

TAAJEER FINANCE LEASE COMPANY
(A Saudi Closed Joint Stock Company)
**INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2023**

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the shareholders

Taajeer Finance Lease Company

(A Saudi Closed Joint Stock Company)

Jeddah, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Taajeer Finance Lease Company (a Saudi Closed Joint Stock Company) (the "Company") as at 30 September 2023, the related interim condensed statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, the interim condensed statements of changes in shareholders' equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with IAS 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Baker Tilly MKM & Co.

Certified Public Accountants



Bader Hatim Al Tamimi

License No. 489

Jeddah on 14 Rabi' al-Thani 1445H

Corresponding to 29 October 2023



TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**AS AT 30 SEPTEMBER 2023**

	Note	<i>As At</i>		
		<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
		<i>2023</i>	<i>2022</i>	<i>2022</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>
ASSETS				
Cash and cash equivalents		342,097,677	271,696,737	99,165,663
Prepayments and other receivables		30,264,499	15,998,206	19,581,913
Financing, net	5	969,611,284	960,000,474	904,566,116
Net deferred consideration receivable	5	63,070,386	58,614,490	56,792,197
Due from related parties	11	21,454,447	20,959,730	50,115,398
Vehicles available for lease		2,361,956	1,323,348	12,412,862
Equity investments at FVTOCI		892,850	892,850	892,850
Profit rate swap contract asset	8	10,111,998	13,332,623	13,148,206
Property and equipment		4,910,891	4,516,279	4,716,360
Intangible assets		2,790,889	1,970,066	2,025,523
TOTAL ASSETS		1,447,566,877	1,349,304,803	1,163,417,088
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Trade payables and other accruals	6	160,797,983	195,592,510	205,820,609
Due to a related party	11	19,728	1,316,957	1,057,636
Zakat payable	7	5,188,980	8,982,073	4,756,928
Net servicing liability	5	299,424	6,371,220	8,556,291
Bank overdraft		110,950	-	-
Loans	8	697,181,314	597,246,595	615,613,785
Employee termination benefits		4,803,028	3,682,652	3,711,567
TOTAL LIABILITIES		868,401,407	813,192,007	839,516,816
SHAREHOLDERS' EQUITY				
Share capital	9	500,000,000	200,000,000	200,000,000
Proposed capital	9	-	300,000,000	-
Statutory reserve		14,715,637	14,715,637	9,588,006
Retained earnings		54,337,835	8,064,536	101,164,060
Profit rate hedge reserve		10,111,998	13,332,623	13,148,206
TOTAL SHAREHOLDERS' EQUITY		579,165,470	536,112,796	323,900,272
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,447,566,877	1,349,304,803	1,163,417,088

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

TAAJEER FINANCE LEASE COMPANY
(A Saudi Closed Joint Stock Company)

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**

	Note	<i>For the Three-month period ended 30 September</i>		<i>For the Nine-month period ended 30 September</i>	
		2023	2022	2023	2022
		SR	SR	SR	SR
Finance income		23,384,984	22,286,458	69,846,230	60,551,960
Finance costs		(10,457,046)	(6,306,061)	(28,745,264)	(17,920,951)
Net finance income		12,927,938	15,980,397	41,100,966	42,631,009
Net gain on securitization of receivables	5&16	-	-	15,443,144	22,110,884
Net change in deferred consideration receivables		(290,276)	2,324,689	5,099,046	1,177,872
Net change in net servicing liability		3,535,675	4,019,670	10,684,892	11,832,296
Other operating income, net	10	18,671,423	16,145,618	44,429,342	29,718,654
Government grant income		-	1,398,166	-	2,856,978
Selling and marketing expenses		(5,371,715)	(6,378,875)	(15,703,820)	(12,344,371)
General and administrative expenses		(8,597,242)	(8,208,431)	(27,216,572)	(28,183,730)
Impairment charge on financing	5	(1,192,293)	(4,664,356)	(14,990,145)	(12,138,469)
Other operating expenses		(1,875,547)	(2,548,149)	(6,519,136)	(10,091,841)
Operating profit		17,807,963	18,068,729	52,327,717	47,569,282
Zakat	7	(1,780,797)	(1,806,873)	(6,054,418)	(8,367,700)
Profit for the period		16,027,166	16,261,856	46,273,299	39,201,582
Other Comprehensive Income					
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>					
Change in fair value of profit rate swap	8	(1,243,662)	3,537,560	(3,220,625)	14,135,983
Other comprehensive (loss) / income for the period		(1,243,662)	3,537,560	(3,220,625)	14,135,983
Total comprehensive income for the period		14,783,504	19,799,416	43,052,674	53,337,565
Earnings per share:					
Basic and diluted earnings per share	14	0.32	0.54	0.93	1.31
Average number of outstanding shares	14	50,000,000	30,000,000	50,000,000	30,000,000

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

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

	<i>Note</i>	<i>Share capital</i>	<i>Proposed capital</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Profit rate hedge reserve</i>	<i>Total</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
For the nine-month period ended 30 September 2023:							
Balance as at 1 January 2023	9	200,000,000	300,000,000	14,715,637	8,064,536	13,332,623	536,112,796
Profit for the period		-	-	-	46,273,299	-	46,273,299
Other comprehensive loss		-	-	-	-	(3,220,625)	(3,220,625)
Total comprehensive income		-	-	-	46,273,299	(3,220,625)	43,052,674
Capital increase	9	300,000,000	(300,000,000)	-	-	-	-
As at 30 September 2023		500,000,000	-	14,715,637	54,337,835	10,111,998	579,165,470
For the nine-month period ended 30 September 2022:							
Balance as at 1 January 2022		200,000,000	-	9,588,006	61,962,478	(987,777)	270,562,707
Profit for the period		-	-	-	39,201,582	-	39,201,582
Other comprehensive income		-	-	-	-	14,135,983	14,135,983
Total comprehensive income		-	-	-	39,201,582	14,135,983	53,337,565
As at 30 September 2022		200,000,000	-	9,588,006	101,164,060	13,148,206	323,900,272

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

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

	Note	<i>For the nine-month period ended</i>	
		<i>30 September</i>	<i>30 September</i>
		2023	2022
		<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES			
Profit for the period		46,273,299	39,201,582
Adjustments for non-cash items:			
Zakat expense	7	6,054,418	8,367,700
Impairment charge on financing	5	14,990,145	12,138,469
Finance costs		28,745,264	17,920,951
Depreciation and amortization		2,477,180	2,267,436
Employee termination benefits incurred		1,387,809	875,875
Government grant income		-	(2,856,978)
Net gain on securitization of receivables	5	(15,443,144)	(22,110,884)
Net change in deferred consideration receivables		(5,099,046)	(1,177,872)
Net change in net servicing liability		(10,684,892)	(11,832,296)
		68,701,033	42,793,983
Changes in working capital:			
Prepayments and other receivables		(14,266,293)	(1,391,090)
Financing, net		(3,901,565)	(100,208,662)
Due from related parties		(494,717)	(49,970,709)
Vehicles available for lease		(1,038,608)	(3,598,542)
Trade payables and other accruals		(33,676,634)	36,262,837
Due to a related party		(1,297,229)	(13,714,300)
Cash generated from / (used in) operations		14,025,987	(89,826,483)
Zakat paid	7	(9,847,511)	(6,613,740)
Finance cost paid		(29,863,157)	(16,049,144)
Employee termination benefits paid		(267,433)	(133,366)
Net cash flows used in operating activities		(25,952,114)	(112,622,733)
INVESTING ACTIVITIES			
Purchase of property and equipment		(2,117,541)	(1,805,063)
Purchase of intangible assets		(1,575,074)	(50,502)
Net cash flows used in investing activities		(3,692,615)	(1,855,565)
FINANCING ACTIVITIES			
Net change in bank overdraft		110,950	-
Proceeds from loans		322,166,508	201,861,408
Repayments of loans		(222,231,789)	(88,893,816)
Net cash flows generated from financing activities		100,045,669	112,967,592
Net change in cash and cash equivalents		70,400,940	(1,510,706)
Cash and cash equivalents at the beginning of the period		271,696,737	100,676,369
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		342,097,677	99,165,663
NON-CASH TRANSACTIONS			
Change in fair value of profit rate swap	8	3,220,625	(14,135,983)

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

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

1 ORGANISATION AND ACTIVITIES

Taajeer Finance Lease Company (the "Company") is a Saudi Closed Joint Stock Company, registered in the Kingdom of Saudi Arabia under Commercial Registration number 4030289565 issued on 17 Sha'ban 1437H (corresponding to 24 May 2016).

The Company's head office is based in Jeddah. The principal activity of the Company is to engage in the following business activities in the Kingdom of Saudi Arabia:

- a) Small and Medium Enterprises (SME) Financing
- b) Finance leasing
- c) Consumer Finance Murabaha
- d) Tawarroq

On 29 Safar 1438H (corresponding to 29 November 2016), the Company received a license from the Saudi Central Bank (SAMA) to undertake both finance leasing and small and medium enterprises (SME) financing in the Kingdom of Saudi Arabia under license number 46/AU/201611.

On 13 Jumada I 1441H (corresponding to 8 January 2020), the Company obtained the approval from SAMA to add consumer financing murabaha as a new product for individuals.

On 3 Muharram 1444H (corresponding to 1 August 2022), the Company obtained the approval from SAMA to add Tawarroq as a new product.

The Company is a subsidiary of Al Ahdaf Al Mumaizah Company Limited (the "Parent Company"). The ultimate parent of the Company is Taajeer Group ("Ultimate Parent"). Saudi shareholders own the Company, the Parent and the Ultimate Parent of the Company.

As at 30 September 2023, the Company operates through 6 branches (31 December 2022: 6 branches). The accompanying Interim condensed financial statements include the assets, liabilities and results of the Company and these branches as listed below:

<u>CR number</u>	<u>Location</u>
1010468134	Riyadh
4030293321	Jeddah
2252067592	Al Mubarraz
2050111740	Dammam
4031098948	Mecca
5850070587	Abha

2 BASIS OF PREPARATION

The interim condensed financial statements of the Company for the nine-month period ended 30 September 2023 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia.

The interim condensed financial statements have been prepared on a historical cost convention using the accrual basis of accounting, except for financial instruments measured at fair value and as indicated otherwise. The interim condensed financial statements are presented in Saudi Riyals which is also the functional currency of the Company and all values are rounded to the nearest Saudi Riyal (SR), except when otherwise indicated.

These interim condensed financial statements do not include all the information required for the annual financial statements.

The interim condensed financial statements may not be considered indicative of the expected results for the full year.

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that were applied to the annual financial statements as at and for the year ended 31 December 2022.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2022.

Other Standards, amendments or interpretations

The following standards, amendments or interpretations effective for annual periods beginning on or after 1 January 2023, did not have a significant impact on the Company's interim condensed financial statements:

<u>Standard, interpretation, and amendments</u>	<u>Description</u>
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
Amendment to IAS 12-deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
Definition of Accounting Estimates – Amendments to IAS 8	The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**
5 FINANCING, NET

	<i>30 September 2023</i>	<i>31 December 2022</i>	<i>30 September 2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Gross financing	1,380,226,974	1,354,722,038	1,271,779,123
Less: unearned finance income	(374,900,920)	(352,078,123)	(319,948,816)
	1,005,326,054	1,002,643,915	951,830,307
Less: allowance for expected credit losses	(35,714,770)	(42,643,441)	(47,264,191)
Financing, net	969,611,284	960,000,474	904,566,116

5.1 Movement in allowance for expected credit losses

	<i>For the nine- month period ended 30 September 2023</i>	<i>For the year ended 31 December 2022</i>	<i>For the nine- month period ended 30 September 2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
At the beginning of the period / year	42,643,441	48,960,545	48,960,545
Write offs	(13,421,656)	(18,834,925)	(13,103,194)
Allowance related to derecognized receivables	(8,497,160)	(731,629)	(731,629)
Impairment during the period / year	14,990,145	13,249,450	12,138,469
	35,714,770	42,643,441	47,264,191

5.2 Ageing of gross financing receivables

	<i>30 September 2023</i>	<i>31 December 2022</i>	<i>30 September 2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Not due	1,346,863,240	1,303,198,591	1,234,292,271
1 - 3 months over due	10,639,664	24,164,445	9,391,549
4 - 6 months over due	5,965,575	10,398,969	5,275,141
7 - 12 months over due	6,736,189	8,239,173	11,822,763
Over 12 months over due	10,022,306	8,720,860	10,997,399
	1,380,226,974	1,354,722,038	1,271,779,123

5.3 Portfolio analysis

The Company finances the sale of assets to its customers through Ijarah, Murabaha and Tawarroq. Under Ijarah, the legal ownership of the financed asset is retained by the Company, under Murabaha legal ownership is transferred to the customer and under Tawarroq the process occurred among a tri-party agreement. The net financing portfolio of the Company as of 30 September 2023, 31 December 2022 and 30 September 2022 is as follows:

	<i>30 September 2023</i>		
	<i>Gross financing SR</i>	<i>Unearned finance income SR</i>	<i>Allowance for expected credit loss SR</i>
	<i>Financing, net SR</i>		
Ijarah	1,354,403,404	(367,033,027)	(30,124,650)
Murabaha	11,877,236	(2,658,478)	(5,349,676)
Tawarroq	13,946,334	(5,209,415)	(240,444)
	1,380,226,974	(374,900,920)	(35,714,770)
	969,611,284		

TAAJEER FINANCE LEASE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
5 FINANCING, NET (CONTINUED)
5.3 Portfolio analysis (Continued)

		<i>31 December 2022</i>			
		<i>Gross financing</i>	<i>Unearned finance income</i>	<i>Allowance for expected credit loss</i>	<i>Financing, net</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Ijarah		1,326,260,111	(348,263,073)	(38,261,762)	939,735,276
Murabaha		28,461,927	(3,815,050)	(4,381,679)	20,265,198
		<u>1,354,722,038</u>	<u>(352,078,123)</u>	<u>(42,643,441)</u>	<u>960,000,474</u>
		<i>30 September 2022</i>			
		<i>Gross financing</i>	<i>Unearned finance income</i>	<i>Allowance for expected credit loss</i>	<i>Financing, net</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Ijarah		1,240,477,673	(315,621,167)	(43,139,421)	881,717,085
Murabaha		31,301,450	(4,327,649)	(4,124,770)	22,849,031
		<u>1,271,779,123</u>	<u>(319,948,816)</u>	<u>(47,264,191)</u>	<u>904,566,116</u>

5.4 Maturity analysis of financing is as follows:

		<i>30 September 2023</i>			
		<i>Within 1 year</i>	<i>Non-current</i>		<i>Total</i>
		<i>SR</i>	<i>1 to 3 years</i>	<i>Over 3 year</i>	<i>SR</i>
Gross financing		462,885,241	569,762,250	347,579,483	1,380,226,974
Less: unearned finance income		(149,237,944)	(187,545,600)	(38,117,376)	(374,900,920)
Financing, net		<u>313,647,297</u>	<u>382,216,650</u>	<u>309,462,107</u>	<u>1,005,326,054</u>
		<i>31 December 2022</i>			
		<i>Within 1 year</i>	<i>Non-current</i>		<i>Total</i>
		<i>SR</i>	<i>1 to 3 years</i>	<i>Over 3 year</i>	<i>SR</i>
Gross financing		557,148,445	450,291,259	347,282,334	1,354,722,038
Less: unearned finance income		(136,915,916)	(156,125,260)	(59,036,947)	(352,078,123)
Financing, net		<u>420,232,529</u>	<u>294,165,999</u>	<u>288,245,387</u>	<u>1,002,643,915</u>
		<i>30 September 2022</i>			
		<i>Within 1 year</i>	<i>Non-current</i>		<i>Total</i>
		<i>SR</i>	<i>1 to 3 years</i>	<i>Over 3 year</i>	<i>SR</i>
Gross financing		461,965,819	449,818,145	359,995,159	1,271,779,123
Less: unearned finance income		(178,730,745)	(108,294,853)	(32,923,218)	(319,948,816)
Financing, net		<u>283,235,074</u>	<u>341,523,292</u>	<u>327,071,941</u>	<u>951,830,307</u>

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023****5 FINANCING, NET (CONTINUED)****5.5 Securitized receivables**

The Company has entered into purchase and service agreements (the ‘Agreements’) with local banks in respect of securitization of certain financing leases (the ‘Receivables’).

Under the terms of the purchase and service agreements, the Company first sells the eligible Receivables to banks and then manages them on behalf of the banks as an agent for a monthly fee as per the terms of the Agreements.

During the nine-month period ended 30 September 2023, the Company sold SR 82.5 million (30 September 2022: SR 115.4 million) of its Receivables and the total amount received from the banks in respect of such sale was SR 100 million (30 September 2022: SR 126.1 million). Upon sale, the Company derecognises the receivables from its books and recognises the difference as either gain or loss on derecognition of receivables.

The following are the significant terms of the Agreements:

- a) The agreements are supported by a “cash flow statement” which stipulates the principal amount and the monthly receivables falling due. Under the terms of the agreements, the Company, in the capacity of an agent, settles to the bank a monthly amount based on the cash flow statement. The amount of the next month’s repayment is recognized as a liability and included in ‘payable under purchase and agency agreement’ (see note 6).
- b) A reserve is maintained, which is to be distributed at the end of the term of the agreement after deducting the actual defaults and discounts due to premature terminations. The balance in the reserve account after deducting the actual defaults and discounts shall be retained by the Company as deferred consideration on sale of receivables. Any shortfall in the reserve account is to be borne by the bank.

During the nine-month period ended 30 September 2023, the Company recognized a net gain amounting to SR 15.4 million (30 September 2022: SR 22.1 million) on derecognition of receivables sold to the banks under the Agreement.

The present value of deferred consideration receivable is calculated by deducting the present value of expected defaults and discounts to be incurred over the life of the agreement from the present value of reserve amount to be received per the cash flow statement. This represents the net deferred consideration receivable by the Company under the Agreements calculated as follows:

	<i>30 September</i> <i>2023</i>	<i>31 December</i> <i>2022</i>	<i>30 September</i> <i>2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Present value of deferred consideration receivable	81,464,326	70,192,676	69,165,240
Less: allowance for expected defaults	(18,393,940)	(11,578,186)	(12,373,043)
Net deferred consideration receivable	63,070,386	58,614,490	56,792,197

The Company’s net servicing assets and related liabilities are calculated separately for each agreement by calculating the present value of servicing assets, as per the terms of the agreement and by estimating the present value of servicing liability and related provisions. The net amount is classified as a net servicing asset or a net servicing liability on the statement of financial position. This has been presented as follows:

	<i>30 September</i> <i>2023</i>	<i>31 December</i> <i>2022</i>	<i>30 September</i> <i>2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Present value of servicing asset	14,119,542	16,935,390	18,646,916
Less: Present value of servicing liability	(14,418,966)	(23,306,610)	(27,203,207)
Net servicing liability	(299,424)	(6,371,220)	(8,556,291)

The present value of net deferred consideration receivable and the present value of net servicing liability is calculated by using a discount rate ranging from 4.50% to 7.58% (2022: 4.50% to 7.58%).

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023****6 TRADE PAYABLES AND OTHER ACCRUALS**

	<i>30 September</i> 2023	<i>31 December</i> 2022	<i>30 September</i> 2022
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Payable to suppliers of vehicles	57,524,465	64,911,742	69,864,395
Payable under purchase and agency agreement (note 5)	82,656,524	103,039,148	111,882,515
Accrued expenses	11,496,450	11,144,937	7,845,227
Advance from customers	483,925	7,200,363	6,065,781
Other payables	8,636,619	9,296,320	10,162,691
	160,797,983	195,592,510	205,820,609

7 ZAKAT PAYABLE**Basis for Zakat:**

The Company is subject to the Regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia.

Zakat charged to profit or loss:

	<i>For the nine- month period ended 30 September 2023</i>	<i>For the year ended 31 December 2022</i>	<i>For the nine- month period ended 30 September 2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Current zakat charges	5,232,772	8,982,073	4,756,928
Charge for prior periods	821,646	3,610,772	3,610,772
	6,054,418	12,592,845	8,367,700

The movement in the zakat payable is as follows:

	<i>For the nine- month period ended 30 September 2023</i>	<i>For the year ended 31 December 2022</i>	<i>For the nine- month period ended 30 September 2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
At the beginning of the period / year	8,982,073	3,002,968	3,002,968
Charge for the period / year	6,054,418	12,592,845	8,367,700
Payments	(9,847,511)	(6,613,740)	(6,613,740)
	5,188,980	8,982,073	4,756,928

Status of certificates and assessments:

The Company finalized its zakat assessments with the Zakat, Tax and Customs Authority (ZATCA), for all years from inception up to 2018. The zakat returns for the years 2019 through 2022 have been submitted and have not yet been reviewed by ZATCA. The Company has a valid zakat certificate till 30 April 2024.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023****8 LOANS**

Loans comprise the following:

	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2023</i>	<i>2022</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Commercial loans (see note (a) below)	586,442,503	451,003,204	487,899,555
Governmental loans (see note (b) below)	52,335,167	92,243,391	73,714,230
Loans from other financial institution (see note (c) below)	58,403,644	54,000,000	54,000,000
	697,181,314	597,246,595	615,613,785

a) Commercial loans

Commercial loans were obtained from local financial institutions to finance working capital requirements. These loans carry commercial profit rate. The loans are guaranteed with corporate guarantees and assignment of financing. Commercial loans as at 30 September 2023 are presented net of a cash compensating balance of SR 19,779,142 (31 December 2022 : SR 19,685,188 and 30 September 2022 : SR 19,654,083).

b) Governmental loans

The Company has obtained loans at below-market interest rate from governmental bodies under a scheme to support small and medium sized entities. The Company recognized the loan initially at its fair value using a discount factor of 3.25% - 7.5% and recognized an unearned government grant being the difference between the amount received and the fair value of the loan. The Company earns the government grant on its utilization of funds obtained from the governmental bodies to finance small and medium sized entities on a pro-rata basis.

c) Loans from other financial institution

The Company has obtained loans from other financial institution to finance working capital requirements (note 11). The loans are guaranteed with corporate guarantee and assignment of financing (note 5).

Profit rate swap

The Company has entered into a profit rate swap (the "Contract") with local banks to manage exposure to profit rate fluctuations. The notional amount of the Contract as at 30 September 2023 is SR 215 million (31 December 2022: SR 279 million and 30 September 2022: SR 304 million).

The Company has accounted for the contract as an effective cash flow hedge. Accordingly, the Company recorded the change in the fair value of the contract through other comprehensive income.

9 SHARE CAPITAL

The capital of the Company as at 30 September 2023 comprised 50,000,000 shares (31 December 2022 and 30 September 2022: 20,000,000 shares) stated at SR 10 per share. The shareholders of the Company as at 30 September 2023, 31 December 2022 and 30 September 2022 and their respective shareholding is as follows:

	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2023</i>	<i>2022</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Al Ahdaf Al Mumaizah Company	480,000,000	192,000,000	192,000,000
Taajeer Gulf Company	5,000,000	2,000,000	2,000,000
Taajeer Global Company	5,000,000	2,000,000	2,000,000
Taajeer International Company	5,000,000	2,000,000	2,000,000
Taajeer National Company for Auto Maintenance and Integrated Service Limited	5,000,000	2,000,000	2,000,000
	500,000,000	200,000,000	200,000,000

On 5 January 2023, the Company completed legal procedures for the capital increase and transferred SR 300 millions from proposed capital to share capital.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**
10 OTHER OPERATING INCOME, NET

	<i>For the nine-month period ended</i>	
	<i>30 September</i>	<i>30 September</i>
	2023	2022
	SR	SR
Administrative fee income	2,937,710	3,186,654
Insurance reimbursed / (paid), net	10,891,175	(1,547,783)
Rebate on purchase of vehicles	20,549,337	23,119,904
Recoveries of amount previously written off	1,814,173	1,679,412
Interest income on time deposit	7,038,798	-
Other	1,198,149	3,280,467
	44,429,342	29,718,654

11 RELATED PARTY DISCLOSURES

The following table provides the total amount of material transactions that have been entered into with related parties:

Related party	Nature of transaction	<i>For the nine-month period ended</i>	
		<i>30 September</i>	<i>30 September</i>
		2023	2022
		SR	SR
Ultimate Parent			
Taajeer Group	Recharging IPO costs	5,228,102	-
Shareholders			
Taajeer International Company	Purchase of Vehicles	46,408,827	99,865,711
Taajeer National Company	Vehicle maintenance	-	646,611
Sister company			
Awaed Arabia Company	Debt collection Service	-	2,653,099
Other			
Alawal Capital Company	Loans obtained	78,403,644	54,000,000
	Loans paid	74,000,000	36,000,000
	Interest charge	1,925,054	952,306

Due from related parties comprise the following:

	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	2023	2022	2022
	SR	SR	SR
Taajeer Group	5,228,102	-	36,720
Taajeer International Company	16,226,345	20,959,730	50,078,678
	21,454,447	20,959,730	50,115,398

Due to a related party comprise the following:

	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	2023	2022	2022
	SR	SR	SR
Taajeer National Company	19,728	1,316,957	1,057,636

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023****11 RELATED PARTY DISCLOSURES (CONTINUED)**

Loans from a related party comprise the following:

	<i>30 September</i> <u>2023</u>	<i>31 December</i> <u>2022</u>	<i>30 September</i> <u>2022</u>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Al Awwal Capital (see note (a) below)	58,403,644	54,000,000	54,000,000

a) The loans from a related party is presented under loans (see note 8).

Compensation of key management personnel of the Company

	<i>For the nine-month period ended</i>	
	<i>30 September</i> <u>2023</u>	<i>30 September</i> <u>2022</u>
	<i>SR</i>	<i>SR</i>
Short term employee benefits	3,337,858	3,070,222
Termination benefits	1,084,615	649,701
Total compensation of key management personnel	4,422,473	3,719,923

12 COMMITMENTS AND CONTINGENCIES

As at 30 September 2023, the Company had no contingent liabilities and commitments (31 December 2022 and 30 September 2022 :Nil).

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial assets consist of cash and bank balances, financing, equity investment at FVTOCI, net deferred consideration receivable, due from related parties and other receivables. Its financial liabilities consist of due to related parties, trade payables, loans and payables under purchase and agency agreement.

The fair values of the financial instruments are not materially different from their carrying amounts except for financing.

14 EARNINGS PER SHARE

The basic and diluted earnings per share from net profit is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The weighted average number of shares outstanding during the comparative period has been adjusted as a result of the increase in capital by transferring SR 100 million from retained earnings during the a subsequent period.

There was no dilutive component affecting the weighted average number of ordinary shares.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023****15 SAMA SUPPORT PROGRAMS AND INITIATIVES****PRIVATE SECTOR FINANCING SUPPORT PROGRAM ("PSFSP")**

In response to COVID-19 in the previous years, SAMA launched the Private Sector Financing Support Program ("PSFSP") in March 2020 to provide the necessary support to the Micro, Small and Medium Enterprises ("MSMEs") as per the definition issued by SAMA via Circular No. 381000064902 dated 16 Jumada II 1438H. The PSFSP mainly encompasses the following programs:

- Deferred payments program;
- Funding for lending program;
- Loan guarantee program; and
- Point of sale ("POS") and e-commerce service fee support program.

As part of the deferred payments program launched by SAMA in March 2020, the Company is required to defer payments on financing facilities to those companies that qualify as SMEs. The payment reliefs are considered as short-term liquidity support to address the borrower's potential cash flow issues. The Company has effected the payment reliefs by deferring the instalments falling due within the period from March 2020 to September 2020 for a period of six months, and from October 2020 to December 2020 for the three months, and from January 2021 to March 2021 for three months period. The accounting impact of these changes in terms of the credit facilities has been assessed and were treated as per the requirements of IFRS 9 as modification in terms of arrangement.

In order to compensate the related cost that the Company is expected to incur under the SAMA program, the Company received SR 7.5 million, SR 5.7 million and SR 8.8 million of profit free loan from SAMA during the years 2020, 2021 and 2022. The amount was due to be repaid to SAMA over 1.5 year in equal monthly instalments, with initial grace period of 6 months. During 2021, SAMA issued guidelines to management for deferment of loan payment till maturity i.e. to pay one time full amount on maturity date. Details of the amount received from SAMA are as follows:

- In 2020, an amount of SR 7.5 million, received against financing, net, has been recognized as "government loan" and accordingly, the Company has recognized an amount of SR 333 thousand as grant income to offset the modification losses for which the grant has been provided by SAMA (note 8).
- In 2021, an amount of SR 5 million, received against financing, net, has been recognized as "government loan" and accordingly, the Company has recognized an amount of SR 298 thousand as grant income to offset the modification losses for which the grant has been provided by SAMA (note 8).
- In 2022, an amount of SR 8.8 million, received against financing, net, has been recognized as "government loan" and accordingly, the Company has recognized an amount of SR 415 thousand as grant income to offset the modification losses for which the grant has been provided by SAMA (note 8).

16 RECLASSIFICATION OF PREVIOUSLY REPORTED FIGURES

The Company reclassified certain figures that were previously reported in the interim condensed statement of profit or loss for the three-month period ended 31 March 2023.

The impact of the reclassification was as follows:

	<i>As previously reported</i>	<i>Reclassification</i>	<i>After Reclassification</i>
	SR	SR	SR
Net gain on securitization of receivables	7,310,867	8,132,277	15,443,144
Reversal / (Impairment) of financing, net	1,480,082	(8,132,277)	(6,652,195)

17 DATE OF AUTHORIZATION

These interim condensed financial statements were authorized for issue by the Company's Board of Directors on 26 October 2023 corresponding to 11 Rabi' al-Thani 1445H.