL;- Timely identification of exposures with a significant increase in credit risk and appropriateness of the Company's staging; and- Appropriateness of the ECL calculation in relation to correct placement in customer segmentation and default categories.• For forward looking information used by the Company's management in its ECL calculations, we held discussions with management for the economic outlook used for purposes of calculating ECL and corroborated to external sources;• We involved our specialists in validating the ECL model and methodology procedures mentioned above;• We considered the adequacy of the disclosures included in the reissued financial statements in relation to expected credit loss on Islamic finance receivables and Musharaka financing assets as required under IFRS as endorsed in KSA.



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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TAMWEEL AL-OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY) (continued)**

Emphasis of matter – Reissuance of financial statements

We draw attention to Note 35 to these reissued financial statements, which explains that the Board of Directors withdrew the financial statements previously approved on 19 Sha'ban 1445H (29 February 2024) (the "previous financial statements"). Consequently, our audit report dated 22 Sha'ban 1445H (3 March 2024) on those previous financial statements has also been withdrawn. The Board of Directors has subsequently approved and reissued these financial statements on 14 Ramadan 1447H (corresponding to 3 March 2026). Our opinion is not modified in respect of this matter.

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

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

In preparing the reissued 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 are responsible i.e. Audit Committee for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the reissued 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 reissued 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 reissued 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.



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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TAMWEEL AL-OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY) (continued)**

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

- 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 reissued 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 reissued financial statements, including the disclosures, and whether the reissued 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.

for Ernst & Young Professional Services



WFTM

Waleed G. Tawfiq
Certified Public Accountant
License No. (437)

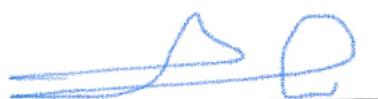
Al Khobar: 18 Ramadan 1447H
7 March 2026

TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

REISSUED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

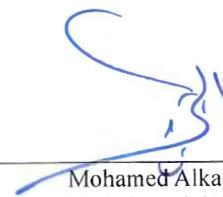
	Note	2023 #	2022 #
Commission income	7	326,647,957	217,210,081
Commission expense	8.1	<u>(59,630,224)</u>	<u>(34,093,814)</u>
		267,017,733	183,116,267
Other income, net	9	<u>18,837,452</u>	<u>17,728,631</u>
NET REVENUE FROM OPERATIONS		<u>285,855,185</u>	<u>200,844,898</u>
EXPENSES			
Depreciation and amortization	10	(6,109,154)	(5,850,801)
Selling and advertising	12	(68,650,330)	(36,821,696)
General and administrative	11	(35,252,322)	(22,441,662)
Finance cost	8.2	(507,818)	(468,266)
Expected credit loss charge	13 & 14	<u>(55,045,151)</u>	<u>(53,233,974)</u>
PROFIT BEFORE ZAKAT		<u>120,290,410</u>	<u>82,028,499</u>
Zakat expense	29	<u>(14,348,333)</u>	<u>(8,480,913)</u>
PROFIT FOR THE YEAR		<u>105,942,077</u>	<u>73,547,586</u>
OTHER COMPREHENSIVE LOSS			
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement loss on employees defined benefits liabilities	25	<u>(779,628)</u>	<u>(298,543)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>105,162,449</u>	<u>73,249,043</u>
EARNINGS PER SHARE			
Basic and diluted earnings per share	21	<u>1.06</u>	<u>0.80</u>



Sulaiman Alafaleq
Chairman



Saleh Alfaleq
Managing Director

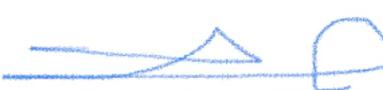


Mohamed Alkatheer
Chief Financial Officer

The attached notes 1 to 35 form part of these reissued financial statements.

TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
REISSUED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	2023 #	2022 #
ASSETS			
Bank balances and cash	19	26,304,771	21,626,376
Net investment in Islamic finance receivables	13	2,997,336,635	2,146,520,073
Musharakah financing assets	14	570,371,804	376,605,920
Prepayments and other receivables	18	64,828,413	198,234,716
Equity investment at fair value through other comprehensive income "OCI"		892,850	892,850
Property and equipment	17	4,659,748	4,622,076
Right-of-use assets	15	4,597,329	8,237,971
Intangible assets	16	2,436,893	1,900,589
TOTAL ASSETS		3,671,428,443	2,758,640,571
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDER'S EQUITY			
Share capital	20	500,000,000	500,000,000
Statutory reserve	20.1	32,018,542	19,248,439
Retained earnings		88,909,171	56,516,825
TOTAL SHAREHOLDER'S EQUITY		620,927,713	575,765,264
LIABILITIES			
Provision for zakat	29	11,617,775	6,549,842
Trade payables	26	184,494,416	135,487,171
Amounts due to related parties	27	3,233,312	3,726,326
Accrued expenses and other liabilities	28	58,848,834	42,025,381
Musharakah payable	14	499,089,853	313,282,020
Islamic bank financing	22	2,218,224,710	1,610,628,407
Lease liabilities	24	3,462,114	7,591,303
Government grants	23	62,908,644	56,570,812
Employees defined benefits liabilities	25	8,621,072	7,014,045
TOTAL LIABILITIES		3,050,500,730	2,182,875,307
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		3,671,428,443	2,758,640,571


Sulaiman Alafaleq
Chairman


Saleh Alfaleq
Managing Director


Mohamed Alkatheer
Chief Financial Officer

The attached notes 1 to 35 form part of these reissued financial statements.

TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

REISSUED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the year ended 31 December 2023

	Share capital #	Statutory reserve #	Retained earnings #	Total equity #
As at 1 January 2022	250,000,000	11,172,028	24,344,193	285,516,221
Profit for the year	-	-	73,547,586	73,547,586
Other comprehensive loss for the year	-	-	(298,543)	(298,543)
Total comprehensive income for the year	-	-	73,249,043	73,249,043
Transfer to statutory reserve (note 20.1)	-	8,076,411	(8,076,411)	-
Dividends (note 20)	-	-	(33,000,000)	(33,000,000)
Increase in capital (note 20)	250,000,000	-	-	250,000,000
As at 31 December 2022	500,000,000	19,248,439	56,516,825	575,765,264
As at 1 January 2023	500,000,000	19,248,439	56,516,825	575,765,264
Profit for the year	-	-	105,942,077	105,942,077
Other comprehensive loss for the year	-	-	(779,628)	(779,628)
Total comprehensive income for the year	-	-	105,162,449	105,162,449
Transfer to statutory reserve (note 20.1)	-	12,770,103	(12,770,103)	-
Dividends (note 20)	-	-	(60,000,000)	(60,000,000)
As at 31 December 2023	500,000,000	32,018,542	88,909,171	620,927,713



Sulaiman Alafaleq
Chairman



Saleh Alfareq
Managing Director



Mohamed Alkatheer
Chief Financial Officer

TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

REISSUED STATEMENT OF CASH FLOWS

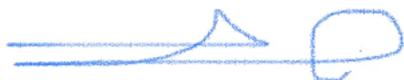
For the year ended 31 December 2023

	Note	2023 #	2022 #
OPERATING ACTIVITIES			
Profit before zakat		120,290,410	82,028,499
<i>Adjustments to reconcile profit before zakat for the year to net cash flows:</i>			
Depreciation of property and equipment	17	1,523,096	1,149,907
Depreciation of right-of-use assets	15	3,640,642	3,527,869
Amortization of intangible assets	16	945,416	1,173,025
Finance cost on Islamic bank financing	8	135,426,734	83,761,562
Provision for employees defined benefits liabilities	25	1,586,364	1,209,019
Finance cost on benefit obligation for the period	8.1	323,421	136,132
Bank charges		372,254	427,862
Expected credit loss charge on Islamic finance receivables	13 & 14	55,045,151	53,233,974
Commission expenses on lease liabilities	24	184,397	332,134
Government grant income realized	8	(75,796,510)	(49,667,748)
Loss on sale of property and equipment		47,592	18,967
		<u>243,588,967</u>	<u>177,331,202</u>
<i>Changes in operating assets and liabilities:</i>			
Net investment in Islamic finance receivables		(905,861,713)	(562,203,454)
Prepayments and other receivables		133,406,303	(109,914,524)
Musharakah financing assets		(193,765,884)	(272,024,388)
Amounts due to related parties		(493,014)	1,309,435
Trade payables		49,007,245	46,059,573
Accrued expenses and other liabilities		16,823,453	23,244,677
Cash used in operations		<u>(657,294,643)</u>	<u>(696,197,479)</u>
Employees defined benefits liabilities paid	25	(1,082,386)	(157,316)
Zakat paid	29	(9,280,400)	(5,108,355)
Finance cost on Islamic bank financing paid		<u>(59,630,224)</u>	<u>(22,787,325)</u>
Net cash used in operating activities		<u>(727,287,653)</u>	<u>(724,250,475)</u>
INVESTING ACTIVITIES			
Purchase of property and equipment	17	(1,608,360)	(2,547,208)
Purchase of intangible assets	16	(1,481,720)	(959,986)
Net cash used in investing activities		<u>(3,090,080)</u>	<u>(3,507,194)</u>
FINANCING ACTIVITIES			
Capital increase by cash injection		-	250,000,000
Dividends paid	20	(60,000,000)	(33,000,000)
Payment of lease liabilities		(4,313,586)	(3,628,617)
Proceeds from Islamic bank financing		1,876,532,682	1,026,170,209
Proceeds from Musharakah financing assets		250,000,000	225,127,500
Net movement in restricted cash		-	(3,829,935)
Repayment of Islamic bank financing		(1,327,162,968)	(784,988,317)
Net cash from financing activities		<u>735,056,128</u>	<u>675,850,840</u>

The attached notes 1 to 35 form part of these reissued financial statements.

TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
REISSUED STATEMENT OF CASH FLOWS (Continued)
For the year ended 31 December 2023

	Note	2023 #	2022 #
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		4,678,395	(51,906,829)
Cash and cash equivalents at the beginning of the year		<u>17,796,441</u>	<u>69,703,270</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	19	<u>22,474,836</u>	<u>17,796,441</u>
SUPPLEMENTAL CASH FLOW INFORMATION			
Commission income received		<u>308,581,482</u>	<u>205,925,334</u>
Commission expense paid		<u>59,630,224</u>	<u>22,787,325</u>



Sulaiman Alafaleq
Chairman



Saleh Alafaleq
Managing Director



Mohamed Alkatheer
Chief Financial Officer

The attached notes 1 to 35 form part of these reissued financial statements.

TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE REISSUED FINANCIAL STATEMENTS

At 31 December 2023

1 CORPORATE INFORMATION

Tamweel Al Oula Company ("the Company"), is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 2050055043 dated 15 Ramadan 1436H (corresponding to 2 July 2015) with unified identification number 7009383964.

The Company is engaged in providing financial leasing in addition to financing production assets, financing small and medium entities, and offering consumer finance in accordance with the license number 39/ASH/201512 dated 21 Safar 1437H (corresponding to 3 December 2015) issued by Saudi Central Company ("SAMA").

The Company's registered office is located at P.O. Box # 34232, Dammam, Kingdom of Saudi Arabia. The Company operates through the following branches:

<u>Commercial Registration Name</u>	<u>Number</u>	<u>Location</u>	<u>Date</u>
Tamweel Al Oula - Branch	2051065442	Al Khobar	17/04/1439H
Tamweel Al Oula - Branch	2252101795	Al Hasa	02/06/1439H
Tamweel Al Oula - Branch	1010691639	Riyadh	19/07/1442H
Tamweel Al Oula - Branch	4030416684	Jeddah	14/10/1442H
Tamweel Al Oula - Branch	5855360923	Khamis Mushait	13/11/1443H

The comparative financial information presented in these reissued financial statements is based on reissued financial statements of the Company for the year ended 31 December 2022.

These reissued financial statements of the Company as of 31 December 2023 were authorised for issuance on 14 Ramadan 1447H (corresponding to 3 March 2026). Refer note 35.

2 BASIS OF PREPARATION

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

In July 2024, the Shareholder of the Company resolved to file an initial public offering application with the Capital Market Authority ("CMA") of the Kingdom of Saudi Arabia to list the Company's shares on Tadawul in the Kingdom of Saudi Arabia. The Company has received the no-objection letter from SAMA to continue with IPO on 8 Rabi Al-Awwal 1446H (corresponding to 11 September 2024) with a validity until 9 September 2025 which was subsequently extended to end of second quarter of 2026. Refer note 34.

Basis of measurement

The reissued financial statements have been prepared on a historical cost basis using the accrual basis of accounting, except where otherwise disclosed in the material accounting policy information. The reissued statement of financial position is stated in order of liquidity. Refer note 35 for the details of re-issuance.

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 on the Company's ability to continue as a going concern. Therefore, the reissued financial statements have been prepared on a going concern basis.

Presentation and functional currency

The presentation and functional currency of the Company is Saudi Riyal (ﷲ).

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted by the Company in preparing these reissued financial statements are applied consistently, which are as follows:

Fair value measurement

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, the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into 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 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 reissued financial statements are categorized within the fair value hierarchy, 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 recognised in the reissued financial statements on a recurring basis, the Company determines whether transfers have occurred between the 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 reporting period.

For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Revenue recognition

Ijarah ("Islamic lease receivable")

The Company is generating revenue from Ijarah contracts. Gross investment in Ijarah represents the gross lease payments receivable by the Company, and the net investment represents the present value of these lease payments discounted at profit rate implicit in the lease. The difference between the gross investment and net investment is recognised as unearned finance income. Finance lease income is recognised over the period of the lease on a systematic basis, which results in a constant periodic rate of return on the net investment outstanding.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

Tawarruq revenue

The Company provides financing to customers through Tawarruq, whereby commodities are purchased and sold to facilitate Shariah-compliant cash financing. The amortised cost of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective profit rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

However, for financial assets that have become credit-impaired subsequent to initial recognition, commission income is calculated by applying the effective commission rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of commission income reverts to the gross basis. For financial assets that were credit-impaired on initial recognition, commission income is calculated by applying the credit-adjusted effective profit rate to the amortised cost of the asset. The calculation of commission income does not revert to a gross basis, even if the credit risk of the asset improves.

Musharakah revenue

The Company provides financing through Musharakah, a Shariah-compliant partnership where both parties contribute capital and share profits as per an agreed ratio, while losses are borne in proportion to capital contribution. The Company's share of profit from Musharakah is recognised as income when earned, while the outstanding Musharakah investment is measured at amortised cost, net of any expected credit loss allowance.

Insurance (reimbursed/paid), net

As part of the periodic installments due from customers, the Company charges customers for insurance cover on the vehicles under Ijarah contracts. Insurance charges represent cost of insurance (premium). Consequently, premiums are paid to the insurers for the insurance cover for the assets under lease. Insurance income less any directly attributable expenses is recognised over the insured period of leased vehicles.

Service fees

Service fees charged in respect of processing and other services are recognised as income over the period of financing agreements.

Other income

Other income is recognised when the related services are provided, and the Company's right to consideration becomes enforceable. Income is measured at the amount of consideration expected to be received for those services.

General and administration expenses

General and administration expenses include costs not specifically forming part of operating costs and are expensed in the period to which they relate.

Commission expenses

Commission expenses are expensed in the period to which they relate. Commission expenses consist of profit and other costs that the Company incurs in connection with the borrowing of funds and amortization of financial charges.

Finance costs

Finance costs are expensed in the period to which they relate. Finance costs consist of profit and other cost that the Company incurs in connection with lease liabilities and end of service benefits.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Value added tax (VAT)

Assets and expenses are recognised net of amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from ZATCA, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of other receivable or payables in the reissued statement of financial position.

Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Differences arising on settlement or translation of monetary items are recognised in the reissued statement of profit or loss and other comprehensive income.

Islamic finance receivables

The Company offers its customers certain non-commission-based products, which are approved by its Shariah Board, as follows:

Ijarah

Ijarah is an agreement whereby the Company, acting as a lessor, purchases an asset for lease according to the customer request (lessee), based on his promise to lease the asset for an agreed rent and specific period that could end by transferring the ownership of the leased asset to the lessee. The difference between the gross receivables and the present value of the receivables is recognised as unearned finance income. Finance income from Ijarah contract is recognised over the term of the Ijarah using the effective profit rate method, which reflects a constant periodic rate of return.

Tawarruq

Tawarruq is a form of Murabaha transaction where the Company purchases a commodity and sells it to the customer. The customer sells the underlying commodity at spot and uses the proceeds for his financing requirements. The customer has the option to appoint whom he sees to sell the commodity, including the Company, according to a form approved by the Sharia'a committee. Then the agent deposits the proceeds in the customer's account.

Gross amounts due under the Tawarruq sale contracts include the total of future sale payments on the Tawarruq agreement (Tawarruq sale contract receivable). The difference between the Tawarruq sale contracts receivable and the cost of the sold asset, is recorded as unearned Tawarruq profit and for presentation purposes, is deducted from the gross amounts due under the Tawarruq sale contracts receivable.

Musharakah financing assets

Musharakah is an agreement between the Company and a financial institution to jointly contribute to a specific investment. Profits or losses are shared according to the terms of the agreement. Financial assets are derecognised only when the transaction meets the derecognition criteria under IFRS 9.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Securitisation arrangements

The Company enters into securitisation arrangements whereby portfolios of receivable balances are transferred to financial institutions. The assessment of these transactions is performed in accordance with the derecognition principles of IFRS 9, including an evaluation of the transfer of contractual rights, the pass-through test, and the extent to which substantially all risks and rewards of ownership are transferred. Financial assets subject to securitisation are derecognised only when the transaction meets the derecognition criteria under IFRS 9. Where the criteria are not met, the assets continue to be recognised in the reissued statement of financial position, with a corresponding liability recognised for the consideration received.

Bank balances and cash

Bank balances and cash on hand in the reissued statement of financial position comprise cash at bank and cash on hand, which are subject to insignificant risk of change in value.

For the purpose of the reissued statement of cash flows, cash and cash equivalents consist of bank balances and cash, as defined above, net of restricted bank balances as they are considered an integral part of the Company's cash management.

Lease

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

a) Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Lease liability

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the average borrowing rate at the lease commencement date if the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Lease (continued)

Lease liability (continued)

a) Company as a lessee

Short-term and low value assets' leases

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Company's capitalization threshold and are considered to be insignificant for the reissued statement of financial position for the Company as a whole. Payments for short-term leases and leases of low-value assets are recognised on a straight-line basis in the reissued statement of profit or loss and other comprehensive income.

Leases in which substantially all the risks and benefits of ownership of the asset are not transferred to the Company are classified as operating leases. Operating lease payments are recognised as an operating expense in the reissued statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

b) Company as a lessor

At inception or on modification 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 standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Contracts based on Musharakah, which in substance represents a syndicated finance lease arrangement, are recorded as net investment in finance lease and is stated at cost, representing the balance of the Company's share in the Musharakah funding.

Intangible assets

Intangible assets includes software; intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the reissued statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets. Intangible assets are amortised over a period of 1 - 5 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the reissued statement of profit or loss and other comprehensive income when the asset is derecognised.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the reissued statement of profit or loss and other comprehensive income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, unless in case of leasehold improvements if there is no further use beyond the lease term then they are amortised over the lease term, as follows:

	<u>Years</u>
Leasehold improvements	5
Office furniture and fixtures	4
Computers	4

An item of property and equipment and any significant part initially recognised is derecognised 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 included in the reissued statement of profit or loss and other comprehensive income when the asset is derecognised. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Financial instruments – initial recognition and subsequent measurement

Initial recognition and measurement

Financial assets are classified, at initial recognition, at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (i) Financial assets at amortised cost (debt instruments)
- (ii) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- (iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- (iv) Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective profit rate (EPR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes net investment in Islamic finance receivables.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, profit income, foreign exchange revaluation and impairment losses or reversals are recognised in the reissued statement of profit or loss and other comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss. The Company does not have debt instruments carried at fair value through other comprehensive income.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 "*Financial Instruments: Presentation*" and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss.

Dividends Received

Dividends are recognised as other income in the reissued statement of profit or loss and other comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the reissued statement of financial position at fair value with net changes in fair value recognised in the reissued statement of profit or loss and other comprehensive income. The Company does not have any assets carried at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Derecognition (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial instruments

The Company recognises loss allowances for Expected Credit Losses ("ECL") on the following financial instruments that are not measured at fair value through profit or loss:

- Investment in Islamic finance receivables;
- Musharakah financing assets
- Bank balances and other receivables

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Investment in Islamic finance receivables and Musharakah financing assets that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade.

12-month ECL are the portion of 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 are recognised are referred to as 'Stage 1' financial assets. Financial assets allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial assets or the maximum contractual period of exposure. Financial assets for which lifetime ECL are 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 are recognised and that are credit-impaired are referred to as 'Stage 3 financial assets'.

ECL are a probability-weighted estimate of credit losses. They are 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;

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Impairment of financial instruments (continued)

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

- Probability of Default ("PD") It is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- Loss Given Default ("LGD") It is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately.
- Exposure at Default ("EAD") It is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued profit from missed payments.

Measurement of ECL

To evaluate a range of possible outcomes, the Company formulates various scenarios. For each scenario, the Company derives an ECL and applies a probability weighted approach to determine the impairment allowance in accordance with the IFRS 9 requirements.

The above parameters are generally derived from internally developed statistical models and historical data which are adjusted for forward looking information.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the customer, then an assessment is made of whether the financial assets should be derecognised and ECL is measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial assets at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing financial asset.

Credit-impaired Islamic financing receivables

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired (Stage 3 financial assets). A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the customer or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of investment in Islamic finance receivables by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the customer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Impairment of financial instruments (continued)

Credit-impaired Islamic financing receivables (continued)

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

Presentation of allowance for ECL in the reissued statement of financial position

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

Write-off

Investment in Islamic finance receivables are written off (either partially or in full) when there is no realistic prospect of recovery. Based on the Company's policy and regulatory guidelines, write-offs are determined based on the exposure type and the period since classification as Stage 3, as follows:

- Retail unsecured exposures (including micro and small enterprises and excluding mortgages) are written off within 360 days from the date they are classified as Stage 3 exposures.
- Retail secured exposures (including micro and small enterprises and excluding mortgages) are written off within 720 days from the date they are classified as Stage 3 exposures.
- Retail mortgage exposures (including micro and small enterprise mortgages) are written off before 1,080 days from the date they are classified as Stage 3 exposures.
- Corporate exposures (including medium corporates as per SAMA's MSME definition) are written off before 1,080 days from the date they are classified as Stage 3 exposures.

However, financial assets that are written off could still be subject to enforcement and recovery activities in accordance with the Company's procedures. If the amount to be written off exceeds the accumulated loss allowance, the difference is recognized as an additional provision before being applied against the gross carrying amount.

Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as motor vehicles, equipment, Kafalah guarantees, personal guarantees, and real estate properties.

Collateral, unless repossessed, is not recorded on the Company's reissued statement of financial position. However, the fair value of the real estate collateral affects the calculation of ECL. It is generally assessed, at a minimum, at inception and re-assessed on a yearly basis.

Non-financial collateral, such as real estate, is valued by third party valuers appointed by the Company.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, Islamic bank financing, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of Islamic bank financing and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, amounts due to related parties, lease liabilities and Islamic bank financing.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

ii) *Financial liabilities (continued)*

Subsequent measurement

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

- (i) Financial liabilities at fair value through profit or loss
- (ii) Loans and borrowings

Out of above, only the category (ii) is applicable for the Company, which is described hereunder:

Islamic financing facilities

This is the category most relevant to the Company. After initial recognition, Islamic financing facilities are subsequently measured at amortised cost using the EPR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EPR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EPR. The EPR amortisation is included as finance costs in the reissued statement of profit or loss and other comprehensive income. This category generally applies to cost of Islamic financing facilities.

When the Company obtains government loan at below market cost rate, the Islamic bank financing amortised cost is calculated using an effective profit rate based on market rates. The subsidy is recognised as government grant.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the reissued statement of profit or loss and other comprehensive income.

iii) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the reissued statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of non-financial assets (continued)

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the reissued statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

Statutory reserve

In accordance with the Company's bylaws, 10% of the profit for the year is required to be transferred to the statutory reserve each year. The shareholders may resolve to discontinue such transfer when the reserve equals 30% of the capital. This reserve is not normally available for distribution except in circumstances specified in the Saudi Arabian Regulations for Companies.

Employees' benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and air fare that are expected to be settled wholly within twelve months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the reissued statement of financial position.

(ii) Employees' terminal benefits

The Company has end of service benefits which qualifies as defined benefits plan. The net pension liability or liability recognised in the reissued statement of financial position in respect of defined benefit post-employment plans is the present value of the projected defined benefits obligation (DBO) less fair value of plan assets, if any.

DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using p rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The net interest cost is calculated by applying the discount rate to the net balance of the DBO and the fair value of plan assets. This cost is included in employee benefit expense in the reissued statement of profit or loss and other comprehensive income.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognised in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognised immediately in the reissued statement of profit or loss and other comprehensive income as past service costs.

In KSA, for the liability for employees' end of service benefits, the actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor and Workmen Law as well as the Company policy.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Provisions

Provisions are recognised 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 management of the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in statement of profit or loss and other 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 (Zakat) rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Accounting for government grants and disclosure of government assistance

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When loans or similar assistance are provided by governments or related institutions with a profit rate below the current applicable market rate, the effect of this favourable profit rate is regarded as a government grant and is recognised in reissued statement of profit or loss and other comprehensive income on a systematic basis over the period in which the entity recognises as expense the related costs which the grants is intended to compensate.

Cash dividends

The Company's recognises a liability to pay dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Saudi Arabia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Insurance settlement receivable from customers

The Company provides Ijarah financing as one of its financial products. In Ijarah financing, it is mandatory to insure the financed vehicle as the Company retains the title and ownership of the car. When there is an increase in insurance premium, the Company collects the additional fees from customers at the end of the lease and conversely, when there is a decrease in premium, the Company settles the insurance at the end of the lease and refunds the difference to the customer. The related revenue is recognised during the respective years when earned. Insurance premiums can vary throughout the lease term. However, the Company records an insurance receivable for the entire duration based on the initial benchmark set by the insurance policy (or the first offer received from the insurance company) at the time the financing is granted.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the reissued financial statements in conformity with IFRS as endorsed in KSA, requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Such judgements, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

The Company has made certain accounting estimates in these reissued financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at the reporting date about future events that the Company believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing these estimates. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecasts since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these reissued financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses.

Estimates and assumptions

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 and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty, and critical judgments in applying accounting policies (that have the most significant effect on the amount recognised in the financial statements) include:

Expected credit losses of investment in Islamic finance receivables

Impairment of investment in Islamic finance receivables requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL 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 are considered accounting judgements and estimates include:

- The Company's model for determination of defaults, which assigns loss rate (LR) to the individual pool of receivables and assessing the exposure at default (EAD).
- The Company's criteria for assessing the credit losses for investment in Islamic finance receivables to be measured on a Lifetime Expected Credit Loss (LTECL) basis and the qualitative assessment.
- The segmentation of investment in Islamic finance receivables when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the appropriate inputs.
- Determination of associations between macroeconomic scenarios and economic inputs, such as government spending, and the effect on LR.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Expected credit losses of investment in Islamic finance receivables (continued)

The current events and the prevailing economic condition require the Company to revise certain inputs and assumptions used for the determination of ECL. These would primarily revolve around either adjusting macroeconomic factors used by the Company in estimation of expected credit losses or revisions to the scenario probabilities currently being used by the Company in ECL estimation.

As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental and the Company will continue to reassess its position and the related impact on a regular basis.

Determination of discount rate for below-market loans:

Discount rate represents the current market assessment of the risks specific to the Company, taking into consideration time value of money. The Company determines the discount rate for below-market loans with reference to similar loans obtained from non-government agencies.

Valuation of employees defined benefits liabilities

Employees defined benefits liabilities represent obligations that will be settled in the future and require assumptions to project obligations, if any. The accounting requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases, mortality rates and employment turnover. Periodically, management of the Company consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee' defined benefit costs incurred.

Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Judgements

Recognition and derecognition of investment in Islamic finance receivables under Musharakah and Securitization Arrangements

The Company engages in various financing structures, including Musharakah agreements with local financial institutions and securitization transactions involving the transfer of investment in Islamic finance receivables portfolios to special purpose vehicles ("SPVs") or other counterparties. The assessment of whether such receivables should continue to be recognized or derecognized in the Company's reissued statement of financial position requires the exercise of significant management judgment.

For Musharakah arrangements, management evaluates the contractual terms to determine whether the Company has transferred substantially all risks and rewards of ownership of the receivable balances contributed to the arrangement. Key considerations include the transfer of credit risk, exposure to variability of cash flows, and the sharing of profits and losses including shortfalls, if any. Where the Company retains significant risk—such as exposure to credit losses or control over the underlying receivables—the receivables continue to be recognized with a corresponding liability recorded. Where risks and rewards have been substantively transferred, derecognition is applied.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Recognition and derecognition of investment in Islamic finance receivables under Musharakah and Securitization Arrangements (continued)

For securitization transactions, management applies the derecognition principles of IFRS 9 Financial Instruments, including the “pass-through test” and the assessment of continuing involvement. Judgments are made regarding whether contractual rights to cash flows have been transferred and whether the Company retains exposure to prepayment risk, credit enhancements, subordinated interests, or residual return rights. Where the Company continues to be exposed to significant variability in the cash flow, the Islamic finance receivables remain on the reissued statement of financial position with a corresponding liability recognized for the proceeds received. Otherwise, derecognition is affected, and any retained interests are recorded at fair value.

These assessments involve both qualitative and quantitative factors and are sensitive to the interpretation of contractual terms, risk-sharing clauses, and the legal structure of the arrangements. As the outcome directly affects whether receivables remain on or off the reissued statement of financial position, these judgments are considered critical and may have a material impact on the Company’s reported financial position and performance.

Economic conditions anticipated to affect the large corporate portfolio required the Company to anticipated impact of potential project downsizing, oil price fluctuations, these factors were not yet fully observable in the model outputs and therefore were incorporated through a management overlay.

Accordingly, management’s ECL assessment includes portfolio-level analysis and macroeconomic scenario analysis based on information reasonably available at the reporting date. The Company has recognized a management overlay of ₪ 10.05 million as of 31 December 2023 (2022: ₪ 6.5 million).

Management will continue to reassess the overlay as more reliable and observable information becomes available and will adjust, reverse, or incorporate the overlay into the ECL models in subsequent reporting periods.

5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
 - A simplified approach (the premium allocation approach) mainly for short-duration contracts
- The new standard had no impact on the Company's reissued financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's reissued financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's reissued financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Company's reissued financial statements.

TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

6 OPERATING SEGMENTS

During 2023, the Company has been organised into two operating segments based on products and services, as follows:

The Executive Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the reissued financial statements.

A) Retail: These represent financing products granted to individuals' customers.

B) Corporate: These represents finance products granted to corporate customers including Small and Medium-Sized Entities ("SMEs").

The Company's objective is to provide financing for Retail and Corporate customers. All assets, liabilities and operations as reflected in the reissued statement of financial position and reissued statement of profit or loss and other comprehensive income belongs to the Retail and Corporate segments. For management purposes, the Company is organised into the following primary business segments.

An analysis of total assets and liabilities by operating segments is as follows:

As at 31 December 2023

	<i>Retail</i> #	<i>Corporate</i> #	<i>Total</i> #
Total assets	1,101,428,533	2,569,999,910	3,671,428,443
Total liabilities	915,150,219	2,135,350,511	3,050,164,530

As at 31 December 2022

	<i>Retail</i> #	<i>Corporate</i> #	<i>Total</i> #
Total assets	800,005,766	1,958,634,805	2,758,640,571
Total liabilities	633,033,839	1,549,841,468	2,182,875,307

An analysis of profit or loss by operating segments is as follows:

For the year ended 31 December 2023

	<i>Retail</i> #	<i>Corporate</i> #	<i>Total</i> #
Commission income	140,335,237	186,312,720	326,647,957
Commission expense	(17,889,067)	(41,741,157)	(59,630,224)
Other income, net	11,476,441	7,361,011	18,837,452
Depreciation and amortization	(1,832,746)	(4,276,408)	(6,109,154)
Selling and advertising	(20,595,099)	(48,055,231)	(68,650,330)
General and administrative	(10,575,697)	(24,676,625)	(35,252,322)
Finance cost	(152,345)	(355,473)	(507,818)
Allowance for excepted credit losses	(68,179,609)	13,134,458	(55,045,151)
Zakat expense	(3,887,016)	(10,461,317)	(14,348,333)
Segment profit	<u>28,700,099</u>	<u>77,241,978</u>	<u>105,942,077</u>

TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

6 OPERATING SEGMENTS (continued)

For the year ended 31 December 2022

	<i>Retail</i>	<i>Corporate</i>	<i>Total</i>
	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>
Commission income	86,594,997	130,615,084	217,210,081
Commission expense	(9,887,206)	(24,206,608)	(34,093,814)
Other income, net	15,955,768	1,772,863	17,728,631
Depreciation and amortization	(1,696,732)	(4,154,069)	(5,850,801)
Selling and advertising	(10,678,292)	(26,143,404)	(36,821,696)
General and administrative	(5,385,999)	(17,055,663)	(22,441,662)
Finance cost	(112,384)	(355,882)	(468,266)
Allowance for excepted credit losses	(17,329,938)	(35,904,036)	(53,233,974)
Zakat expense	(5,682,212)	(2,798,701)	(8,480,913)
Segment profit	<u>51,778,002</u>	<u>21,769,584</u>	<u>73,547,586</u>

7 COMMISSION INCOME

Retail

	<i>2023</i>	<i>2022</i>
	<i>ﷲ</i>	<i>ﷲ</i>
Tawarruq revenue	83,539,060	24,453,708
Ijarah revenue	56,796,177	62,141,289
	<u>140,335,237</u>	<u>86,594,997</u>

Corporate

	<i>2023</i>	<i>2022</i>
	<i>ﷲ</i>	<i>ﷲ</i>
Tawarruq revenue	109,882,869	104,384,165
Ijarah revenue	76,429,851	26,230,919
	<u>186,312,720</u>	<u>130,615,084</u>

Total

	<i>2023</i>	<i>2022</i>
	<i>ﷲ</i>	<i>ﷲ</i>
Tawarruq revenue	193,421,929	128,837,873
Ijarah revenue	133,226,028	88,372,208
	<u>326,647,957</u>	<u>217,210,081</u>

TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

7 COMMISSION INCOME (continued)

Customer wise revenue recognition

	2023	2022
	#	#
External customers	291,906,059	174,606,181
Related parties (note 27)	34,741,898	42,603,900
	<u>326,647,957</u>	<u>217,210,081</u>

8 COMMISSION EXPENSE / FINANCE COST

8.1 COMMISSION EXPENSE

	2023	2022
	#	#
SAMA - Supporting programs	79,240,014	61,042,619
Commission expenses on Islamic bank financing	56,186,720	22,718,943
Grant income realized (note 23)	(75,796,510)	(49,667,748)
	<u>59,630,224</u>	<u>34,093,814</u>

8.2 FINANCE COST

	2023	2022
	#	#
Finance cost on employees defined benefits liabilities (note 25)	323,421	136,132
Finance cost on lease liabilities (note 24)	184,397	332,134
	<u>507,818</u>	<u>468,266</u>

9 OTHER INCOME, NET

	2023	2022
	#	#
Income from insurance, net	4,777,960	5,871,474
Service fees	5,479,723	4,785,010
Bad debts recoveries	3,254,798	4,038,099
Income from short term deposit	3,234,346	1,430,999
Others	2,090,625	1,603,049
	<u>18,837,452</u>	<u>17,728,631</u>

10 DEPRECIATION AND AMORTIZATION

	2023	2022
	#	#
Depreciation of right-of-use assets (note 15)	3,640,642	3,527,869
Amortization of intangible assets (note 16)	945,416	1,173,025
Depreciation of property and equipment (note 17)	1,523,096	1,149,907
	<u>6,109,154</u>	<u>5,850,801</u>

TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

11 GENERAL AND ADMINISTRATIVE

	2023	2022
	#	#
Salaries and employees' related expenses (note 12.1)	21,702,252	12,902,698
IT services	3,337,843	1,276,544
Utilities expenses	1,870,767	1,238,732
Value added tax expenses	1,838,207	602,601
Professional and consulting fees	1,566,571	1,313,441
Other expenses	1,268,959	1,190,751
Training expenses	670,767	1,002,022
Governmental licenses and fees	640,759	809,644
Services charges	503,948	391,404
Travel and transportation expenses	588,798	619,596
Office supplies	413,733	448,932
Bank charges	372,254	427,862
Donations	258,713	50,840
Repair and maintenance	185,751	133,595
Rent	33,000	33,000
	<u>35,252,322</u>	<u>22,441,662</u>

12 SELLING AND ADVERTISING

	2023	2022
	#	#
Salaries and employees' related expenses (note 12.1)	37,594,845	25,046,425
Applications programming and interface expenses	15,299,849	3,324,277
Advertising expenses	9,594,621	4,204,627
Services charges	6,161,015	4,246,367
	<u>68,650,330</u>	<u>36,821,696</u>

12.1 Salaries and employees' related expenses

	2023	2022
	#	#
Salaries	24,159,612	18,106,719
Allowances	21,150,053	14,442,835
Bonuses	13,987,432	5,399,569
	<u>59,297,097</u>	<u>37,949,123</u>

TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES

	2023	2022
	#	#
Gross investment in Islamic finance receivables	3,787,145,674	2,631,319,471
Less: unearned finance income	<u>(682,370,272)</u>	<u>(389,922,611)</u>
Investment in Islamic finance receivables (before allowance for expected credit losses on Islamic finance receivables)	3,104,775,402	2,241,396,860
Less: allowance for expected credit losses on Islamic finance receivables	<u>(107,438,767)</u>	<u>(94,876,787)</u>
Net investment in Islamic finance receivables	<u>2,997,336,635</u>	<u>2,146,520,073</u>

Analysed as follows:

Net investment in Islamic finance receivables, non-current	1,648,784,205	1,260,672,136
Net investment in Islamic finance receivables, current	<u>1,348,552,430</u>	<u>885,847,937</u>
	<u>2,997,336,635</u>	<u>2,146,520,073</u>

Below are the stage wise details of Company's net investment in Islamic finance receivables:

31 December 2023

	Stage 1 (12-month ECL) #	Stage 2 (life-time ECL but not credit impaired) #	Stage 3 (life-time ECL credit impaired) #	Total #
<i>Ijarah</i>				
Investment in Islamic finance receivables	1,003,921,524	195,990,109	167,837,413	1,367,749,046
Less: Expected credit losses	<u>(2,395,210)</u>	<u>(1,352,084)</u>	<u>(16,699,284)</u>	<u>(20,446,578)</u>
	<u>1,001,526,314</u>	<u>194,638,025</u>	<u>151,138,129</u>	<u>1,347,302,468</u>
<i>Tawarruq</i>				
Investment in Islamic finance receivables	1,173,254,100	371,534,712	192,237,544	1,737,026,356
Less: Expected credit losses	<u>(26,571,049)</u>	<u>(1,955,890)</u>	<u>(58,465,250)</u>	<u>(86,992,189)</u>
	<u>1,146,683,051</u>	<u>369,578,822</u>	<u>133,772,294</u>	<u>1,650,034,167</u>
	<u>2,148,209,365</u>	<u>564,216,847</u>	<u>284,910,423</u>	<u>2,997,336,635</u>

31 December 2022

	Stage 1 (12-month ECL) #	Stage 2 (life-time ECL but not credit impaired) #	Stage 3 (life-time ECL credit impaired) #	Total #
<i>Ijarah</i>				
Investment in Islamic finance receivables	468,642,781	236,165,409	279,083,382	983,891,572
Less: Expected credit losses	<u>(2,604,678)</u>	<u>(1,097,121)</u>	<u>(28,801,434)</u>	<u>(32,503,233)</u>
	<u>466,038,103</u>	<u>235,068,288</u>	<u>250,281,948</u>	<u>951,388,339</u>
<i>Tawarruq</i>				
Investment in Islamic finance receivables	506,595,242	457,835,205	293,074,841	1,257,505,288
Less: Expected credit losses	<u>(6,839,661)</u>	<u>(2,065,378)</u>	<u>(53,468,515)</u>	<u>(62,373,554)</u>
	<u>499,755,581</u>	<u>455,769,827</u>	<u>239,606,326</u>	<u>1,195,131,734</u>
	<u>965,793,684</u>	<u>690,838,115</u>	<u>489,888,274</u>	<u>2,146,520,073</u>

TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (continued)

An analysis of changes in ECL allowance and gross carrying amounts by product is as follows:

Ijarah

	<i>Gross carrying amount</i>				<i>Allowances for expected credit losses</i>			
	<i>Stage1</i>	<i>Stage2</i>	<i>Stage3</i>	<i>Total</i>	<i>Stage1</i>	<i>Stage2</i>	<i>Stage3</i>	<i>Total</i>
	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>
At 1 January 2022	456,506,679	54,783,035	174,349,175	685,638,889	1,154,368	998,496	14,997,664	17,150,528
Transfers to stage 1	6,580,425	(847,162)	(5,733,263)	-	655,365	(11,717)	(643,648)	-
Transfers to stage 2	(56,868,705)	67,951,698	(11,082,993)	-	(136,752)	1,549,072	(1,412,320)	-
Transfers to stage 3	(32,873,084)	(8,917,334)	41,790,418	-	(119,306)	(148,893)	268,199	-
Net other changes during the year*	95,297,466	123,195,172	80,693,346	299,185,984	1,051,003	(1,289,837)	16,524,840	16,286,006
Gross carrying amount / allowances for expected credit losses before write-off	468,642,781	236,165,409	280,016,683	984,824,873	2,604,678	1,097,121	29,734,735	33,436,534
Written off during the year	-	-	(933,301)	(933,301)	-	-	(933,301)	(933,301)
At 31 December 2022	468,642,781	236,165,409	279,083,382	983,891,572	2,604,678	1,097,121	28,801,434	32,503,233
At 1 January 2023	468,642,781	236,165,409	279,083,382	983,891,572	2,604,678	1,097,121	28,801,434	32,503,233
Transfers to stage 1	185,613,743	(131,797,130)	(53,816,613)	-	6,948,266	(643,692)	(6,304,574)	-
Transfers to stage 2	(48,735,482)	124,371,910	(75,636,428)	-	(169,021)	6,243,397	(6,074,376)	-
Transfers to stage 3	(23,193,575)	(38,608,746)	61,802,321	-	(545,901)	(223,624)	769,525	-
Net other changes during the year*	421,594,057	5,858,666	(43,593,432)	383,859,291	(6,442,812)	(5,121,118)	(490,908)	(12,054,838)
Gross carrying amount / allowances for expected credit loss before write-off	1,003,921,524	195,990,109	167,839,230	1,367,750,863	2,395,210	1,352,084	16,701,101	20,448,395
Written off during the year	-	-	(1,817)	(1,817)	-	-	(1,817)	(1,817)
At 31 December 2023	1,003,921,524	195,990,109	167,837,413	1,367,749,046	2,395,210	1,352,084	16,699,284	20,446,578

* These include reclassification to Musharakah financing assets and restatements.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (continued)

Tawarruq

	<i>Gross carrying amount</i>				<i>Allowances for expected credit losses</i>			
	<i>Stage1</i>	<i>Stage2</i>	<i>Stage3</i>	<i>Total</i>	<i>Stage1</i>	<i>Stage2</i>	<i>Stage3</i>	<i>Total</i>
	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>
At 1 January 2022	738,948,841	35,378,579	239,686,941	1,014,014,361	4,371,386	162,180	32,290,602	36,824,168
Transfers to stage 1	3,521,004	(341,795)	(3,179,209)	-	315,218	(16,109)	(299,109)	-
Transfers to stage 2	(270,323,070)	273,823,070	(3,500,000)	-	(861,368)	1,041,627	(180,259)	-
Transfers to stage 3	(35,150,715)	(2,762,460)	37,913,175	-	(147,578)	(41,267)	188,845	-
Net other changes during the year*	69,599,182	151,737,811	24,168,827	245,505,820	3,162,003	918,947	23,483,329	27,564,279
Gross carrying amount / allowances for expected credit loss before write-off	506,595,242	457,835,205	295,089,734	1,259,520,181	6,839,661	2,065,378	55,483,408	64,388,447
Written off during the year	-	-	(2,014,893)	(2,014,893)	-	-	(2,014,893)	(2,014,893)
At 31 December 2022	506,595,242	457,835,205	293,074,841	1,257,505,288	6,839,661	2,065,378	53,468,515	62,373,554
At 1 January 2023	506,595,242	457,835,205	293,074,841	1,257,505,288	6,839,661	2,065,378	53,468,515	62,373,554
Transfers to stage 1	154,831,408	(111,226,122)	(43,605,286)	-	5,495,773	(701,155)	(4,794,618)	-
Transfers to stage 2	(32,946,686)	77,596,791	(44,650,105)	-	(364,970)	7,963,844	(7,598,874)	-
Transfers to stage 3	(34,227,926)	(20,808,104)	55,036,030	-	(1,129,796)	(539,283)	1,669,079	-
Net other changes during the year*	579,002,062	(31,863,058)	(63,258,270)	483,880,734	15,730,381	(6,832,894)	20,080,814	28,978,301
Gross carrying amount / allowances for expected credit loss before write-off	1,173,254,100	371,534,712	196,597,210	1,741,386,022	26,571,049	1,955,890	62,824,916	91,351,855
Written off during the year	-	-	(4,359,666)	(4,359,666)	-	-	(4,359,666)	(4,359,666)
At 31 December 2023	1,173,254,100	371,534,712	192,237,544	1,737,026,356	26,571,049	1,955,890	58,465,250	86,992,189

* These include reclassification to Musharakah financing assets from net investment in Islamic finance receivables and restatements.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (continued)

The movement in the allowance for expected credit losses on finance receivables is as follows:

	2023 #	2022 #
At the beginning of the year	94,876,787	53,974,696
Provided during the year	21,873,870	51,264,040
Reclassified to Musharakah financing assets	(4,950,407)	(7,413,750)
Written off during the year	(4,361,483)	(2,948,199)
At the end of the year	<u>107,438,767</u>	<u>94,876,787</u>

The maturity of the gross investment in Islamic finance receivables as at 31 December 2023 and 2022 is as follows:

	<u>31 December 2023</u>		
	<i>Gross investment in Islamic finance receivables</i> #	<i>Unearned finance income</i> #	<i>Net investment in Islamic finance receivables</i> #
No later than one year	1,785,566,937	(352,390,263)	1,433,176,674
Later than one year but not later than five years	2,001,578,737	(329,980,009)	1,671,598,728
	<u>3,787,145,674</u>	<u>(682,370,272)</u>	<u>3,104,775,402</u>

	<u>31 December 2022</u>		
	<i>Gross investment in Islamic finance receivables</i> #	<i>Unearned finance income</i> #	<i>Net investment in Islamic finance receivables</i> #
No later than one year	1,169,759,440	(189,034,716)	980,724,724
Later than one year but not later than five years	1,461,560,031	(200,887,895)	1,260,672,136
	<u>2,631,319,471</u>	<u>(389,922,611)</u>	<u>2,241,396,860</u>

In 2022, the Company entered into a securitisation agreement with a local commercial bank in the Kingdom of Saudi Arabia (the “Purchaser”) in respect of a tranche of its investment in Islamic finance receivables amounting to # 50 million. These receivables were initially originated by the Company and continue to be recognized on its reissued statement of financial position, as the Company retains the associated risks and rewards. Under the terms of the arrangement, the Company acts as an agent to collect the outstanding amounts on behalf of the Purchaser and is entitled to a collection fee, which is dependent on its performance in managing the receivables.

The Company has set aside restricted cash of # 4.6 million at the time of entering into securitisation agreement representing 10% of the collections related to this tranche of receivables. As at 31 December 2023, the Company maintains restricted cash of # 3.8 million (2022: # 3.8 million) against the outstanding balance of this arrangement amounted to # 29.5 million (2022: # 38.3 million). Refer note 19.

Assets held as collateral

	2023 #	2022 #
Assets pledged as collateral under securitisation agreement	<u>19,531,205</u>	26,305,594
Fair value of assets held as collateral	<u>37,529,185</u>	<u>39,422,807</u>

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2023

13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (continued)

Below is the net position of securitisation agreement balances as at 31 December:

	Amortised cost	
	2023	2022
	ﷲ	ﷲ
Securitization:		
Securitization receivable	26,767,491	33,711,037
Securitization payable	(29,534,961)	(38,289,350)
Net securitization position	(2,767,470)	(4,578,313)

14 MUSHARAKAH ARRANGEMENT

The Company entered into a Musharakah agreement with a financial institution (the “Musharakah Partner”) in respect of Ijarah and Tawarruq receivables. Under the terms of the agreement, 20% of the investment in Islamic receivables (the “receivables”) is allocated to the Company and 80% to the Musharakah Partner. These receivables, which were initially originated by the Company and subsequently transferred to the Musharakah arrangement, are recognised on the Company’s reissued statement of financial position when the derecognition criteria under IFRS 9 is not met. The Company retains its rights to the underlying receivables, while the financial institution participates in the profits generated from these assets.

As at the reporting date, the total gross outstanding balances under the Musharakah financing assets amounted to ﷲ 620.5 million, (2022: ﷲ 391.6 million) with a corresponding Musharakah payable amounting to ﷲ 499.1 million (2022: ﷲ 313.3 million). Below is the outstanding balance in each Musharakah arrangement as of the reporting date.

31 December 2023

	<u>Agreement date</u>	Musharakah payable	Musharakah financing assets
		ﷲ	ﷲ
Musharakah arrangement 1*	20 September 2021	88,154,520	109,513,621
Musharakah arrangement 2	30 August 2022	180,102,000	224,141,013
Musharakah arrangement 3	07 July 2023	230,833,333	286,841,908
Less: allowance for expected credit losses on Musharakah financing assets		-	(50,124,738)
		499,089,853	570,371,804

31 December 2022

	<u>Agreement date</u>	Musharakah payable	Musharakah financing assets
		ﷲ	ﷲ
Musharakah arrangement 1*	20 September 2021	88,154,520	107,202,965
Musharakah arrangement 2	30 August 2022	225,127,500	281,406,005
Less: allowance for expected credit losses on Musharakah financing assets		-	(12,003,050)
		313,282,020	376,605,920

*As at 31 December 2023, Musharakah financing assets of ﷲ 109.51 million includes refinancing of collections from its customers as agreed per the terms and conditions of Musharakah 1 agreement of the Company with the Musharakah Partner (2022: there were no refinancing of collections from its customers).

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2023

14 MUSHARAKAH ARRANGEMENT (continued)

	2023 #	2022 #
Gross investment in Musharakah Financing assets	878,777,818	566,457,247
Less: unearned finance income	(258,281,276)	(177,848,277)
Investment in Musharakah Financing assets (before allowance for expected credit losses on Musharakah Financing assets)	620,496,542	388,608,970
Less: allowance for expected credit losses on Musharakah Financing assets	(50,124,738)	(12,003,050)
Net investment in Musharakah Financing assets	570,371,804	376,605,920
<i>Analysed as follows:</i>		
Net investment in Musharakah Financing assets, non-current	429,771,309	316,270,209
Net investment in Musharakah Financing assets, current	140,600,495	60,335,711
	570,371,804	376,605,920

Below are the details of the Company's net investment in Musharakah financing assets stage wise:

31 December 2023

	Stage 1 (12-month ECL) #	Stage 2 (life-time ECL but not credit impaired) #	Stage 3 (life-time ECL credit impaired) #	Total #
<i>Ijarah</i>				
Musharakah financing assets	215,507,105	7,361,700	41,882,527	264,751,332
Less: Expected credit losses	(173,780)	(94,604)	(13,128,037)	(13,396,421)
	215,333,325	7,267,096	28,754,490	251,354,911
<i>Tawarruq</i>				
Musharakah financing assets	270,409,657	15,172,211	70,163,342	355,745,210
Less: Expected credit losses	(2,358,242)	(232,639)	(34,137,436)	(36,728,317)
	268,051,415	14,939,572	36,025,906	319,016,893
	483,384,740	22,206,668	64,780,396	570,371,804

31 December 2022

	Stage 1 (12-month ECL) #	Stage 2 (life-time ECL but not credit impaired) #	Stage 3 (life-time ECL credit impaired) #	Total #
<i>Ijarah</i>				
Musharakah financing assets	245,366,398	11,207,780	22,772,213	279,346,391
Less: Expected credit losses	(483,178)	(102,574)	(4,647,074)	(5,232,826)
	244,883,220	11,105,206	18,125,139	274,113,565
<i>Tawarruq</i>				
Musharakah financing assets	97,945,121	2,224,267	9,093,191	109,262,579
Less: Expected credit losses	(1,093,759)	(103,785)	(5,572,680)	(6,770,224)
	96,851,362	2,120,482	3,520,511	102,492,355
	341,734,582	13,225,688	21,645,650	376,605,920

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

14 MUSHARAKAH ARRANGEMENT (continued)

An analysis of changes in ECL allowance and gross carrying amounts by product is, as follows:

Ijarah

	<i>Gross carrying amount</i>				<i>Allowances for expected credit losses</i>			
	<i>Stage1</i>	<i>Stage2</i>	<i>Stage3</i>	<i>Total</i>	<i>Stage1</i>	<i>Stage2</i>	<i>Stage3</i>	<i>Total</i>
	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>
At 1 January 2022	70,869,981	-	-	70,869,981	1,480,915	-	-	1,480,915
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	(2,624,546)	2,624,546	-	-	(40,579)	40,579	-	-
Transfers to stage 3	(13,686,483)	-	13,686,483	-	(828,591)	-	828,591	-
Net other changes during the year*	190,807,446	8,583,234	9,085,730	208,476,410	(128,567)	61,995	3,818,483	3,751,911
At 31 December 2022	245,366,398	11,207,780	22,772,213	279,346,391	483,178	102,574	4,647,074	5,232,826
At 1 January 2023	245,366,398	11,207,780	22,772,213	279,346,391	483,178	102,574	4,647,074	5,232,826
Transfers to stage 1	8,038,739	(3,601,574)	(4,437,165)	-	932,975	(26,036)	(906,939)	-
Transfers to stage 2	(3,039,235)	3,309,591	(270,356)	-	(7,272)	59,645	(52,373)	-
Transfers to stage 3	(16,578,422)	(3,805,262)	20,383,684	-	(48,633)	(48,543)	97,176	-
Net other changes during the year*	(18,280,375)	251,165	3,434,151	(14,595,059)	(1,186,468)	6,964	9,343,099	8,163,595
At 31 December 2023	215,507,105	7,361,700	41,882,527	264,751,332	173,780	94,604	13,128,037	13,396,421

* These include reclassification from net investments in Islamic finance receivables to Musharakah financing assets and restatements.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

14 MUSHARAKAH ARRANGEMENT (continued)

An analysis of changes in ECL allowance and gross carrying amounts by product is, as follows:

Tawarruq

	<i>Gross carrying amount</i>				<i>Allowances for expected credit losses</i>			
	<i>Stage1</i>	<i>Stage2</i>	<i>Stage3</i>	<i>Total</i>	<i>Stage1</i>	<i>Stage2</i>	<i>Stage3</i>	<i>Total</i>
	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>
At 1 January 2022	39,323,169	-	-	39,323,169	1,138,451	-	-	1,138,451
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	(420,065)	420,065	-	-	(6,691)	6,691	-	-
Transfers to stage 3	(3,553,487)	-	3,553,487	-	(674,975)	-	674,975	-
Net other changes during the year*	62,595,504	1,804,202	5,539,704	69,939,410	636,974	97,094	4,897,705	5,631,773
At 31 December 2022	97,945,121	2,224,267	9,093,191	109,262,579	1,093,759	103,785	5,572,680	6,770,224
At 1 January 2023	97,945,121	2,224,267	9,093,191	109,262,579	1,093,759	103,785	5,572,680	6,770,224
Transfers to stage 1	804,793	(590,021)	(214,772)	-	148,875	(26,294)	(122,581)	-
Transfers to stage 2	(2,344,829)	2,428,805	(83,976)	-	(24,677)	72,479	(47,802)	-
Transfers to stage 3	(13,717,382)	(1,299,990)	15,017,372	-	(193,866)	(63,638)	257,504	-
Net other changes during the year*	187,721,954	12,409,150	46,351,527	246,482,631	1,334,151	146,307	28,477,635	29,958,093
At 31 December 2023	270,409,657	15,172,211	70,163,342	355,745,210	2,358,242	232,639	34,137,436	36,728,317

* These include reclassification from net investments in Islamic finance receivables to Musharakah financing assets and restatements.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

14 MUSHARAKAH ARRANGEMENT (continued)

The movement in the allowance for expected credit losses on Musharakah Financing assets is as follows:

	2023	2022
	#	#
At the beginning of the year	12,003,050	2,619,366
Reclassified from net investment in Islamic finance receivables	4,950,407	7,413,750
Provided during the year	33,171,281	1,969,934
At the end of the year	<u>50,124,738</u>	<u>12,003,050</u>

The maturity of the Musharakah Financing assets as at 31 December 2023 and 2022 is as follows:

	<u>31 December 2023</u>		
	<i>Gross investment in Islamic finance receivables</i>	<i>Unearned lease finance income</i>	<i>Net investment in Islamic finance receivables</i>
	#	#	#
No later than one year	303,693,389	(112,968,156)	190,725,233
Later than one year but not later than five years	575,084,429	(145,313,120)	429,771,309
	<u>878,777,818</u>	<u>(258,281,276)</u>	<u>620,496,542</u>

	<u>31 December 2022</u>		
	<i>Gross investment in Islamic finance receivables</i>	<i>Unearned lease finance income</i>	<i>Net investment in Islamic finance receivables</i>
	#	#	#
No later than one year	136,906,489	(64,567,728)	72,338,761
Later than one year but not later than five years	429,550,758	(113,280,549)	316,270,209
	<u>566,457,247</u>	<u>(177,848,277)</u>	<u>388,608,970</u>

15 RIGHT-OF-USE ASSETS

	2023	2022
	#	#
<i>Cost:</i>		
At the beginning of the year	15,633,902	6,358,505
Additions	-	9,275,397
At the end of the year	<u>15,633,902</u>	<u>15,633,902</u>
<i>Accumulated depreciation:</i>		
At the beginning of the year	7,395,931	3,868,062
Charge for the year (note 10)	3,640,642	3,527,869
At the end of the year	<u>11,036,573</u>	<u>7,395,931</u>
<i>Net carrying amounts:</i>		
At 31 December	<u>4,597,329</u>	<u>8,237,971</u>

TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2023

15 RIGHT-OF-USE ASSETS (continued)

The following were recognised in the reissued statement of profit or loss and other comprehensive income:

	2023 #	2022 #
Depreciation expenses for right-of-use assets	3,640,642	3,527,869
Finance cost on lease liabilities	184,397	332,134
Expenses related to short-term and low-value leases	33,000	33,000
	<u>3,858,039</u>	<u>3,893,003</u>

Right-of-use assets constitute the offices rented by the Company for its branches and head office obtained on rent for a period ranging from 3 to 4 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options.

16 INTANGIBLE ASSETS

Intangible balance represents software and licenses with useful lives ranging from 1 to 5 years.

	2023 #	2022 #
<i>Cost:</i>		
At the beginning of the year	6,720,133	5,760,147
Transfer from advances to suppliers	786,064	236,250
Additions	695,656	723,736
At the end of the year	<u>8,201,853</u>	<u>6,720,133</u>
<i>Accumulated amortisation:</i>		
At the beginning of the year	4,819,544	3,646,519
Charge for the year (note 10)	945,416	1,173,025
At the end of the year	<u>5,764,960</u>	<u>4,819,544</u>
<i>Net book value:</i>		
At 31 December	<u>2,436,893</u>	<u>1,900,589</u>

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

17 PROPERTY AND EQUIPMENT

	<i>Leasehold Improvements</i>	<i>Office furniture and fixtures</i>	<i>Computers</i>	<i>Total</i>
	#	#	#	#
<i>Cost:</i>				
At 1 January 2022	3,652,296	1,407,134	1,274,195	6,333,625
Transfer from advances to suppliers	-	-	20,528	20,528
Additions	612,396	1,351,761	562,523	2,526,680
Disposals	-	(17,188)	(6,260)	(23,448)
At 31 December 2022	4,264,692	2,741,707	1,850,986	8,857,385
Additions	194,411	489,608	924,341	1,608,360
Disposals	-	(76,203)	(34,067)	(110,270)
At 31 December 2023	4,459,103	3,155,112	2,741,260	10,355,475
<i>Accumulated depreciation:</i>				
At 1 January 2022	1,955,171	678,594	456,118	3,089,883
Charge for the year (note 10)	404,692	427,600	317,615	1,149,907
Disposals	-	(1,390)	(3,091)	(4,481)
At 31 December 2022	2,359,863	1,104,804	770,642	4,235,309
Charge for the year (note 10)	465,663	408,323	649,110	1,523,096
Disposals	-	(40,991)	(21,687)	(62,678)
At 31 December 2023	2,825,526	1,472,136	1,398,065	5,695,727
<i>Net book value:</i>				
At 31 December 2023	1,633,577	1,682,976	1,343,195	4,659,748
At 31 December 2022	1,904,829	1,636,903	1,080,344	4,622,076

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

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18 PREPAYMENTS AND OTHER RECEIVABLES

	2023	2022
	S	S
Amounts due from customers (note 18.2)	28,052,195	19,699,474
Prepayments	19,421,859	19,255,525
Insurance claims	5,218,481	4,429,920
Advance to suppliers (note 18.1)	11,870,190	154,759,011
Others	265,688	90,786
	<u>64,828,413</u>	<u>198,234,716</u>

18.1 The advance to suppliers include advances to related parties amounted to S 9.8 million (2022: S 152.563 million). Refer to note 27 for further details.

18.2 This includes insurance settlement receivables amounting to S 28.1 million (2022: S 8.6 million). Refer note 35.1 (a) for further details.

19 CASH AND CASH EQUIVALENTS

	2023	2022
	S	S
Bank balances and cash	26,304,771	21,626,376
Restricted cash (note 13)	(3,829,935)	(3,829,935)
	<u>22,474,836</u>	<u>17,796,441</u>

20 SHARE CAPITAL

During the year 2022, the Shareholder of the Company has resolved to increase the share capital of the Company from S 250 million to S 500 million by way of cash injection. The legal formalities in this respect have been finalized. The authorised, issued and paid up capital consists of 50 million shares (2022: 50 million shares) of S 10 share.

Name of shareholder	Ownership %		2023	2022
	2023	2022		
Al Kifah Holding Company	100%	100%	500,000,000	500,000,000

Subsequent to the reporting date, the Company split its share capital with a ratio of 1:2 shares, resulting in an increase in the Company's number of shares to 100 million shares, each with a nominal value of S 5. Furthermore, Al Kifah Holding Company has transferred 21 million shares to three new shareholders (Buthoor Altharwa Company, Modern Impact Technologies Company and Omran Al Mostakbal Ready Mix Company), with each receiving 7 million shares. The legal formalities for the transfer of these shares were successfully completed during 2024.

The Company paid a final dividend of S 60 million (2022: S 33 million) during the year as approved by the Board of Directors, to the shareholder of the Company. This resulted in S 1.2 per share (2022: S 1.32 per share) for the shareholder.

20.1 STATUTORY RESERVE

In accordance with the Company's By-laws, 10% of the annual net income is transferred to statutory reserve until such reserve equals 30% of the Company's share capital. This reserve is not available for distribution to the shareholders. During the year, the Company has transferred S 12.77 million (2022: S 8.08 million) to statutory reserve based on the originally reported profit for the year since the management decided not to reverse the original transfer made.

21 EARNINGS PER SHARE

Basic and diluted earnings per share for the years ended 31 December 2023 and 2022 is calculated by dividing the net income for the year by the weighted average outstanding number of shares during the year. Ownership percentage and amount of share capital are as follows:

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21 EARNINGS PER SHARE (continued)

	2023	2022
	#	#
Net income for the period	105,942,077	73,547,586
Weighted average number of outstanding shares	100,000,000	91,666,667
Basic and diluted earnings per share	1.06	0.80

As a result of the share capital split made in 2024 referred to in note 20, leading to an increase in the total number of outstanding shares, the Company considered that the split had a retrospective effect. Accordingly, the earnings per share ("EPS") are calculated based on the revised weighted average number of outstanding shares as at 31 December 2023. Consequently, the comparative EPS has been restated to reflect this adjustment.

22 ISLAMIC BANK FINANCING

	2023	2022
	#	#
<u>Islamic Bank financing</u>		
SAMA - Kafalah program (note 22.1)	1,547,256,182	1,172,871,390
SAMA -Deferment program (note 22.1)	-	154,393,952
Tawaruq and Murabaha financing (note 22.2)	456,557,138	167,813,690
SME's Bank (note 22.3)	150,000,000	-
Social Development Bank financing (note 22.4)	34,876,430	80,972,056
Securitization financing Arrangement (Without Recourse) (22.5)	29,534,960	38,289,350
Less: Modification cost on deferment (note 22.1)	-	(3,712,031)
Net loans and borrowings	2,218,224,710	1,610,628,407
Analyzed as follows:	2023	2022
	#	#
Non-current portion	1,052,356,489	725,707,837
Current portion	1,165,868,221	884,920,570
	2,218,224,710	1,610,628,407

22.1 During the year, the Company has obtained funds from SAMA under the loans guarantee program ("Kafalah") amounting to # 1.2 billion (31 December 2022: # 830 million) to finance its activities. These loans are repayable in equal monthly instalment with the final instalment is due in February 2026.

The loans are initially recognised at fair value using profit rate equivalent to the prevailing market rate. The difference between carrying value and face value as of initial recognition date, is treated as government grant, which is amortised over the duration of the related loans.

22.2 The Company has obtained Tawaruq and Murabaha financing facilities from local commercial bank to finance the purchase of assets for leasing services. Tawaruq loans are of both long-term and revolving nature. The long-term loan is repayable within a 5-year period. The revolving loans are payable within the next 12 months. Tawaruq loans carry financial charges at SAIBOR plus a margin representing prevailing market borrowing costs. These Tawaruq loans are secured by promissory notes issued by Al Kifah Holding Company. The Company is required to comply with certain covenants under the facility agreements which include maintenance of certain leverage ratios. The Company had no breach of covenants as at the reporting date.

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At 31 December 2023

22 ISLAMIC BANK FINANCING (continued)

- 22.3 During 2023, the Company entered into a financing agreement with the SME Bank for a ₪ 150 million credit facility. The funds are dedicated to providing financing to eligible micro, small, and medium enterprises ("MSMEs") in specified sectors. This facility has to be utilised for lending to predefined MSME categories, however the Company can determine the MSME customers for this purpose. These financing facilities are secured against promissory notes issued to SME Bank. The agreement does not contain financial covenant clauses.
- 22.4 During 2018, the Company obtained financing facilities from Social Development Bank ("SDB"), a governmental agent, to finance the purchase of assets for leasing services for small and medium sized entities ("SMEs") with 3-month grace periods. The Company entered into similar agreements during 2020 and 2021 with all having 3-month grace periods, except for one loan obtained during 2020 which had a 6-month grace period due to COVID-19 related extension. The loans are repayable in equal monthly instalments commencing from January 2019 with the final instalment due in October 2025.

The financing facilities agreements do not include any covenant to maintain financial ratios during the financing facilities period. These financing facilities are secured against promissory notes issued to SDB. Social Development Bank financing are initially recognized at fair value using profit rate equivalent to the prevailing market rate. The difference between carrying value and face value as of initial recognition date, was treated as government grant, which is amortised over the duration of the related loans.

The financing facilities received from SDB carry commission at rates significantly lower than the currently prevailing market rates. These financing facilities carry a number of conditions, one of which is that these loans are to be used for providing financing facilities to specific types/sectors of customers at discounted rates. The benefit being the impact of the "lower than market value" financing facilities obtained by the Company has been identified and accounted for as "government grant" and has initially been recorded as deferred income and such benefit is being amortised in statement of profit or loss and comprehensive income of the Company during the financing facilities term.

- 22.5 Tamweel is engaged in the leasing of motor vehicles, providing services to individual and corporate customers. The Company has entered into a Purchase Transaction with a local bank, whereby the bank purchased a pool of eligible motor vehicles lease receivables along with the associated beneficial rights and interests from Tamweel. This transaction, governed by a Securitization Agreement, allows the local bank to acquire the pool for investment purposes while appointing Tamweel to manage administrative and collection services. The total financial commitment for this Purchase Transaction is capped at ₪ 50 million. Upon acceptance of the agreement, the bank transferred the purchase amount to Tamweel, becoming the beneficial owner of the securitized assets and assuming all rights, title, and profit related to the lease contracts. Tamweel is restricted from selling or pledging these assets as collateral to any other party, and the local bank has no recourse against Tamweel concerning the pool sold, ensuring a clear delineation of responsibilities and liabilities between the parties. As disclosed in note 4 of these reissued financial statements, the Company applies judgment to assess whether these assets can be derecognised from the reissued financial statements. The Company concluded that the transaction does not meet the derecognition criteria applied in IFRS 9, accordingly these securitised receivable balances continued to be recognised on the reissued statement of financial position.

23 GOVERNMENT GRANTS

The Company recognises government grants on the below market rates loans received from the Saudi Central bank ("SAMA") and Social Development Bank ("SDB") to be utilised in granting financing to the Small and Medium-Sized Entities ("SMEs"). The movement in the government grants were as follows:

	2023 ₪	2022 ₪
Balance at 1 January	56,570,812	48,885,293
Additions during the year	82,134,342	57,353,267
Recognised during the year	<u>(75,796,510)</u>	<u>(49,667,748)</u>
Balance at 31 December	<u>62,908,644</u>	<u>56,570,812</u>

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

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23 GOVERNMENT GRANTS (continued)

Analyzed as follows:

	2023	2022
	#	#
Non-current portion	15,290,699	16,690,988
Current portion	47,617,945	39,879,824
	<u>62,908,644</u>	<u>56,570,812</u>

24 LEASES

Movement in lease liabilities is as follows:

	2023	2022
	#	#
At 1 January	7,591,303	1,612,389
Additions during the year	-	9,275,397
Finance costs for the year (note 8)	184,397	332,134
Payments during the year	(4,313,586)	(3,628,617)
At 31 December	<u>3,462,114</u>	<u>7,591,303</u>

Classified as:

Current	2,237,625	3,640,643
Non-current	1,224,489	3,950,660
	<u>3,462,114</u>	<u>7,591,303</u>

Maturity analysis - contractual undiscounted cash flows

	2023	2022
	#	#
Less than 1 year	2,122,708	3,987,605
Later than one year to five years	1,392,383	4,487,739
	<u>3,515,091</u>	<u>8,475,344</u>

25 EMPLOYEES DEFINED BENEFITS LIABILITIES

Post employments benefits

The management has carried out an exercise to assess the present value of its employees defined benefits liabilities at the reporting date in respect of employees defined benefits liabilities under relevant local regulations and contractual arrangements. The following tables summaries the components of net benefit expense recognised in the reissued statement of profit or loss and other comprehensive income and balances reported in the reissued statement of financial position:

Present value of end of service benefits (in the reissued statement of financial position)

	2023	2022
	#	#
Present value of employees defined benefits liabilities	<u>8,621,072</u>	<u>7,014,045</u>

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

25 EMPLOYEES DEFINED BENEFITS LIABILITIES (continued)

The following table summarizes the components of the net benefit expense recognized in the reissued statement of profit or loss and other comprehensive income and amounts recognized in the reissued statement of financial position.

Net benefit expense recognised in the reissued statement of profit or loss and other comprehensive income:

	2023 #	2022 #
Current service cost for the year	1,586,364	1,209,019
Finance cost on benefit obligation for the year	323,421	136,132
	<u>1,909,785</u>	<u>1,345,151</u>

The movement in employees defined benefits liabilities is as follows:

	2023 #	2022 #
As at 1 January	7,014,045	5,527,667
Current service cost	1,586,364	1,209,019
Finance cost (note 8)	323,421	136,132
Actuarial gain	779,628	298,543
Payments during the year	(1,082,386)	(157,316)
As at 31 December	<u>8,621,072</u>	<u>7,014,045</u>

Actuarial gain are due to:

	2023 #	2022 #
Change in financial assumptions	(147,130)	(515,573)
Experience adjustments	926,758	814,116
	<u>779,628</u>	<u>298,543</u>

The principal assumptions used in determining employee benefit obligations for the Company's plans are shown below:

	2023	2022
Discount rate	5.8%	5.0%
Future salary increase	5.0%	4.5%
Rate of employee turnover	Moderate	Moderate

A quantitative sensitivity analysis for significant assumption on the employees terminal benefits as at reporting date is as shown below:

	2023 #	2022 #
Increase in discount rate 1%	(549,355)	(449,382)
Decrease in discount rate - 1%	624,473	511,592
Increase in salary 1%	622,902	509,003
Decrease in salary -1%	(558,025)	(455,488)

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25 EMPLOYEES DEFINED BENEFITS LIABILITIES (continued)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The following are the expected payments to the defined benefit liabilities in future years:

Year	2023 #	2022 #
1	1,106,621	881,557
2	1,030,372	819,446
3	919,817	806,395
4	815,024	658,509
5	932,763	578,276
6-10	8,973,167	6,733,285
Total expected payments	13,777,764	10,477,468

The weighted average duration of the defined benefit obligation is 7.3 years (2022: same).

26 TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled on 30 to 120 days terms. For explanations on the Company's liquidity risk management processes, refer to note 31.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

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27 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include partners and entities controlled, jointly controlled or significantly influenced by such parties (affiliates). Fellow subsidiaries are entities under common control of the Shareholder. Pricing policies and terms of payments of transactions with related parties are approved by the Company's management. Following is the list of related parties of the Company:

<u><i>Names of related parties</i></u>	<u><i>Nature of Relationship</i></u>
Al Kifah Holding Company	Shareholder
Buthoor Altharwa Company	Other related party
Modern Impact Technologies Company	Other related party
Omran Al Mostakbal Ready Mix Company	Other related party
Al Kifah Trading Company	Fellow subsidiary
Al Kifah for Building Material Company	Fellow subsidiary
Al Kifah Contracting Company	Fellow subsidiary
Al Motaweroon Company	Fellow subsidiary
Takamol Aloula For Facilities Management Company	Fellow subsidiary
Takamol Aloula For Facilities Management Company – Branch	Fellow subsidiary
Al Kifah Paper Products Company	Fellow subsidiary
Al Kifah Precast Company	Fellow subsidiary
Al Kifah Holding Company - Branch	Fellow subsidiary
Al Kifah Information Technology Company	Fellow subsidiary
KiCe Construction Equipment Company	Fellow subsidiary
Green Vision Paper Products Company	Fellow subsidiary
Medical Infection Control Company	Fellow subsidiary
Al Kifah Ready Mix Factory Company	Fellow subsidiary
Al Kifah Ready Mix Factory Company – Branch	Fellow subsidiary
Optimal Supply for Catering Services Company	Fellow subsidiary
Enar Renewable Energy	Fellow subsidiary
Alafouq Alareed Trading Company	Other related party
ABAN Advanced Contracting	Fellow subsidiary
Al Kifah Academy International School	Fellow subsidiary

The following are the details of the major related party transactions occurred during the year:

<u><i>Related party</i></u>	<u><i>Nature of transactions</i></u>	<u><i>Amounts of transactions</i></u>	
		<i>2023</i>	<i>2022</i>
		<i>ﷲ</i>	<i>ﷲ</i>
<u><i>Shareholders</i></u>			
Al Kifah Holding Company	Value added tax paid on behalf of the Company	1,669,159	3,819,273
	Services provided	2,088,368	1,319,692
	Dividends paid	60,000,000	33,000,000
	Processing fees	4,500,000	-
<u><i>Fellow subsidiaries</i></u>			
AlKifah Contracting Company	Tawarruq financing	30,000,000	-
	Commission income	336,430	3,406,605
	Amount collected against Islamic financing receivables	(4,176,274)	(5,568,366)
Al Kifah for Building Material Company	Services provided	5,000	11,400
	Tawarruq financing	9,000,000	-
	Commission income	1,786,424	5,290,778
	Amount collected against Islamic financing receivables	(3,472,729)	(7,219,665)

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
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27 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amounts of transactions</u>	
		2023 #	2022 #
KiCe Construction Equipment Company	Heavy machinery and equipment sales financed by the Company	6,923,000	43,512,500
	Tawarruq financing	-	42,500,000
	Commission income	3,157,124	1,783,965
	Amount collected against Islamic financing receivables	(16,327,612)	(5,786,667)
Al Motaweroon Company	Tawarruq financing	11,395,000	29,200,000
	Commission income	3,233,882	2,880,481
	Amount collected against Islamic financing receivables	(19,063,173)	(11,906,933)
Al Kifah Holding Company Branch	Commission income	173,777	1,166,074
	Amount collected against Islamic financing receivables	(1,366,833)	(3,750,986)
Takamol Aloula For Facilities Management Company	Services provided	3,978,596	3,170,431
	Tawarruq financing	-	27,500,000
	Commission income	1,796,586	7,866,938
	Amount collected against Islamic financing receivables	(15,757,487)	(16,999,600)
Takamol Aloula For Facilities Management Company - Branch	Services provided	7,500,000	-
	Tawarruq financing	3,662,318	-
	Commission income	(5,584,445)	-
Al Kifah Paper Products Company	Commission income	-	8,428,174
	Amount collected against Islamic financing receivables	-	(32,036,117)
Al Kifah Precast Company	Tawarruq financing	7,500,000	30,000,000
	Commission income	5,624,923	7,999,208
	Amount collected against Islamic financing receivables	(22,724,765)	(17,639,845)
Al Kifah Information Technology Company	Information technology fee	383,357	440,490
Green Vision Paper Products Company	Tawarruq financing	15,000,000	46,154,709
	Commission income	6,389,778	2,197,406
	Amount collected against Islamic finance receivables	(16,493,223)	(11,237,236)
Medical Infection Control Company	Tawarruq financing	15,000,000	22,500,000
	Commission income	1,538,094	652,214
	Amount collected against Islamic finance receivables	(6,602,222)	(1,493,333)
Al Kifah Ready Mix Factory Company	Tawarruq financing	15,000,000	10,000,000
	Commission income	632,891	466,029
	Amount collected against Islamic finance receivables	(3,721,111)	(1,493,334)

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At 31 December 2023

27 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amounts of transactions</u>	
		2023 #	2022 #
Al Kifah Ready Mix Factory Company - Branch	Tawarruq financing	-	10,000,000
	Commission income	632,891	466,029
	Amount collected against Islamic finance receivables	(3,721,111)	(1,493,334)
Optimal Supply for Catering Services Company	Tawarruq financing	25,000,000	7,500,000
	Commission income	1,164,681	-
	Amount collected against Islamic finance receivables	(5,693,333)	-
Enar Renewable Energy	Tawarruq financing	700,000	-
Alafouq Alareed Trading Company	Tawarruq financing	15,000,000	-
	Commission income	112,098	-
	Amount collected against Islamic finance receivables	(560,000)	-
	Vehicles financed by the Company	758,310	-

The breakdown of amounts due from/to related parties are as follows:

Amounts due from related parties - (presented under net investment in Islamic finance receivables note 13):

	2023 #	2022 #
Al Motaweroon Company	42,740,358	47,329,543
KiCe Construction Equipment Company	40,569,167	53,677,298
Green Vision Paper Products Company	37,810,604	37,114,880
Al Kifah Precast Company	33,768,345	45,841,814
Al Kifah Contracting Company	32,196,009	6,011,412
Medical Infection Control Company	31,383,821	21,658,881
Optimal Supply for Catering Services Company	27,762,382	7,500,000
Al Kifah Ready Mix Factory Company	20,939,268	8,972,695
Takamol Aloula For Facilities Management Company - Branch	20,236,089	-
Alafouq Alareed Trading Company	14,552,098	-
Takamol Aloula For Facilities Management Company	12,858,098	43,981,717
Al Kifah for Building Material Company	9,306,439	3,625,222
Al Kifah Ready Mix Factory Company - Branch	5,939,268	8,972,695
Enar Renewable Energy	700,000	-
Al Kifah Holding Company Branch	-	1,329,765
Less: allowances for expected credit loss	(620,707)	(267,553)
	330,141,239	285,748,369

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27 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Advances to related parties - (presented under prepayments and other receivables):

	2023	2022
	S	S
KiCe Construction Equipment Company (note 27.1)	9,837,500	152,563,977
Al Kifah Holding Company	1,961,330	1,980,003
Others	-	143,670
	<u>11,798,830</u>	<u>154,687,650</u>

27.1 The amount represents advance to a related party against acquisition of equipment.

Amounts due to related parties - (presented under liabilities):

	2023	2022
	S	S
Al Kifah Real Estate Company	3,220,294	3,234,597
Al Kifah for Building Material Company	13,018	12,718
Al Kifah Holding Company	-	439,335
Al Kifah Contracting Company	-	32,926
Al Kifah Information Technology Company	-	6,750
	<u>3,233,312</u>	<u>3,726,326</u>

Compensation and remuneration (including salaries and other benefits) for key management personnel is disclosed as follows:

	2023	2022
	S	S
Short-term employee benefit	5,344,848	2,191,330
Post-employment benefits	661,185	332,007
	<u>6,006,033</u>	<u>2,523,337</u>

Prices and terms of payments of the above transactions with related parties have been approved by the Company. Financing limits provided to related parties are approved by the Board of Directors.

28 ACCRUED EXPENSES AND OTHER LIABILITIES

	2023	2022
	S	S
Amounts due to customers	26,935,186	30,667,727
Accrued expenses	24,503,503	8,617,876
Accrued employees' cost	7,410,145	2,739,778
	<u>58,848,834</u>	<u>42,025,381</u>

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29 ZAKAT

The zakat base computed in accordance with the formula specified in the zakat regulations is also subject to thresholds for minimum and maximum liability.

	2023 #	2022 #
Charge for the year	14,348,333	8,480,913
Prior period adjustments	<u>(2,730,558)</u>	<u>(1,931,071)</u>
	<u>11,617,775</u>	<u>6,549,842</u>

The significant components of zakat base for the Company are as follows:

	2023 #	2022 #
Shareholder's equity	620,927,713	554,532,387
Liabilities	826,793,572	153,374,709
Total sources of fund	<u>1,447,721,285</u>	<u>707,907,096</u>
Total assets	3,671,428,443	2,769,760,784
Total assets not subject to zakat	<u>(2,259,795,024)</u>	<u>(1,674,133,435)</u>
Total assets subject to zakat	1,411,633,419	1,095,627,349
Assets subject for zakat / Total Assets	38%	40%
	<u>556,636,682</u>	<u>280,025,040</u>
Minimum limit for zakat base	481,161,640	328,113,996
Maximum limit for zakat base	962,323,280	656,227,992
Zakat base	<u>556,636,682</u>	<u>328,113,996</u>

The differences between the financial and the zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable results.

Movement in zakat provision

	2023 #	2022 #
At the beginning of the year	6,549,842	3,177,284
Provided during the year	14,348,333	8,480,913
Paid during the year	<u>(9,280,400)</u>	<u>(5,108,355)</u>
At the end of the year	<u>11,617,775</u>	<u>6,549,842</u>

Zakat assessments

Zakat returns for the years 2016 through 2018 have been submitted to ZATCA as part of Al Kifah Holding Company (referred to as the "Group") as part of a consolidated zakat return. The Company is not liable for any additional liability related to those years. The zakat return for the years 2019 through 2022 has been submitted, however, the assessment has not yet been raised by ZATCA. The Company has a valid zakat certificate till 30 April 2024. During the year 2025, the Company received final assessment from ZATCA for the year 2022 with no additional zakat liability raised.

Zakat has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Saudi Arabia are subject to different interpretations and new zakat regulations have been issued by ZATCA for financing companies.

30 FAIR VALUES OF FINANCIAL INSTRUMENTS

At the reporting date all of the financial assets and financial liabilities are measured at amortised cost, except equity instrument which is classified under FVOCI and categorised under level 3 of fair value hierarchy. The fair value of financial assets does not significantly differ from the carrying value included in the reissued financial statements.

31 RISK MANAGEMENT

The Company's significant financial liabilities include Islamic bank financing, trade payables, and lease liabilities, which are initially measured at fair value and subsequently stated at amortized cost. Financial assets consist of bank balances and net investments in Islamic finance receivables, which are initially measured at fair value and subsequently recorded at amortized cost, adjusted for any allowance for expected credit losses. Additionally, equity investments are classified as fair value through other comprehensive income (OCI), with any changes in fair value recognized in OCI, if applicable.

The Company is exposed to profit rate risk, liquidity risk and credit risk. The Company's senior management is supported by a risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: profit rate risk, currency risk and commodity risk. Financial instruments affected by market risk include leasing activities, Islamic bank financing.

Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Before entering into purchase and agency arrangements with banks, the Company is exposed to profit rate fair value risk on its financial assets to be sold. The Company monitors the market cost rate movements and negotiates the terms of the agreements with various banks.

The Company is also exposed to profit rate risk mainly on its short-term deposits. The average effective profit rate on short-term deposits is 4.62% (2022: 2.72 %).

As of the reporting date, the Company has loans from SAMA, Social Development Bank, which are cost-free loans or below market rate. The Company has loans from local banks bearing profit, an assumed increase of 100 basis points in profit rates would increase the Company's expenses for the year by ₪ 5,453,841 (2022: ₪ 4,882,694). A decrease of 100 basis points in profit rates would have an equal and opposite effect.

Fixed profit rate (net investment in Islamic receivables) - fair value exposure

The Company's net investment in Islamic receivables arising from Sharia-compliant financing arrangements earn a fixed profit rate over the contractual term. While these instruments are not directly repriced with changes in benchmark market profit rates, they expose the Company to fair value profit rate risk. Changes in market profit rates influence the discounted value of the remaining contractual cash flows, resulting in movements in the fair value of these receivables. Although such movements are not recognised in the reissued statement of profit or loss when these assets are measured at amortised cost, the Company closely monitors benchmark rate fluctuations as part of its asset/liability management framework. This monitoring helps the Company evaluate the economic value sensitivity of its fixed-profit assets and maintain profit rate risk exposures within approved risk limits.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk on bank balances, musharakah financing assets, net investment in Islamic finance receivables and other receivables. The Company has established procedures to manage credit exposure including evaluation of lessees' credit worthiness, formal credit approvals, assigning credit limits, obtaining collaterals such as down payments and personal guarantees. Individual Islamic financing contracts generally are for term not exceeding sixty-months.

31 RISK MANAGEMENT (continued)

Credit risk (continued)

Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular segment of customers.

The Company manages concentration of credit risk exposure through diversification of exposures. However, the Company mitigates its credit risk through evaluation of credit worthiness and by obtaining promissory notes and by retaining the title of the vehicle leased out. For certain types of customers, the maximum credit limits are defined. An allowance expected credit loss is maintained at a level which, in the judgment of management, is adequate to provide for impairment losses on delinquent receivables.

All investment in Islamic finance receivables are secured mainly through promissory notes and by retaining the title of the vehicle leased out and yield a fixed rate of commission for each contract. The title of the vehicles sold under finance lease agreements is held in the name of the Company as collateral to be repossessed, in case of default by the customer. The Company participates in Kafalah program that intended to provide the financial sector in the Kingdom of Saudi Arabia guarantees against loans provided to the Small and Medium-Sized Entities ("SME"). The guarantees range based on the SMEs sector and these guarantees may reach up to 95% of the Company's exposure. Kafalah program assesses each application separately and has the right to reject an application.

The carrying amount of financial assets recorded in the reissued financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Expected credit loss assessment for investment in Islamic finance receivables

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

- i. Probability of Default (PD);
- ii. Loss Given Default (LGD);
- iii. Exposure at Default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large non-retail counterparties. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, and recovery costs of any collateral that is integral to the financial asset. For investment in Islamic receivables secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective profit rate as the discounting factor.

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. For financial assets, when material, EAD is determined by modeling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any customer's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require repayment of an investment in Islamic receivables.

TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

31 RISK MANAGEMENT (continued)

Credit risk (continued)

Expected credit loss assessment for investment in Islamic finance receivables (continued)

Below are the details of the Company's net investment in Islamic finance receivables days past due (DPD) bucket wise:

31 December 2023

	<i>Gross carrying amount</i>	<i>Allowance for expected credit losses</i>	<i>Net carrying amount</i>
	#	#	#
<i>Corporate</i>			
Not past due	2,056,409,028	35,452,374	2,020,956,654
<i>Past due:</i>			
1 to 29 days	225,912,199	3,929,808	221,982,391
30 to 59 days	92,820,668	3,340,354	89,480,314
60 to 89 days	13,207,450	1,539,517	11,667,933
90 to 119 days	2,506,234	154,863	2,351,371
150 to 179 days	6,613,790	513,891	6,099,899
180 to 359 days	13,568,170	1,662,861	11,905,309
More than 360 days	60,282,985	22,276,417	38,006,568
	<u>2,471,320,524</u>	<u>68,870,085</u>	<u>2,402,450,439</u>
<i>Retail</i>			
Not past due	558,709,722	19,463,065	539,246,657
<i>Past due:</i>			
1 to 29 days	32,844,477	3,126,970	29,717,507
30 to 59 days	10,009,997	2,225,351	7,784,646
90 to 119 days	4,453,905	1,749,719	2,704,186
120 to 149 days	3,883,656	1,650,007	2,233,649
150 to 179 days	2,296,237	843,814	1,452,423
180 to 359 days	16,495,313	7,294,513	9,200,800
More than 360 days	4,761,571	2,215,243	2,546,328
	<u>633,454,878</u>	<u>38,568,682</u>	<u>594,886,196</u>

31 December 2022

	<i>Gross carrying amount</i>	<i>Allowance for expected loss</i>	<i>Net carrying amount</i>
	#	#	#
<i>Corporate</i>			
Not past due	1,384,125,476	43,117,119	1,341,008,357
<i>Past due:</i>			
1 to 29 days	246,258,179	9,330,771	236,927,408
30 to 59 days	90,524,427	10,098,504	80,425,923
90 to 119 days	64,074,113	8,434,973	55,639,140
120 to 149 days	14,196,718	2,067,863	12,128,855
150 to 179 days	5,750,610	624,819	5,125,791
180 to 359 days	52,788,664	10,526,016	42,262,648
More than 360 days	4,326,543	1,041,010	3,285,533
	<u>1,862,044,730</u>	<u>85,241,075</u>	<u>1,776,803,655</u>

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

31 RISK MANAGEMENT (continued)

Credit risk (continued)

Expected credit loss assessment for investment in Islamic finance receivables (continued)

31 December 2022 (continued)

	<i>Gross carrying amount</i>	<i>Allowance for expected loss</i>	<i>Net carrying amount</i>
	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>
<u>Retail</u>			
Not past due	337,798,284	3,899,042	333,899,242
Past due:			
1 to 29 days	22,586,694	1,306,088	21,280,606
30 to 59 days	5,206,056	620,437	4,585,619
90 to 119 days	3,168,577	804,370	2,364,207
120 to 149 days	1,791,869	406,079	1,385,790
150 to 179 days	1,665,303	387,513	1,277,790
180 to 359 days	6,667,155	2,096,068	4,571,087
More than 360 days	468,192	116,115	352,077
	<u>379,352,130</u>	<u>9,635,712</u>	<u>369,716,418</u>

Classification of investments in Islamic receivables

The Company classifies its investments in Islamic receivables into three categories: performing, underperforming, and non-performing. These classifications are determined in accordance with SAMA's Expected Credit Loss (ECL) guidelines and the Company's IFRS 9 ECL policy. A summary of the categories and the corresponding staging criteria are set out below:

1) Performing investments in Islamic receivables:

- Stage 1: Represents investments in Islamic receivables that do not have amounts past due beyond 30 days.
- Stage 2: Represents investments in Islamic receivables that do not have amounts past due for more than 30 days, but customers are still within the stipulated curing periods.
 - Curing period: 90 days for non-retail customers.
 - Curing period: 60 days for retail customers.
- Stage 3: Represents investments in Islamic receivables that do not have amounts past due more than 30 days, but customers continue to fall within the stipulated curing periods for Stage 3 classifications.
 - 9 months to move from Stage 3 to Stage 2 for non-retail customers.
 - 3 months to move from Stage 2 to Stage 1 for non-retail customers.
 - 4 months to move from Stage 3 to Stage 2 for retail customers.
 - 2 months to move from Stage 2 to Stage 1 for retail customers.

2) Underperforming investments in Islamic receivables:

- Stage 2: Represents investments in Islamic receivables with past-due amounts exceeding 30 days but not exceeding 90 days.
- Stage 3: Represents investments in Islamic receivables with past due amounts over 30 days but not exceeding 90 days, where customers remain within the stipulated curing periods.
 - 9 months from Stage 3 to Stage 2 for non-retail customers.
 - 3 months from Stage 2 to Stage 1 for non-retail customers.
 - 4 months from Stage 3 to Stage 2 for retail customers.
 - 2 months from Stage 2 to Stage 1 for retail customers.

3) Non-performing investments in Islamic receivables: represents investments in Islamic receivables with past-due amounts exceeding 90 days.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

31 RISK MANAGEMENT (continued)

Credit risk (continued)

Expected credit loss assessment for investment in Islamic finance receivables (continued)

Set out below is the information about the credit risk exposure on the Company's investment in Investment in Islamic financing at the reporting date:

	<i>31 December 2023</i>			
	Stage 1	Stage 2	Stage 3	Total
	#	#	#	#
<i>Gross carrying amount</i>				
Performing	2,177,175,624	509,365,818	187,333,984	2,873,875,426
Underperforming	-	58,159,003	44,671,662	102,830,665
Non-performing	-	-	128,069,311	128,069,311
Total	<u>2,177,175,624</u>	<u>567,524,821</u>	<u>360,074,957</u>	<u>3,104,775,402</u>
<i>Allowance for expected credit loss</i>				
Performing	28,966,259	2,383,029	30,622,929	61,972,217
Underperforming	-	924,945	4,640,760	5,565,705
Non-performing	-	-	39,900,845	39,900,845
Total	<u>28,966,259</u>	<u>3,307,974</u>	<u>75,164,534</u>	<u>107,438,767</u>
<i>Net carrying amount</i>				
Performing	2,148,209,365	506,982,789	156,711,055	2,811,903,209
Underperforming	-	57,234,058	40,030,902	97,264,960
Non-performing	-	-	88,168,466	88,168,466
Total	<u>2,148,209,365</u>	<u>564,216,847</u>	<u>284,910,423</u>	<u>2,997,336,635</u>
	<i>31 December 2022</i>			
	Stage 1	Stage 2	Stage 3	Total
	#	#	#	#
<i>Gross carrying amount</i>				
Performing	975,238,023	634,218,073	381,312,537	1,990,768,633
Underperforming	-	59,782,541	100,022,055	159,804,596
Non-performing	-	-	90,823,631	90,823,631
Total	<u>975,238,023</u>	<u>694,000,614</u>	<u>572,158,223</u>	<u>2,241,396,860</u>
<i>Allowance for expected credit loss</i>				
Performing	9,444,339	1,893,224	46,315,457	57,653,020
Underperforming	-	1,269,275	17,884,639	19,153,914
Non-performing	-	-	18,069,853	18,069,853
Total	<u>9,444,339</u>	<u>3,162,499</u>	<u>82,269,949</u>	<u>94,876,787</u>
<i>Net carrying amount</i>				
Performing	965,793,684	632,324,849	334,997,080	1,933,115,613
Underperforming	-	58,513,266	82,137,416	140,650,682
Non-performing	-	-	72,753,778	72,753,778
Total	<u>965,793,684</u>	<u>690,838,115</u>	<u>489,888,274</u>	<u>2,146,520,073</u>

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2023

31 RISK MANAGEMENT (continued)

Credit risk (continued)

Assets held as collateral

	2023 #	2022 #
Assets held as collateral under investment in Islamic financing receivables*	<u>1,948,731,787</u>	<u>1,688,741,271</u>

*The collateral under investment in Islamic financing receivables comes in various forms, such as motor vehicles, equipment, Kafalah guarantees, personal guarantees and real estate properties.

Set out below is the information about the credit risk exposure on the Company's investment in Musharakah financing assets at the reporting date, Musharakah financing assets due from retail customers:

Below are the details of the Company's Musharakah financing assets days past due (DPD) bucket wise:

31 December 2023

	<i>Gross carrying amount</i> #	<i>Allowance for expected credit losses</i> #	<i>Net carrying amount</i> #
Not past due	532,239,442	14,317,606	517,921,836
Past due:			
1 to 29 days	25,437,443	3,383,096	22,054,347
30 to 59 days	9,255,558	2,174,957	7,080,601
90 to 119 days	6,183,043	2,441,449	3,741,594
120 to 149 days	5,041,734	2,359,712	2,682,022
150 to 179 days	4,889,373	2,297,300	2,592,073
180 to 359 days	16,834,529	9,252,930	7,581,599
More than 360 days	20,615,420	13,897,688	6,717,732
	620,496,542	50,124,738	570,371,804

31 December 2022

	<i>Gross carrying amount</i> #	<i>Allowance for expected credit losses</i> #	<i>Net carrying amount</i> #
Not past due	328,059,351	2,651,025	325,408,326
Past due:			
1 to 29 days	28,179,458	617,231	27,562,227
30 to 59 days	7,929,731	355,134	7,574,597
90 to 119 days	4,774,264	1,643,202	3,131,062
120 to 149 days	4,289,684	1,478,369	2,811,315
150 to 179 days	2,419,215	823,054	1,596,161
180 to 359 days	8,882,698	3,014,036	5,868,662
More than 360 days	4,074,569	1,420,999	2,653,570
	388,608,970	12,003,050	376,605,920

TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

31 RISK MANAGEMENT (continued)

Credit risk (continued)

Set out below is the information about the credit risk exposure on the Company's Musharakah financing assets at the reporting date:

	<i>31 December 2023</i>			
	Stage 1	Stage 2	Stage 3	Total
	#	#	#	#
<i>Gross carrying amount</i>				
Performing	485,916,762	18,062,109	53,698,014	557,676,885
Underperforming	-	4,471,802	4,783,756	9,255,558
Non-performing	-	-	53,564,099	53,564,099
Total	<u>485,916,762</u>	<u>22,533,911</u>	<u>112,045,869</u>	<u>620,496,542</u>
<i>Allowance for expected credit loss</i>				
Performing	2,532,022	76,278	15,092,402	17,700,702
Underperforming	-	250,965	1,923,992	2,174,957
Non-performing	-	-	30,249,079	30,249,079
Total	<u>2,532,022</u>	<u>327,243</u>	<u>47,265,473</u>	<u>50,124,738</u>
<i>Net carrying amount</i>				
Performing	483,384,740	17,985,831	38,605,612	539,976,183
Underperforming	-	4,220,837	2,859,764	7,080,601
Non-performing	-	-	23,315,020	23,315,020
Total	<u>483,384,740</u>	<u>22,206,668</u>	<u>64,780,396</u>	<u>570,371,804</u>
<i>31 December 2022</i>				
	Stage 1	Stage 2	Stage 3	Total
	#	#	#	#
<i>Gross carrying amount</i>				
Performing	343,311,519	6,111,585	6,815,705	356,238,809
Underperforming	-	7,320,462	609,269	7,929,731
Non-performing	-	-	24,440,430	24,440,430
Total	<u>343,311,519</u>	<u>13,432,047</u>	<u>31,865,404</u>	<u>388,608,970</u>
<i>Allowance for expected credit loss</i>				
Performing	1,576,937	22,720	1,668,599	3,268,256
Underperforming	-	183,639	171,495	355,134
Non-performing	-	-	8,379,660	8,379,660
Total	<u>1,576,937</u>	<u>206,359</u>	<u>10,219,754</u>	<u>12,003,050</u>
<i>Net carrying amount</i>				
Performing	341,734,582	6,088,865	5,147,106	352,970,553
Underperforming	-	7,136,823	437,774	7,574,597
Non-performing	-	-	16,060,770	16,060,770
Total	<u>341,734,582</u>	<u>13,225,688</u>	<u>21,645,650</u>	<u>376,605,920</u>

Assets held as collateral

	2023	2022
	#	#
Assets held as collateral under Musharakah financing assets*	<u>230,192,883</u>	<u>230,839,734</u>

*The collateral under Musharakah financing assets comes in various forms, such as motor vehicles, equipment, Kafalah guarantees, personal guarantees and real estate properties.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

31 RISK MANAGEMENT (continued)

Economic variable assumptions

To ensure appropriate ECL estimation, the Company uses independent third-party data sources (e.g Moody's and IMF).

The most significant assumptions affecting the ECL allowance are as follows:

- (i) GDP, given the significant impact on companies' performance and collateral valuations; and
- (ii) Relevant equity indices, given its impact on the economy, counterparty performance and collateral valuations.

The following table sets out the key macroeconomic variables of ECL calculation and weightages used for scenarios showing increase /decrease in comparison to 2022 as base year:

Assumption used in 2023

Key macroeconomic variables Used	ECL scenario and assigned weightage	2024	2025	2026
General government total expenditure-Percent of GDP				
Base	40%	29.85%	29.68%	29.32%
Upside	30%	38.81%	38.59%	38.12%
Downside	30%	20.90%	20.78%	20.53%
General government revenue-Percent of GDP				
Base	40%	28.66%	28.84%	29.07%
Upside	30%	37.26%	37.49%	37.78%
Base	40%	20.06%	20.19%	20.35%
General government gross debt-Percent of GDP				
Base	40%	23.12%	22.33%	21.53%
Upside	30%	30.05%	29.03%	27.99%
Downside	30%	16.18%	15.63%	15.07%

Assumption used in 2022

General government total expenditure-Percent of GDP		2023	2024	2025
Base	40%	29.60%	29.90%	29.70%
Upside	30%	38.50%	38.80%	38.60%
Downside	30%	26.90%	27.20%	27.00%
General government gross debt-Percent of GDP				
Base	40%	23.60%	23.10%	22.30%
Upside	30%	30.60%	30.10%	29.00%
Downside	30%	16.50%	16.20%	15.60%

The above macroeconomic variables are selected based on the regression analysis between the macroeconomic variables and the PD. These economic variables and their associated impact on the PD and LGD vary by industry. Forecasts of these economic variables (for all scenarios) are provided by Moody's on a quarterly basis and provide the best estimate view of the economy over future years.

Sensitivity analysis

Based on the above significant assumptions and changes in each economic variable by +5% and -5% while keeping other key variables constant will result in a change in the ECL (stage 1 and 2) in the range of increase by 1.1% (2022: increase by 0.34%) to an decrease by 1.1% (2022: decrease by 0.34%)

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

31 RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company 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 manages its liquidity risk by ensuring that the Company facilities and shareholder's support are available.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	<i>As of 31 December 2023</i>			
	<i>Within 3 months</i>	<i>Within 3 – 12 months</i>	<i>1 to 5 years</i>	<i>Total</i>
	#	#	#	#
Trade payables	184,494,416	-	-	184,494,416
Amounts due to related parties	3,233,312	-	-	3,233,312
Islamic bank financing	323,240,081	941,680,838	1,097,143,287	2,362,064,206
Musharakah Payable	22,820,949	110,924,796	461,889,864	595,635,609
Lease liabilities	136,000	1,986,708	1,392,383	3,515,091
	<u>533,788,758</u>	<u>1,054,728,342</u>	<u>1,560,425,534</u>	<u>3,148,942,634</u>
	<i>As of 31 December 2022</i>			
	<i>Within 3 months</i>	<i>Within 3 – 12 months</i>	<i>1 to 5 years</i>	<i>Total</i>
	#	#	#	#
Trade payable	135,487,171	-	-	135,487,171
Amounts due to related parties	3,726,326	-	-	3,726,326
Islamic bank financing	268,201,945	679,164,489	742,853,395	1,690,219,829
Musharakah Payable	5,938,800	62,680,509	311,403,476	380,022,785
Lease liabilities	136,000	3,851,605	4,487,739	8,475,344
	<u>413,490,242</u>	<u>745,696,603</u>	<u>1,058,744,610</u>	<u>2,217,931,455</u>

TAMWEEL AL OULA COMPANY
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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

31 RISK MANAGEMENT (continued)

Liquidity risk (continued)

Analysis of discounted assets and liabilities by expected maturity

Below is an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	<i>As of 31 December 2023</i>			
	<i>Within 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Total</i>
	<i>#</i>	<i>#</i>	<i>#</i>	<i>#</i>
<i>Assets</i>				
Bank balances	26,304,771	-	-	26,304,771
Net investment in Islamic finance receivables	395,698,613	952,853,817	1,648,784,205	2,997,336,635
Musharakah financing assets	52,453,573	88,146,922	429,771,309	570,371,804
Prepayments and other receivables	64,828,413	-	-	64,828,413
	<u>539,285,370</u>	<u>1,041,000,739</u>	<u>2,078,555,514</u>	<u>3,658,841,623</u>
<i>Liabilities</i>				
Amounts due to related parties	3,233,312	-	-	3,233,312
Provision for zakat	11,617,775	-	-	11,617,775
Musharakah payable	12,500,000	82,525,500	404,064,353	499,089,853
Islamic bank financing	305,076,253	860,791,968	1,052,356,489	2,218,224,710
Lease liabilities	89,646	2,147,979	1,224,489	3,462,114
Accrued expenses and other liabilities	58,848,834	-	-	58,848,834
Trade payables	184,494,416	-	-	184,494,416
	<u>575,860,236</u>	<u>945,465,447</u>	<u>1,457,645,331</u>	<u>2,978,971,014</u>

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

31 RISK MANAGEMENT (continued)

Liquidity risk (continued)

Analysis of discounted assets and liabilities by expected maturity (continued)

	As of 31 December 2022			
	Within 3 months #	3 to 12 months #	1 to 5 years #	Total #
Assets				
Bank balances	21,626,376	-	-	21,626,376
Net investment in Islamic finance receivables	231,883,450	645,836,526	1,268,800,097	2,146,520,073
Musharakah financing assets	19,063,470	38,279,991	319,262,459	376,605,920
Prepayments and other receivables	198,234,716	-	-	198,234,716
	<u>470,808,012</u>	<u>684,116,517</u>	<u>1,588,062,556</u>	<u>2,742,987,085</u>
Liabilities				
Amounts due to related parties	3,726,326	-	-	3,726,326
Provision for zakat	6,549,842	-	-	6,549,842
Musharakah payable	-	450,255,000	268,256,520	313,282,020
Islamic bank financing	249,039,011	635,881,559	725,707,837	1,610,628,407
Lease liabilities	89,646	3,550,997	3,950,660	7,591,303
Accrued expenses and other liabilities	42,025,381	-	-	42,025,381
Trade payables	135,487,171	-	-	135,487,171
	<u>436,917,377</u>	<u>684,458,056</u>	<u>997,915,017</u>	<u>2,119,290,450</u>

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

31 RISK MANAGEMENT (continued)

Liquidity risk (continued)

Changes in liabilities arising from financing activities:

	<i>1 January 2023 #</i>	<i>Cash outflow #</i>	<i>Cash inflow / Other* #</i>	<i>31 December 2023 #</i>
Lease liabilities	7,591,303	(4,313,586)	184,397	3,462,114
Islamic bank financing	1,610,628,407	(1,268,936,379)	1,876,532,682	2,218,224,710
Musharakah Payable	313,282,020	(64,192,167)	250,000,000	499,089,853
Total liabilities from financing activities	<u>1,931,501,730</u>	<u>(1,337,442,132)</u>	<u>2,126,717,079</u>	<u>2,720,776,677</u>
	<i>1 January 2022 #</i>	<i>Cash outflow #</i>	<i>Cash inflow / Other* #</i>	<i>31 December 2022 #</i>
Lease liabilities	1,612,389	(3,628,617)	9,607,531	7,591,303
Islamic bank financing	1,364,929,417	(784,988,317)	1,030,687,307	1,610,628,407
Musharakah Payable	88,154,520	-	225,127,500	313,282,020
Total liabilities from financing activities	<u>1,454,696,326</u>	<u>(788,616,934)</u>	<u>1,265,422,338</u>	<u>1,931,501,730</u>

*Others include accretion of commission expense.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

31 RISK MANAGEMENT (continued)

Capital management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide adequate return to its shareholder through the optimization of the capital structure. The Company manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder.

No changes were made in objectives, policies or processes for managing capital during the year ended 31 December 2023 (2022: same).

The Company monitors aggregate amount of financing offered by the Company on the basis of the regulatory requirements of Companies' law and SAMA. SAMA requires Finance Companies engaged in financing other than real estate, to not exceed aggregate financing to capital ratio of three times. However, during the year, the Company has obtained exemption from SAMA to exceed the three times ratio limit.

	2023	2022
	#	#
Aggregate financing to capital ratio (Total financing (net investment in Islamic finance receivables and Musharakah Financing assets) divided by total equity)		
<i>Total financing</i>		
Net investment in Islamic finance receivables	2,997,336,635	2,146,520,073
Musharakah financing assets	<u>570,371,804</u>	<u>376,605,920</u>
	<u>3,567,708,439</u>	<u>2,523,125,993</u>
Total equity*	<u>620,927,713</u>	<u>575,765,264</u>
Capital Ratio	<u>5.75</u>	<u>4.38</u>

*Total equity includes share capital, statutory reserve and retained earnings.

32 COMMITMENTS AND CONTINGENCIES

As of the date of the reissued statement of financial position, the Company did not have any outstanding commitments or contingencies.

33 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's reissued financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Company's reissued financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

33 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current (continued)

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Company's reissued financial statements.

34 SUBSEQUENT EVENTS

Except for the plan for Initial Public Offering ("IPO") as detailed in note 2 and Zakat assessment as detailed in note 29, there have been no further significant subsequent events since the year ended 31 December 2023 that would have a material impact on the financial position of the Company as reflected in these reissued financial statements.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

35 REISSUED FINANCIAL STATEMENT ADJUSTMENTS

The Company's financial statements for the year ended 31 December 2023 have been reissued to replace the previous financial statements approved by the Board of Directors on 19 Sha'ban 1445H (corresponding to 29 February 2024). These reissued financial statements, together with the related comparative figures for the year ended 31 December 2022, have been restated and / or reclassified. The restatements resulted in adjustments to line items in the statement of financial position and the statement of profit or loss and other comprehensive income. Accordingly, these restatements impacted statement of cash flows, statement of changes in equity and notes to the reissued financial statements. These adjustments were made to correct the errors and to ensure a more accurate representation of the Company's financial position and performance in accordance with IFRS Accounting Standards. It is important to note that the restatements did not result in any change to the Company's legal structure, contractual terms, or the economic substance of the transactions previously reported. The specific facts and reasons contributing to these restatements are detailed below.

Reissued statement of financial position – below are presented only the accounts that are impacted by the reissuance:

At 31 December 2023 (impact of reissuance)

	Note	31 December 2023 # (Before reissuance)	Reclassifications #	Restatements #	31 December 2023 # (Restated)
ASSETS					
Prepayments and other receivables	35.1	70,715,782	-	(5,887,369)	64,828,413
Net investment in Islamic finance receivables	35.2	3,084,217,038	(115,528,266)	28,647,863	2,997,336,635
Musharakah financing assets	35.3	-	115,528,266	454,843,538	570,371,804
TOTAL ASSETS		3,193,824,411	-	477,604,032	3,671,428,443
LIABILITIES AND SHAREHOLDER'S EQUITY					
SHAREHOLDER'S EQUITY					
Retained earnings	35.4	149,070,910	-	(60,161,739)	88,909,171
TOTAL SHAREHOLDER'S EQUITY		681,089,452	-	(60,161,739)	620,927,713
LIABILITIES					
Provision for zakat	35.5	14,680,591	-	(3,062,816)	11,617,775
Accrued expenses and other liabilities	35.6	46,645,060	-	12,203,774	58,848,834
Islamic bank financing	35.7	2,188,689,750	-	29,534,960	2,218,224,710
Musharakah Payable	35.3	-	-	499,089,853	499,089,853
TOTAL LIABILITIES		2,512,734,959	-	537,765,771	3,050,500,730
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		3,193,824,411	-	477,604,032	3,671,428,443

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

35 REISSUED FINANCIAL STATEMENT ADJUSTMENTS (continued)

Reissued statement of profit or loss and other comprehensive income - below are presented only the accounts that are impacted by the reissuance:

For the year ended 31 December 2023 (impact of reissuance)

		2023 #	Reclassifications #	Restatements #	2023 #
	Note	(Before reissuance)			(Restated)
Commission income	35.8	308,509,599	15,716,146	2,422,212	326,647,957
Commission expense	35.9	(24,801,322)	(31,866,003)	(2,962,899)	(59,630,224)
		<u>283,708,277</u>	<u>(16,149,857)</u>	<u>(540,687)</u>	<u>267,017,733</u>
Other income, net	35.8 (a)	16,340,361	17,029,929	(14,532,838)	18,837,452
NET REVENUE FROM OPERATIONS		<u>300,048,638</u>	<u>880,072</u>	<u>(15,073,525)</u>	<u>285,855,185</u>
EXPENSES					
General and administrative		(34,880,068)	(372,254)	-	(35,252,322)
Finance cost		-	(507,818)	-	(507,818)
Expected credit loss charge	35.10	(48,027,467)	-	(7,017,684)	(55,045,151)
PROFIT BEFORE ZAKAT		<u>142,381,619</u>	<u>-</u>	<u>(22,091,209)</u>	<u>120,290,410</u>
Zakat expense	35.11	(14,680,591)	-	332,258	(14,348,333)
PROFIT FOR THE YEAR		<u>127,701,028</u>	<u>-</u>	<u>(21,758,951)</u>	<u>105,942,077</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>126,921,400</u>	<u>-</u>	<u>(21,758,951)</u>	<u>105,162,449</u>

Impact on reissued statement of cash flows

For the year ended 31 December 2023

	2023 #	2023 #	2022 #	2022 #
	(Before reissuance)	(Restated)	(Before reissuance)	(Restated)
Net cash used in operating activities	(546,839,541)	(727,287,653)	(460,833,626)	(724,250,475)
Net cash used in investing activities	(3,090,080)	(3,090,080)	(3,507,194)	(3,507,194)
Net cash from financing activities	554,608,016	735,056,128	416,263,926	675,850,840

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

35 REISSUED FINANCIAL STATEMENT ADJUSTMENTS (continued)

35.1 Prepayments and other receivables

	Note	31 December 2023 #	31 December 2022 #
Securitization arrangement	35.2 (b)	(7,408,158)	(7,408,158)
Insurance expense	35.1 (b)	1,520,789	-
Insurance settlement receivable from customers	35.1 (a)	-	8,627,667
		<u>(5,887,369)</u>	<u>1,219,509</u>

a) Insurance settlement receivable from customers

The Company was recognizing revenue at the end of the lease term instead of recognizing the revenue in the relevant year as per IFRS Conceptual Framework. Accordingly, an amount of # 8.6 million revenue has been reversed during the year ended 31 December 2023.

b) Insurance expense

The Company did not recognize prepaid insurance amounting to # 1.5 million and a corresponding accrual of # 1.7 million during the year ended 31 December 2023. Accordingly, the amount was recognised during the year with a charge of # 219 thousand to the other income.

35.2 Net investment in Islamic finance receivables

	Note	31 December 2023 #	31 December 2022 #
Reclassification			
Musharakah arrangement	35.2 (a)	(115,528,266)	(70,494,168)
Deferred discount from suppliers	35.2 (e)	-	(8,127,961)
Restatements			
Securitization arrangement	35.2 (b)	21,999,609	33,711,038
Repricing of related party contracts	35.2 (c)	338,738	844,694
Grace period	35.2 (d)	6,741,284	2,930,376
Expected credit losses	35.2 (f)	8,000,424	(25,978,207)
Deferred discount from suppliers	35.2 (e)	(8,432,192)	-
		<u>28,647,863</u>	<u>11,507,901</u>

a) Musharaka arrangement

This pertains to the transfer of Company's 20% share in the Musharakah arrangement to Musharakah Financing Assets from the Net Investment in Islamic Finance Receivables amounting to # 115.53 million (2022: # 70.45 million). Refer note 35.3 for more details on Musharaka arrangement.

b) Securitisation arrangement

The Company reassessed its securitization arrangement with a local financial institution and concluded that the related assets should not be derecognized under IFRS 9. Accordingly, the derecognition entry, which amounted to # 21.9 million (2022: # 33.71 million) for net investment in Islamic finance receivables, # 7.4 million (2022: # 7.4 million) for prepayments and other receivables, # 3.7 million (2022: 3.5 million) for accrued expenses and other liabilities, and # 29.5 million (2022: # 38.3 million) for Islamic bank financing related to the securitization, has been reversed.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
At 31 December 2023

35 REISSUED FINANCIAL STATEMENT ADJUSTMENTS (continued)

35.2 Net investment in Islamic finance receivables (continued)

c) Repricing of related party contracts

As at 1 January 2022, the Company's related party loan contracts were repriced with changes to the profit rates and other terms remain constant. These changes to profit rates resulted in a substantial modification of terms as per IFRS 9, however the Company did not properly account for the modification in accordance with the requirement of the standard. Since the revised profit rates resulted in a substantial modification as per IFRS 9, the Company has restated the related party balances by derecognising the same and recognised at new carrying value. The new carrying value was recalculated based on the revised cash flows and EPR was applied to discount these cash flows. This resulted in gain on derecognition which has now been accounted.

d) Grace period

The Company in its normal course of business, grants finance to some customers with an initial grace period in repayment. The grace period enabled customers to defer their initial lease payment for a period agreed with the Company, allowing the first instalment to be due after the completion of grace period without incurring any penalties or additional costs. As a result, the Company does not receive any payments from customers during the initial contract period. The Company incorrectly recognized profit income during the grace period on a straight-line basis calculated on the original principal. This income is subsequently amortised against the total income recognized over the remaining duration of the contract, rather than adjusting the Effective Profit Rate (EPR) to account for the grace period.

e) Discount from vendors/suppliers

The discounts received by the Company from vendors and suppliers were previously recognized as revenue from other activities in the Company's financial statements upon receipt. However, since these discounts can be directly attributed to specific assets, the Company should have adjusted the related cash flows to reflect the effective profit rate in accordance with IFRS 9. Consequently, the income from such discounts should be recognized over the life of the contract rather than immediately.

Based on this reassessment, the Company has reversed the income previously recognized in relation to supplier discounts for the year ended 31 December 2023 and has instead recognized the related amortization charges over the contract term as reductions in the cost of acquiring the vehicles. The net impact on net investment in Islamic finance receivable and Musharakah financing assets is ₪ 8.4 million ₪ 3.6 million respectively.

Additionally, the derecognition revenue amounting to ₪ 0.9 million (2022: ₪ 8.5 million). This amount will be amortized over the lease term.

As at 31 December 2022, the amount of ₪ 11.1 million was classified under accrued expenses and other liabilities which was reclassified to net investment in Islamic finance receivable and Musharakah financing assets amounting to ₪ 8.1 million and ₪ 10 million respectively.

f) Expected credit losses

As a result of the items stated in 35.2 (a) to (e) and a review of the expected credit loss model, there has been an additional charge of ₪ 7 million for the year ended 31 December 2023 (2022: ₪ 2.2 million).

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

35 REISSUED FINANCIAL STATEMENT ADJUSTMENTS (continued)

35.3 Musharakah Financing Assets and related Payables

The Company entered into a Musharakah arrangement with a third party on 30 December 2021 and had derecognized the related Musharakah financing assets. Under the arrangement, 80% of the agreed financing value was attributed to the third party, and the Company had recognized only its 20% share under net investment in Islamic finance receivables. Upon review, it was determined that the arrangement does not meet the derecognition criteria under IFRS 9. Accordingly, the entire portfolio has been recognized, resulting in Musharakah financing assets of ₪ 570.37 million, net of ECL provision of ₪ 50.1 million (2022: ₪ 376.61 million, net of ECL provision of ₪ 12 million) and corresponding payables of ₪ 499 million (2022: ₪ 313 million).

35.4 Retained earnings

This restatement pertains to a change in profit and other comprehensive income (OCI) reserves. This has been recognized in the statement of profit or loss, which has resulted in a corresponding increase in retained earnings. Comparative figures have been restated accordingly.

		2023	2022
	<i>Note</i>	₪	₪
Restatement impacts on profit before zakat	35.4 (a)	(63,224,555)	(41,133,346)
Change in zakat as a result of impact on profit	35.4 (b)	<u>3,062,816</u>	<u>2,730,558</u>
		<u>(60,161,739)</u>	<u>(38,402,788)</u>

a) Restatement impacts on profit before zakat

These relate to impacts of net profit of the Company before zakat as a result of restatement items for the year ended 31 December 2023 which are detailed in this note.

b) Change in zakat as a result of impact on profit

These relates to change in zakat charge for the year ended 31 December 2023, a result of adjustments to the profit before zakat during the year.

35.5 Provision for zakat

Zakat provision has been recalculated based on the restated profit figures of the Company and resulted in a reduction amounting to ₪ 3.1 million (2022: ₪ 2.73 million). This is to ensure that the Zakat liability accurately reflects the Company's financial position following the restatements described in this note.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
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35 REISSUED FINANCIAL STATEMENT ADJUSTMENTS (continued)

35.6 Accrued expenses and other liabilities

Accrued expenses and other liabilities has been restated for an amount of ₪ 10.46 million in respect of following matters:

	Note	2023 ₪	2022 ₪
Musharakah financing assets	35.2 (a)	4,498,780	-
Tawarruq admin fees	35.6 (c)	4,302,542	-
Accrued profit on Musharakah payable	35.6 (a)	3,764,704	2,450,691
Securitisation	35.2 (b)	(3,730,287)	(3,532,938)
Insurance expense	35.1 (b)	1,739,976	-
Accrued commission expense on Islamic bank financing	35.6 (b)	1,628,059	-
		12,203,774	(1,082,247)

a) Accrued profit on Musharakah payable

The Company has recognised the commission expense on the Musharakah payable by accruing the expense up to the reporting date in respect of the relevant period.

b) Accrued commission expense on Islamic bank financing

The Company has recognised the commission expense on Islamic bank financing by accruing the expense up to the reporting date in respect of the relevant period.

c) Accrued Tawarruq admin fees

The Tawarruq administrative fees were previously recognized as other income, net in the Company's financial statements at a single point in time instead of over the relevant period. This resulted in an adjustment of ₪ 4.3 million with the corresponding impact recorded as accrued expenses and other liabilities.

35.7 Islamic bank financing

An amount of ₪ 29.53 million has been recognized in Islamic bank financing with respect to Securitisation arrangement. The related payable to the financial institution has been recognised as a result of recognition of securitisation arrangement as per IFRS 9. Refer to note 35.2 (b) above for more details on securitisation arrangement.

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NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)
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35 REISSUED FINANCIAL STATEMENT ADJUSTMENTS (continued)

35.8 Commission income

The impact on commission income amounting to ₪ 10.03 million relates to following matters:

	Note	2023 ₪	2022 ₪
Reclassification			
Other income, net	35.8 (a)	(17,029,929)	9,911,762
Commission expense	35.9	32,746,075	11,041,827
Restatement			
Securitisation	35.2 (b)	-	(6,210,255)
Grace period contracts	35.2 (d)	3,810,911	7,404,759
Repricing of related parties	35.2 (c)	(505,956)	844,694
Modification gain/loss on deferment		-	(3,944,749)
Discount from vendors/suppliers	35.2 (c)	(882,743)	(8,500,683)
		<u>2,422,212</u>	<u>(10,406,234)</u>

a) Other income, net

These include other income amounting to ₪ 17.03 million (2022: ₪ 9.9 million) which were previously recorded under commission income and has now been reclassified to other income. These pertain to recognition of discount from vendors / suppliers in commission income amounting to ₪ 7.8 million (2022: ₪ 12.7 million), net income on insurance settlement claim amounting to ₪ 15 million (2022: net loss of ₪ 2 million), service fees amounting to ₪ 10.6 million (2022: ₪ 5.4 million) and other expenses of ₪ 0.9 million (2022: ₪ 0.5 million).

35.9 Commission expense

	Note	2023 ₪	2022 ₪
Reclassification			
Finance cost		880,072	896,128
Commission income	35.9 (a)	(32,746,075)	(11,041,827)
Restatement			
Cost of fund - Deferment 4	35.9 (a)	1,355,358	(1,355,358)
Securitisation	35.2 (b)	(1,376,185)	(1,413,645)
Accrued profit on Musharakah payable	35.6 (a)	(1,314,013)	(1,418,301)
Accrued commission expense on Islamic bank financing	35.6 (b)	(1,628,059)	-
		<u>(2,962,899)</u>	<u>(4,187,307)</u>

a) Commission income

The Company had recognised in finance cost and derecognition entries of amounts payable to the financial institution related to securitisation and Islamic bank financing. Further, with respect to impacts detailed in note 35.7 (a) above related to securitisation, finance costs amounting to ₪ 1.4 million has been recognised to correct the error. Further, finance cost amounting to ₪ 32.7 million has been reclassified from commission income to finance cost. Further finance costs amounting to ₪ 1.4 million has been recognised to correct the error.

35.10 Charge for expected credit losses on Islamic finance receivables

The charge to ECL is associated to the charge of recognising ECL on securitisation and Musharakah financing contracts.

TAMWEEL AL OULA COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

NOTES TO THE REISSUED FINANCIAL STATEMENTS (Continued)

At 31 December 2023

35 REISSUED FINANCIAL STATEMENT ADJUSTMENTS (continued)

35.11 Zakat

These are associated charges on zakat as a result of change in profit due to restatements of various items detailed in other notes above.