

AL JABR FINANCING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
31 DECEMBER 2025

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

INDEX	PAGE
Independent auditor's report	-
Statement of financial position	1
Statement of profit or loss and other comprehensive income	2
Statement of changes in shareholders' equity	3
Statement of cash flows	4
Notes to the financial statements	5 - 44



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Kingdom of Saudi Arabia
Commercial Registration No 2051062328

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

الطابق ١٦، برج البرغاش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب ٤٨٠٣
الخبير ٣١٤٦ - ٣٤٤١٢
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholder of Al Jabr Financing Company

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Al Jabr Financing Company** ("the Company"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

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

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

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

In preparing the financial statements, 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, the Board of Directors, are responsible for overseeing the Company's financial reporting process.



Independent Auditor's Report

To the Shareholder of Al Jabr Financing Company (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 of **Al Jabr Financing Company** ("the Company").



Independent Auditor's Report

To the Shareholder of Al Jabr Financing Company (continued)

Report on Other Legal and Regulatory Requirements

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the Regulations for Companies and the Company's By-laws in so far as they affect the preparation and presentation of the financial statements.

KPMG Professional Services

Mohammed Najeeb Alkhelaiwi
License No: 481

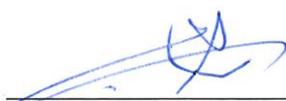


Al Khobar, 5 March 2026
Corresponding to: 16 Ramadan 1447H

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(Expressed in Saudi Riyals)

	Note	31 December 2025	31 December 2024
ASSETS			
Cash and cash equivalents	5	31,375,188	19,229,499
Net investment in Islamic financing contracts	6	1,492,206,583	1,306,009,175
Due from a related party	7.1	884,496	1,178,246
Prepayments and other receivables	8	32,630,901	22,380,855
Right-of-use assets	9	2,067,944	1,224,139
Investment in equity instruments carried at FVOCI	11	892,850	892,850
Property and equipment	12	2,993,628	5,249,837
Intangible assets	13	1,955,623	2,114,187
TOTAL ASSETS		1,565,007,213	1,358,278,788
LIABILITIES AND EQUITY			
LIABILITIES			
Islamic financing	14	673,440,603	625,513,279
Due to a related party	7.2	12,264	-
Accounts payable and other liabilities	15	281,895,384	151,390,123
Lease liabilities	10	1,545,991	465,137
Zakat provision	16	7,484,925	7,119,168
Employees' defined benefits obligation	17	8,249,366	7,516,243
TOTAL LIABILITIES		972,628,533	792,003,950
EQUITY			
Share capital	18	345,000,000	345,000,000
Statutory reserve	19	33,665,127	29,977,569
Actuarial reserve on employees' defined benefits obligation		(714,860)	(448,784)
Retained earnings		214,428,413	191,746,053
TOTAL EQUITY		592,378,680	566,274,838
TOTAL LIABILITIES AND EQUITY		1,565,007,213	1,358,278,788

These financial statements were approved by the Board of Directors and have been signed on their behalf by:


Board of Directors Chairman


Chief Executive Officer


Finance Manager

The accompanying notes from 1 to 31 appearing on pages 5 to 44 form an integral part of these financial statements.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

	Note	2025	2024
Income			
Finance income	21	207,799,084	181,321,458
Other operating income	25.1	19,561,967	19,904,687
		227,361,051	201,226,145
Expenses			
Insurance cost		(4,119,067)	(9,016,519)
Finance cost	22	(43,037,441)	(39,413,463)
General and administrative expenses	23	(67,788,085)	(62,518,659)
Selling and marketing expenses	24	(6,652,599)	(5,592,239)
Allowance for expected credit losses	6.2	(67,187,722)	(56,797,799)
		(188,784,914)	(173,338,679)
Government grant		1,688,318	4,039,271
Other non-operating income	25.2	4,112,524	10,181,306
Profit before Zakat		44,376,979	42,108,043
Zakat expense	16	(7,501,401)	(7,089,177)
Profit for the year		36,875,578	35,018,866
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Actuarial loss on employees' defined benefits obligation	17	(266,076)	(259,284)
Other comprehensive loss for the year		(266,076)	(259,284)
Total comprehensive income for the year		36,609,502	34,759,582
Earnings per share (basic and diluted)	26	0.11	0.10

These financial statements were approved by the Board of Directors and have been signed on their behalf by:



Board of Directors Chairman



Chief Executive Officer



Finance Manager

The accompanying notes from 1 to 31 appearing on pages 5 to 44 form an integral part of these financial statements.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings	Actuarial reserve on employees' defined benefits obligation	Total
Balance as at 1 January 2024	345,000,000	26,475,682	169,519,074	(189,500)	540,805,256
Profit for the year	-	-	35,018,866	-	35,018,866
Other comprehensive loss for the year	-	-	-	(259,284)	(259,284)
Total comprehensive income for the year	-	-	35,018,866	(259,284)	34,759,582
Dividends	-	-	(9,290,000)	-	(9,290,000)
Transfer to statutory reserve	-	3,501,887	(3,501,887)	-	-
Balance as at 31 December 2024	345,000,000	29,977,569	191,746,053	(448,784)	566,274,838
Balance as at 1 January 2025	345,000,000	29,977,569	191,746,053	(448,784)	566,274,838
Profit for the year	-	-	36,875,578	-	36,875,578
Other comprehensive loss for the year	-	-	-	(266,076)	(266,076)
Total comprehensive income for the year	-	-	36,875,578	(266,076)	36,609,502
Dividends (note 30)	-	-	(10,505,660)	-	(10,505,660)
Transfer to statutory reserve	-	3,687,558	(3,687,558)	-	-
Balance as at 31 December 2025	345,000,000	33,665,127	214,428,413	(714,860)	592,378,680

The accompanying notes from 1 to 31 appearing on pages 5 to 44 form an integral part of these financial statements.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

	Note	2025	2024
OPERATING ACTIVITIES			
Profit before Zakat		44,376,979	42,108,043
Adjustments for:			
Depreciation of property and equipment	12	2,518,435	2,253,136
Amortisation of intangible assets	13	158,564	-
Amortisation of right-of-use assets	9	1,715,159	2,012,658
Provision for employees' defined benefits	17	1,634,349	1,493,908
Allowance for expected credit losses	6.2	67,187,722	56,797,799
Finance charges	22	43,037,441	39,413,463
Government grant		(1,688,318)	(4,039,271)
Written-off intangible assets	13	-	555,570
Reversal of provision for expected default under purchase agency agreement		-	(1,308,010)
		<u>158,940,331</u>	<u>139,287,296</u>
Changes in operating assets and liabilities:			
Net investment in Islamic financing contracts		(253,385,130)	(308,871,222)
Due from a related party		293,750	34,630
Prepayments and other receivables		(10,250,046)	(122,309)
Due to a related party		12,264	(87,172)
Accounts payable and other liabilities		130,714,884	57,448,118
Zakat paid	16	(7,135,644)	(7,765,618)
Finance charges paid		(42,058,079)	(33,425,788)
Employees' defined benefits paid	17	(1,167,302)	(565,010)
Net cash used in operating activities		<u>(24,034,972)</u>	<u>(154,067,075)</u>
INVESTING ACTIVITIES			
Additions to property and equipment	12	(262,226)	(272,174)
Net cash used in investing activities		<u>(262,226)</u>	<u>(272,174)</u>
FINANCING ACTIVITIES			
Repayment of Islamic financing		(181,534,422)	(142,479,830)
Proceeds from Islamic financing	14	230,000,000	314,970,000
Dividends paid	30	(10,505,660)	(9,290,000)
Lease liabilities paid	10	(1,517,031)	(2,020,760)
Net cash generated from financing activities		<u>36,442,887</u>	<u>161,179,410</u>
Net change in cash and cash equivalents		12,145,689	6,840,161
Cash and cash equivalents at the beginning of the year		<u>19,229,499</u>	<u>12,389,338</u>
Cash and cash equivalents at the end of the year	5	<u><u>31,375,188</u></u>	<u><u>19,229,499</u></u>
Non-cash transactions:			
Additions under lease	10	2,558,964	387,618
Government grant recognised	14	1,478,695	665,896

The accompanying notes from 1 to 31 appearing on pages 5 to 44 form an integral part of these financial statements.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

1. LEGAL STATUS AND ACTIVITY

Al Jabr Financing Company (“the Company”) is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 2050097254 and unified number 7001898274 issued in Dammam on 21 Rabi Al Awwal 1436H (corresponding to 12 January 2015).

The Saudi Central Bank – (“SAMA”) (Saudi Arabian Monetary Authority – previously) granted approval in its letter No. 351000150191 dated 18 Dhul Hijjah 1435H (corresponding to 12 October 2014) and through the issuance of Ministerial Decision No. 394/S dated 21 Rabi Al-Awwal 1436H (corresponding to 12 January 2015) approving the conversion of “Al Jabr Company for Installment” from a limited liability company to a closed joint stock company and to amend its name to become “Al Jabr Financing Company” while maintaining the same commercial registration number of the Company prior to the conversion.

On 26 November 2023, the Company held an extraordinary general assembly meeting where the shareholders agreed to divide the Company’s shares. The split ratio was 10 to 1, it was agreed that each share of SR 10 will be split into 10 shares of SR 1. As a result, the total number of shares increased from 34,500,000 to 345,000,000. Accordingly, the basic and diluted EPS has been calculated based on the revised number of shares. The legal formalities for share split were completed in June 2024.

The principal activities of the Company are finance leasing, real estate financing, financing of productive assets, financing of small and medium enterprises (SMEs), and consumer financing in the Kingdom of Saudi Arabia under the license number 42/Ash/201512 dated 3 Rabi Al Awwal 1437H (corresponding to 14 December 2015) granted by SAMA. The Company’s Head Office is located in Dammam, Kingdom of Saudi Arabia.

These financial statements include the activities of the following branches:

<u>Branch</u>	<u>Commercial registration</u>
Al Jabr Financing Company – Jeddah	4030443065
Al Jabr Financing Company – Riyadh	1010861762
Al Jabr Financing Company – Abha	5850143859

During the year, the Company closed Abha branch.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements are prepared on a going concern basis under the historical cost convention on the accrual basis of accounting except for investment in equity instruments carried at fair value through other comprehensive income (FVOCI) which is measured at fair value and employees’ defined benefit obligations which is measured at projected unit credit method.

2.3 Basis of presentation

The Company’s statement of financial position is presented in order of their liquidity instead of the current / non-current classification. As per the current / non-current classification the following balances would generally be classified as current: cash and cash equivalents, prepayments and other receivables, due from a related party, due to a related party, accounts payables and other liabilities, and Zakat provision. The following balances would generally be classified as non-current: right-of-use assets, investment in equity instruments carried at FVOCI, property and equipment, intangible assets and employees’ defined benefits obligation. The balances which are mixed in nature, i.e. include both current and non-current portions, include net investment in Islamic financing contracts, lease liabilities, and Islamic financing.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

2. BASIS OF PREPARATION (continued)

2.4 Current versus non-current classification

Until 31 December 2017, the Company presented current and non-current assets and liabilities, as separate classifications in its statement of financial position. Management has reassessed this presentation during 2018 and believes that because of lack of a clearly identifiable operating cycle, presentation of assets and liabilities in order of liquidity provides information that is more relevant than a current / non-current presentation. Accordingly, assets and liabilities have been presented in order of their liquidity as at 31 December 2025 along with the corresponding figures of 2024.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or;
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2.5 Significant accounting estimates, assumptions and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) 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, 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 financial statements have been prepared on a going concern basis.

b) Actuarial valuation of employee benefits liabilities

The cost of the end-of-service ("employee benefits") under defined unfunded benefit plan is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and rate of employee turnover. Due to the complexity of the valuation and its long-term nature, a defined unfunded benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed on an annual basis or more frequently, if required.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

2. BASIS OF PREPARATION (continued)

2.5 Significant accounting estimates, assumptions and judgments (continued)

c) Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). The Company's management has applied judgments and estimates to determine the IBR at the commencement of its lease contracts.

d) Measurement of expected credit loss allowance

The measurement of expected credit loss allowance for the financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) is the area that requires the use of models and significant assumptions about future economic conditions and credit behavior (such as the likelihood of customer defaulting and resulting losses). Explanation of inputs, assumptions, and estimation techniques used in measuring expected credit loss (ECL) is further detailed in notes, which also sets out the key sensitivities of the ECL to change these elements.

A number of significant judgments are also required in applying accounting requirements for measuring the ECL, such as:

- Determining the criteria for a significant increase in credit risk.
- Choosing appropriate models and assumptions for measurement of ECL.
- Establishing the number and relative weighting of forward-looking scenarios for each type of industrial sector and associated ECL.
- Establishing a group of similar financial assets for the purpose of measuring ECL.

e) Business model assessment

Classification and measurement of financial assets depend on the results of the sole payment of principle and profit (SPPP) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the assets was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

f) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic experts, financial analysts, governmental bodies, relevant think-tanks, and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relates to the Company's core operations.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

2. BASIS OF PREPARATION (continued)

2.5 Significant accounting estimates, assumptions and judgments (continued)

g) Impairment of net investment in Islamic Financing contracts

The expected credit loss (ECL) model contains a three-stage approach that is based on the changes in the credit quality of financial assets since initial recognition. The ECL model is forward-looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increase in credit risk and measurement of ECL.

Stage 1: 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk (SICR) since origination and are not credit impaired. The ECL will be computed using a factor that represents the Probability of Default (PD) occurring over the next 12 months and Loss Given Default (LGD) and profit is calculated on a gross basis;

Stage 2: Under Stage 2, where there has been a SICR since initial recognition but the financial instruments are not considered credit impaired, an amount equal to the lifetime ECL will be recorded which is computed using lifetime PD, LGD and Exposure at Default (EAD) and profit is calculated on a gross basis. Provisions are expected to be higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1;

Stage 3: Under Stage 3, where there is objective evidence of impairment at the reporting date these financial instruments will be classified as credit-impaired and an amount equal to the lifetime ECL will be recorded for the financial assets and profit is calculated on a net basis.

h) Determination of discount rate for present value calculations

Discount rate, used for present value calculation for the Company's financial assets and liabilities, represent the current market assessment of the risks specific to each cash flow stream, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and is derived from recent market transactions and a market yields overview.

i) Zakat

Zakat has been computed based on the Company's understanding and interpretation of the Zakat and income tax regulations enforced in the Kingdom of Saudi Arabia. The Zakat, Tax and Customs Authority ("ZATCA") continues to issue circulars to clarify certain Zakat and tax regulations, which are usually enforced on all open years. The Zakat liability as computed by the Company could be different from Zakat as assessed by ZATCA for years for which assessments have not yet been raised by ZATCA.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

3. NEW STANDARDS OR AMENDMENTS AND FORTHCOMING REQUIREMENTS

New currently effective requirements

The following new and amended IFRS Accounting Standards have been adopted. The application of these amendments did not have any material impact on the amounts reported for current and prior periods.

- Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

Accounting standards issued but not yet effective

The Company has not early adopted the following new and amended IFRS Accounting Standards that have been issued but are not yet effective:

- Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
- Annual Improvements to IFRS Accounting Standards – Amendments to:
 - IFRS 1 First-time Adoption of International Financial Reporting Standards
 - IFRS 7 Financial Instruments: Disclosures and related implementation guidance
 - IFRS 9 Financial Instruments
 - IFRS 10 Consolidated Financial Statements
 - IAS 7 Statement of Cash flows
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

With the exception of IFRS 18, management does not expect the adoption of the above standards and amendments to have a material impact on the Company's financial statements.

IFRS 18 is expected to have a material impact on the presentation and disclosure of the financial statements, in particular on the structure of the statement of profit or loss and related disclosures. Management is currently assessing the detailed implications of applying IFRS 18.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

4.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand, if any, and cash at banks and financial institutions including investments with original maturity of less than three months from the contract date.

4.2 Financial instruments

4.2.1 Financial assets

Classification of financial assets

On initial recognition, a financial asset is classified and measured at: amortised cost, FVOCI or FVTPL. However, the Company as at the reporting date only holds financial assets carried at amortised cost other than investment which is carried at FVOCI.

- a) A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.
- b) Financial assets at FVOCI

Debt instruments

A debt instrument is measured at FVOCI only if it meets both of the following conditions and it is not designated as at FVTPL.

- The assets is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principle and the profit on the principle amount outstanding.

Equity instruments

On the initial recognition, for an equity investment that is not held for trading, the Company may irrecoverably elect to present subsequent changes in fair value in OCI. This election is made on an investment by investment basis.

- c) Financial assets at FVTPL

All other financial assets are classified as measured at FVTPL.

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

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.2 Financial instruments (continued)

4.2.1 Financial assets (continued)

Business model assessment

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

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

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

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessments whether contractual cash flows are solely payments of principal and profit;

For the purposes of this assessment, 'Principal' is the fair value of the financial assets on initial recognition. 'Profit' is the consideration for the time value of money, the credit and other basis lending risks associated with the principal amount outstanding during a particular period and other basis lending costs (e.g. liquidity risk and administrative costs), along with profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Company considers the contractual terms of the instrument.

This Includes assessing whether the financial assets contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse assets arrangements); and
- Features that modify consideration of the time value of money-e.g. periodical reset of profit rates.
- The Company's financial assets are classified and measured at amortised cost as such assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit ("SPPP")

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.2 Financial instruments (continued)

4.2.1 Financial assets (continued)

Derecognition of financial assets

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. In certain transactions, the Company retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria.

An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing. In case the Company securitises various pools of financing contracts, which generally result in the sale of these assets to banks and in the Company transferring substantially all of the risks and rewards of ownership, and the bank in turn issue facilities to the Company, accordingly interests in the securitised financial assets are generally retained in the form of senior or subordinated tranches, profit-only strips or other residual interests (retained interests). Retained interests are recognised as profit-only strips receivables and carried at amortised cost, subject to business model and SPPP test. Gain or losses on securitisation are recorded in statement of profit or loss.

Impairment

The Company recognises loss allowances for ECL on the net investment in financing contracts.

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:

- Other financial instruments on which credit risk has not increased significantly since their initial recognition.
- 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.2 Financial instruments (continued)

4.2.1 Financial assets (continued)

Impairment (continued)

The Company categorises the financial assets in the following 3 stages for the purpose of impairment:

Stage 1: Includes financial assets with no significant increase in credit risk since initial recognition, accordingly, impairment is recognised on the basis of 12-month expected credit losses and profit is calculated on gross basis;

Stage 2: Includes financial assets with significant increase in credit risk since initial recognition, therefore, impairment is recognised on life time expected credit losses and profit is calculated on gross basis; and

Stage 3: Includes financial assets which are credit impaired, therefore, impairment is recognised on life time expected credit losses and profit is calculated on net basis. ECL is a probability-weighted estimate of expected 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 expected to receive); and
- * 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;

Credit-impaired financial asset

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. 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 borrower or issuer;
- Breach of contract such as a default or past due event;
- The restructuring of a financial assets or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

A financial asset that has been renegotiated due to deterioration in the borrower'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 financial asset that is overdue for 90 days or more is considered impaired.

Loss allowances for ECL, for financial assets measure at amortised cost, are presented in the statement of financial position as a deduction from the gross carrying amount of the assets.

Write-off

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credit to statement of profit or loss and other comprehensive income.

Where financial assets are written-off, the Company continues enforcement activities and recoveries after write-off, are recognised as other income.

Financial assets are written off based on the best estimate measurement in accordance with SAMA guidelines.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.2 Financial instruments (continued)

4.2.1 Financial assets (continued)

Regular way contracts

All regular way purchase and sales of financial assets are recognised and derecognised on the trade date i.e. the date on which the Company commits to purchase or sell the assets. Regular way purchase or sales of financial assets require delivery of those assets within the time frame generally established by regulation or convention in the marketplace.

4.2.2 Financial liabilities

Classification of financial liabilities

The Company classifies its financial liabilities, other than financial guarantees and financing commitments, as measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are integral part of the effective rate.

The Company designates a financial liability at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistency or where a group of financial liabilities is managed and its performance is evaluated on a fair value basis.

These amounts represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid. The amounts are unsecured and are usually paid within 12 months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Initial measurement

At initial recognition, the Company recognises the financial liability at its fair value.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective rate method. Gain and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities

Financial liabilities are derecognised when the obligations specified in the contract is discharged, cancelled or expired. A substantial change in the terms of a debt instrument is considered as an extinguishment of the original liability and the recognition of a new financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

Modification

For financial liabilities, if an exchange or change in the terms of a debt instrument does not qualify for derecognition it is accounted for as a modification of the financial liability. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset so that the net amount reported in the statement of financial position where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.2 Financial instruments (continued)

4.2.2 Financial liabilities (continued)

Effective rate method

The effective rate method is a method of calculating the amortised cost of financial asset and liability and of allocating finance income and expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The effective profit rate is the rate that exactly discounts estimated future cash receipts through the expected life of the investment in Islamic financing contracts to their gross carrying amounts.

4.3 Net investment in Islamic financing contracts

Ijara finance:

Ijara finance receivables represent assets transferred under Islamic lease agreement and the present value of the lease payments is recognised as a receivable and disclosed under Ijara finance receivables. The difference between the gross receivables and the present value of the receivables is recognised as unearned Ijara income. Ijara income is recognised over the term of the Ijara using the effective rate method, which reflects a constant periodic rate of return.

Murabaha finance:

Murabaha is an Islamic form of financing wherein the Company, purchases specific commodities based on a request from its customers and sells them to the customers at a price equal to the Company's cost-plus profit, payable on deferred basis in instalments. The difference between the Murabaha finance receivables and the cost of the sold asset, is recorded as unearned Murabaha profit and for presentation purposes, is deducted from the gross amounts due under the Murabaha finance contracts receivable. Income from Murabaha contracts is recognised on an accrual basis in accordance with the payment schedule agreed upon in the contract.

Tawarruq finance:

Tawarruq is an Islamic form of Murabaha financing where the Company purchases a commodity and sells it to the customer at agreed upon deferred installment terms. The customer sells the underlying commodity at spot to a third party and uses the proceeds. The difference between the Tawarruq finance receivables and proceeds received by the customer, is recorded as unearned Tawarruq profit and for presentation purposes, is deducted from the gross amounts due under the Tawarruq finance contracts receivable. Income from Tawarruq contracts is recognised on an accrual basis in accordance with the payment schedule agreed upon in the contract.

4.4 Islamic financing

Islamic financing is initially recognised at the fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition long-term Islamic financing are measured at amortised cost using the effective rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in statement of profit or loss over the period of the Islamic financing using the effective rate method. Fees paid on the establishment of financing facilities are recognised as transaction costs of the financing to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn, down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Islamic financing are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit or loss.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.4 Islamic financing (continued)

General and specific financing that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale, appropriate. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the year in which they are incurred in the statement of profit or loss.

4.5 Revenue recognition

Income from financing contracts is recognised in the statement of profit or loss using the effective yield method, using the applicable effective profit rate ‘EPR’, on the outstanding balance over the term of the contract.

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

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

4.6 Government grant

The Company recognises a government grant related to income, if there is a reasonable assurance that it will be received, and the Company will comply with the conditions associated with the grant. The benefit of a government deposit at a below-market rate of profit is treated as a government grant related to income. The benefit of the below-market rate of profit is measured as the difference between the initial fair value of the deposit determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20. The government grant is recognised in the statement of profit or loss on a systematic basis over the period in which the Company recognises the related costs for which the grant is intended to compensate.

4.7 Zakat

The Company is subject to the regulations of the Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia. Zakat is provided on an accruals basis and charged to the statement of profit or loss. Zakat is computed on the Zakat base. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

5. CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Cash at banks	31,271,889	19,229,499
Cash in hand	103,299	-
	<u>31,375,188</u>	<u>19,229,499</u>

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

6. NET INVESTMENT IN ISLAMIC FINANCING CONTRACTS

Investment in Islamic financing contacts comprises investment in Ijara, Murabaha and Tawarruq contracts as follows:

	Ijara		Murabaha		Tawarruq		Total	
	31 December 2025	31 December 2024						
Gross investment	1,419,892,281	921,845,815	141,371,633	163,436,538	537,502,593	752,337,476	2,098,766,507	1,837,619,829
Unearned finance income	(259,838,787)	(148,860,845)	(19,459,124)	(24,015,574)	(160,149,602)	(250,937,711)	(439,447,513)	(423,814,130)
Deferred insurance	(116,180,412)	(49,765,402)	-	-	-	-	(116,180,412)	(49,765,402)
Net investment before ECL	1,043,873,082	723,219,568	121,912,509	139,420,964	377,352,991	501,399,765	1,543,138,582	1,364,040,297
Allowance for ECL	(6,139,549)	(4,380,184)	(257,950)	(452,466)	(44,534,500)	(53,198,472)	(50,931,999)	(58,031,122)
Net investment	1,037,733,533	718,839,384	121,654,559	138,968,498	332,818,491	448,201,293	1,492,206,583	1,306,009,175
Current portion	297,949,459	270,963,967	75,491,943	72,010,871	114,247,726	111,957,152	487,689,128	454,931,990
Non-current portion	745,923,623	452,255,601	46,420,566	67,410,093	263,105,265	389,442,613	1,055,449,454	909,108,307
Allowance for ECL	(6,139,549)	(4,380,184)	(257,950)	(452,466)	(44,534,500)	(53,198,472)	(50,931,999)	(58,031,122)
Net investment	1,037,733,533	718,839,384	121,654,559	138,968,498	332,818,491	448,201,293	1,492,206,583	1,306,009,175

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

6. NET INVESTMENT IN ISLAMIC FINANCING CONTRACTS (continued)

6.1 The maturity of investment in Islamic financing contracts is as follows:

	31 December 2025	31 December 2024
Year 1	717,986,029	649,615,540
Year 2	497,135,020	458,044,750
Year 3	366,509,035	323,950,584
Year 4	226,120,268	218,546,671
Year 5 onwards	291,016,155	187,462,284
Gross investment	2,098,766,507	1,837,619,829
Less: unearned finance income and deferred insurance	(555,627,925)	(473,579,532)
Net investment before ECL	1,543,138,582	1,364,040,297

6.2 The movement in the allowance for expected credit losses during the year is as follows:

	2025	2024
Balance at the beginning of the year	58,031,122	33,368,490
Provision written off	(74,286,845)	(32,135,167)
Allowance for the year	67,187,722	56,797,799
Balance at the end of the year	50,931,999	58,031,122

6.3 The Company in ordinary course of its business, holds collateral in respect of the Islamic financing contracts (being the title of assets leased out) in order to mitigate the credit risk associated with them. These collaterals are not readily convertible into cash and are intended to be repossessed and disposed of in case the customer defaults. Management estimates the collaterals amount by SR 1,168.7 million (2024: SR 947.1 million).

6.4 Unearned finance income represents SR 443.6 million (2024: SR 425.7 million), in addition to unearned supplier rebate income of SR 3.4 million (2024: SR 1.1 million), deferred administration fees of SR 7.1 million (2024: SR 7.4 million), and netted off with deferred transaction costs of SR 14.7 million (2024: SR 10.5 million). Unearned supplier rebate income, deferred administration fees and deferred transaction costs are not subject to credit risk.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

7. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent shareholders, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties. In the normal course of business, the Company buys and pays for the cars purchased from a related Company on a commercial basis.

Name of the related party	Relationship
Al Jabr Holding Company	Ultimate parent (shareholder)
Al Jabr Investment Company	Common control entity
Al Jabr Trading Company	Common control entity
Al Jabr Rent a Car	Common control entity
Haier and Al Jabr Saudi Electronics Trading Company	Common control entity
Wa'ad Al Shamal Hotel Services Company	Common control entity
Karan Hotel Suites Operation and Management Company	Common control entity

Common control entities include entities with common Directors (key management personnel) or those under the control of Al Jabr Holding Company.

The significant transactions with related parties included the following:

Name of the related party	Nature of transactions	2025	2024
Al Jabr Trading Company	Purchase of vehicles for financing	441,030,255	214,511,656
	Services received	1,693,453	1,846,161
	Commission, rebates and offers	7,287,583	1,884,623
	Collections on behalf	(5,583,410)	(5,115,248)
Al Jabr Holding Company	VAT paid on behalf	4,197,875	28,956,297
	Expenses recharges	115,372	-
	Expenses paid on behalf	35,000	-
Al Jabr Rent a Car	Purchase of vehicles for financing	1,611,556	280,610
	Expenses paid on behalf	85,046	117,156
	Repossessed vehicles sold	4,035,677	3,821,752
Al Jabr Investment Company	Expenses paid on behalf	2,572	26,326
	Collections on behalf	(847,270)	(2,168,157)

Key management personnel compensation comprised the following:

		2025	2024
Board of Directors	Remuneration and meeting attendance allowance	1,096,196	853,304
	Key management personnel		
Key management personnel	Salaries and benefits	3,744,728	4,050,227
	End of service indemnities	1,245,660	983,174

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

7.1 Balances due from related parties are as follows:

	31 December 2025	31 December 2024
Al Jabr Rent a Car	884,496	1,178,246
Wa'ad Al Shamal Hotel Services Company*	1,711,282	9,157,111
Karan Hotel Suites Operation and Management Company*	753,014	3,261,288
Fahad Abdul Rehman Hamad Al Jabr*	69,743	84,748
Raniyah Ali Shihdah Abdulhai*	68,509	78,761

* Balances due from the above related parties have been classified under 'Net investment in Islamic financing contracts' in note 6.

7.2 Balances due to related parties are as follows:

	31 December 2025	31 December 2024
Al Jabr Trading Company*	227,874,391	105,432,233
Al Jabr Investment Company	12,264	-

* Balance due to the above related party has been classified under 'Vehicle suppliers' in note 15.

8. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2025	31 December 2024
Insurance claims receivable, gross	3,723,532	3,750,170
Less: provision	(3,365,204)	(3,365,204)
Insurance claims receivable	358,328	384,966
Insurance cost due from customers	23,434,267	12,105,783
Advances to suppliers	4,196,839	6,252,671
Prepaid expenses	2,278,492	1,918,684
VAT refundable	629,756	-
Employee receivables	90,986	85,299
Security deposits	69,821	75,832
Other receivables	1,572,412	1,557,620
	<u>32,630,901</u>	<u>22,380,855</u>

9. RIGHT-OF-USE ASSETS

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	2025	2024
Balance at the beginning of the year	1,224,139	2,849,179
Additions	2,558,964	387,618
Amortisation (note 23)	(1,715,159)	(2,012,658)
Balance at the end of the year	<u>2,067,944</u>	<u>1,224,139</u>

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

10. LEASE LIABILITIES

The Company has lease contracts for office buildings and generally have lease terms between 2 and 3 years.

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	465,137	2,035,326
Additions	2,558,964	387,618
Finance cost (note 22)	38,921	62,953
Payments	<u>(1,517,031)</u>	<u>(2,020,760)</u>
Balance at the end of the year	<u>1,545,991</u>	<u>465,137</u>

Lease liabilities are classified as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Current portion	1,545,991	353,537
Non-current portion	-	111,600
	<u>1,545,991</u>	<u>465,137</u>

Amounts recognised in the statement of profit or loss:

	<u>2025</u>	<u>2024</u>
Finance cost on lease liabilities	38,921	62,953
Amortisation of right-of-use assets	1,715,159	2,012,658

Amounts recognised in the statement of cash flows:

	<u>2025</u>	<u>2024</u>
Lease payments	(1,517,031)	(2,020,760)

11. INVESTMENT IN EQUITY INSTRUMENTS CARRIED AT FVOCI

In 2017, in accordance with instructions issued by SAMA, the Company invested in Saudi Financial Lease Contract Registry Company by the amount of SR 892,850. The Company holds 89,285 shares (2024: 89,285). Management believes that the carrying value of the investment approximates to the fair value at 31 December 2025 and 2024.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

12. PROPERTY AND EQUIPMENT

	Vehicle tracking devices	Vehicles	Furniture, fixture, and office equipment	Computers	Leased hold buildings developments	Capital work in progress	Total
<u>Cost</u>							
Balance at 1 January 2025	1,641,148	238,000	2,726,899	5,637,336	5,149,287	-	15,392,670
Additions during the year	-	-	8,780	253,446	-	-	262,226
Balance at 31 December 2025	1,641,148	238,000	2,735,679	5,890,782	5,149,287	-	15,654,896
<u>Accumulated depreciation</u>							
Balance at 1 January 2025	1,641,148	238,000	1,809,809	4,425,622	2,028,254	-	10,142,833
Charge for the year (note 23)	-	-	281,857	849,775	1,386,803	-	2,518,435
Balance at 31 December 2025	1,641,148	238,000	2,091,666	5,275,397	3,415,057	-	12,661,268
<u>Net book value</u>							
Balance at 31 December 2025	-	-	644,013	615,385	1,734,230	-	2,993,628

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

12. PROPERTY AND EQUIPMENT (continued)

	Vehicle tracking devices	Vehicles	Furniture, fixture, and office equipment	Computers	Leased hold buildings developments	Capital work in progress*	Total
<u>Cost</u>							
Balance at 1 January 2024	1,641,148	238,000	2,656,185	5,475,589	4,865,651	313,923	15,190,496
Additions during the year	-	-	30,259	123,987	102,969	14,959	272,174
Transfers to intangible assets	-	-	-	-	-	(70,000)	(70,000)
Transfers from capital work in progress	-	-	40,455	37,760	180,667	(258,882)	-
Balance at 31 December 2024	1,641,148	238,000	2,726,899	5,637,336	5,149,287	-	15,392,670
<u>Accumulated depreciation</u>							
Balance at 1 January 2024	1,641,148	238,000	1,542,729	3,321,167	1,146,653	-	7,889,697
Charge for the year (note 23)	-	-	267,080	1,104,455	881,601	-	2,253,136
Balance at 31 December 2024	1,641,148	238,000	1,809,809	4,425,622	2,028,254	-	10,142,833
<u>Net book value</u>							
Balance at 31 December 2024	-	-	917,090	1,211,714	3,121,033	-	5,249,837

* The capital work in progress mainly represents the costs incurred in connection with the establishment of the Company's Riyadh and Abha branches.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

13. INTANGIBLE ASSETS

Intangible assets comprise the development cost of an accounting and loan management software. The movement in intangible assets is as follows:

	<u>2025</u>	<u>2024</u>
<u>Cost</u>		
Balance at the beginning of the year	2,114,187	2,599,757
Transfers	-	70,000
Write-off	-	(555,570)
Balance at the end of the year	<u>2,114,187</u>	<u>2,114,187</u>
<u>Accumulated amortisation</u>		
Balance at the beginning of the year	-	-
Charge for the year (note 23)	<u>158,564</u>	-
Balance at the end of the year	<u>158,564</u>	-
<u>Net book value</u>	<u>1,955,623</u>	<u>2,114,187</u>

As at 31 December 2024, the software remained in the implementation phase and, accordingly, no amortisation was recorded. During the year, the software implementation was complete, upon which it became available for use.

14. ISLAMIC FINANCING

	<u>31 December 2025</u>	<u>31 December 2024</u>
Islamic financing from banks	605,424,307	553,585,698
Islamic financing from public institutions	68,016,296	71,927,581
	<u>673,440,603</u>	<u>625,513,279</u>
Islamic financing is classified as follows:		
Current portion	436,759,077	435,954,800
Non-current portion	236,681,526	189,558,479
	<u>673,440,603</u>	<u>625,513,279</u>
Secured	671,892,601	553,585,698
Unsecured	1,548,002	71,927,581
	<u>673,440,603</u>	<u>625,513,279</u>

The movement in Islamic financing is as follows:

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	625,513,279	447,766,521
Additions	230,000,000	314,970,000
Finance cost	42,998,520	39,348,272
Repayments	(223,592,501)	(175,905,618)
Government grant (net)	(1,478,695)	(665,896)
Balance at the end of the year	<u>673,440,603</u>	<u>625,513,279</u>

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

14. ISLAMIC FINANCING (continued)

Islamic financing from banks

Islamic financing from banks represents Sharia-compliant facilities obtained at prevailing market rates and are secured by corporate guarantees and promissory notes.

- a) The Company has an Islamic term financing facility with a local bank with a total limit of SR 300 million to finance lease assets. During the year, the Company utilised SR 30.0 million under the facility. The principal outstanding balance as at 31 December 2025 amounted to SR 290.0 million (2024: SR 260.0 million).
- b) The Company had a medium-term Islamic financing facility with a local bank to finance lease assets. During the year, principal repayments of SR 26.6 million were made. As at 31 December 2025, the balance was fully settled (2024: SR 26.6 million).
- c) The Company has a medium-term Islamic financing facility with a local bank of SR 100 million to finance lease assets. During the year, principal repayments of SR 42.8 million were made. As at 31 December 2025, the principal outstanding balance amounted to SR 39.3 million (2024: SR 82.1 million).
- d) The Company has a medium-term Islamic financing facility with a local bank of SR 100 million to finance lease assets. During the year, principal repayments of SR 33.3 million were made. As at 31 December 2025, the principal outstanding balance amounted to SR 58.3 million (2024: SR 91.6 million).
- e) The Company has a medium-term Islamic financing facility with a local bank of SR 100 million to finance lease assets. During the year, principal repayments of SR 20.0 million were made. As at 31 December 2025, the principal outstanding balance amounted to SR 71.1 million (2024: SR 91.1 million).
- f) During the year, the Company obtained a new medium-term Islamic financing facility from a local bank of SR 150 million to finance lease assets. During the year, principal repayments of SR 5.8 million were made. As at 31 December 2025, the principal outstanding balance amounted to SR 144.2 million.

Islamic financing from public institutions

Islamic financing from public institutions represents Sharia-compliant facilities obtained at below-market profit rates. These facilities are discounted using prevailing market rates, with the resulting difference recognised as a deferred government grant and amortised over the financing term.

- a) The Company has financing facilities with the Social Development Bank to finance lease assets. During the year, repayments of SR 9.1 million were made and finance costs on unwinding of discount amounted to SR 0.2 million (2024: SR 0.9 million). As at 31 December 2025, the outstanding balance amounted to SR 0.6 million (2024: SR 9.5 million).
- b) The Company participated in the loan guarantee program (“Kafalah”) with the Saudi Central Bank to finance lease assets. During the year, repayments of SR 37.9 million were made and finance costs on unwinding of discount amounted to SR 0.9 million (2024: SR 3.7 million). One facility was fully settled during the year. As at 31 December 2025, the outstanding balance amounted to SR 1.0 million (2024: SR 38.0 million).
- c) The Company has financing facilities with the Tourism Development Fund with total limits of SR 100 million to finance lease assets. During the year, the Company utilised SR 50.0 million and recognised a deferred government grant of SR 1.5 million relating to below-market profit rates. During the year, repayments of SR 9.0 million were made and finance costs on unwinding of discount amounted to SR 2.6 million (2024: SR 0.1 million). As at 31 December 2025, the outstanding balance amounted to SR 66.4 million (2024: SR 24.3 million).

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

15. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	31 December 2025	31 December 2024
Vehicles suppliers balance from a related party (note 7.2)	227,874,391	105,432,233
Vehicles suppliers	15,464,321	11,698,977
Insurance payable	14,974,766	4,908,838
Insurance claims payable	7,072,241	4,828,939
Accrued expenses	4,119,602	4,815,635
Advances from financing contracts	2,450,226	2,876,107
Deferred government grants	1,505,520	1,715,144
Employees' vacations	623,691	1,332,607
VAT payable	-	3,872,083
Other payables	7,810,626	9,909,560
	<u>281,895,384</u>	<u>151,390,123</u>

16. ZAKAT PROVISION

The movement in the provision for Zakat for the year is as follows:

	2025	2024
Balance at the beginning of the year	7,119,168	7,795,609
Provided during the year	7,501,401	7,089,177
Payments during the year	(7,135,644)	(7,765,618)
Balance at the end of the year	<u>7,484,925</u>	<u>7,119,168</u>

Component of Zakat expenses for the year is as follows:

	2025	2024
Charge for current year	7,484,925	7,119,168
Prior year adjustments	16,476	(29,991)
	<u>7,501,401</u>	<u>7,089,177</u>

The principal elements of the Zakat base are as follows:

	2025	2024
Non-current assets	1,022,788,282	867,912,143
Non-current liabilities	244,930,892	197,186,322
Opening shareholders' equity	566,274,838	540,805,256
Profit before Zakat	44,376,979	42,108,043

The Zakat base is computed in accordance with ZATCA regulations and management's interpretation of applicable rules, and some of these amounts have been adjusted in arriving at the Zakat base.

Zakat and income tax returns for the Company have been filed for the year 2024 and the Zakat certificate has been received. The Company has received and cleared final assessments until 2018, and ZATCA has not issued any assessments for the years from 2019 to 2024.

The Company is subject to Transfer Pricing Bylaws applicable to Zakat-paying entities effective 1 January 2024 and has submitted the required Transfer Pricing Disclosure Form for 2024.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

17. EMPLOYEES DEFINED BENEFITS OBLIGATION

	<u>2025</u>	<u>2024</u>
Net liability at the beginning of the year	7,516,243	6,328,061
Finance cost	384,090	299,276
Current service cost	1,250,259	1,194,632
Actuarial loss recognised in other comprehensive income	266,076	259,284
Amounts paid during the year	<u>(1,167,302)</u>	<u>(565,010)</u>
Net liability at the end of the year	<u>8,249,366</u>	<u>7,516,243</u>

The amounts recognised in the statement of profit or loss in respect of end of service indemnities are as follows:

	<u>2025</u>	<u>2024</u>
Finance cost	384,090	299,276
Current service cost	1,250,259	1,194,632
	<u>1,634,349</u>	<u>1,493,908</u>

The significant financial assumptions used to calculate the end of service indemnities are as follows:

	<u>2025</u>	<u>2024</u>
Long term salary increase rate	5.20%	5.25%
Discount rate	4.70%	5.25%
Mortality rate	WHO SA19	WHO SA19
Rate of employee turnover	Heavy	Heavy

Sensitivity analysis for actuarial assumptions:

	<u>Discount rate</u>	
	0.5% increase	0.5% decrease
Employees' benefits at 31 December 2025	7,997,355	8,517,643
Employees' benefits at 31 December 2024	7,308,278	7,736,948

	<u>Salary rate</u>	
	0.5% increase	0.5% decrease
Employees' benefits at 31 December 2025	8,531,864	7,981,495
Employees' benefits at 31 December 2024	7,751,165	7,292,830

18. SHARE CAPITAL

The share capital is fully paid, each share is equal to SR 1 (refer to note 1) and owned as at 31 December 2025 and 31 December 2024 by the following:

	<u>Number of shares</u>	<u>Percentage of ownership</u>	<u>Amount</u>
Al Jabr Holding Company	<u>345,000,000</u>	<u>100</u>	<u>345,000,000</u>

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

19. STATUTORY RESERVE

In accordance with the Company's by-laws, the Company establishes a statutory reserve by appropriation of 10% of net profit until the reserve equaled 30% of the share capital. This statutory reserve is not available for dividend distribution.

20. CONTINGENCIES AND COMMITMENTS

The Company has the following contingencies and commitments:

	31 December 2025	31 December 2024
Letters of guarantee	10,000,000	-

The Company has no significant contingencies as at 31 December 2025.

21. FINANCE INCOME

	2025	2024
Ijara contracts	101,713,756	75,811,810
Tawarruq contracts	82,598,069	81,373,793
Murabaha contracts	18,109,686	19,866,687
Administration fee	5,377,573	4,189,387
Others	-	79,781
	207,799,084	181,321,458

22. FINANCE COST

	2025	2024
Finance cost on Islamic financing from banks	39,239,530	34,167,592
Finance cost on Islamic financing from public institutions	3,758,990	5,180,680
Finance cost on lease liabilities (note 10)	38,921	62,953
Unwinding of finance cost on services assets and liabilities, net	-	2,238
	43,037,441	39,413,463

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

23. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2025</u>	<u>2024</u>
Employee related cost	35,291,925	33,114,212
Fees and other subscriptions	7,726,884	5,542,265
Discounts, settlements and waivers	3,216,447	1,879,542
Bank charges	3,011,404	2,529,099
IT and computer expenses	2,822,155	2,676,502
Depreciation of property and equipment (note 12)	2,518,435	2,253,136
Amortisation of right-of-use assets (note 9)	1,715,159	2,012,658
Utilities expense	1,468,871	1,423,271
Repossessed vehicles charges	1,442,987	1,986,681
Remuneration and allowances (note 7)	1,096,196	853,304
Advisory and professional fees	998,554	1,140,980
Amortisation of intangible assets (note 13)	158,564	-
Written-off intangible assets (note 13)	-	555,570
Other expenses	6,320,504	6,551,439
	<u>67,788,085</u>	<u>62,518,659</u>

24. SELLING AND MARKETING EXPENSES

	<u>2025</u>	<u>2024</u>
Incentives and sales commissions*	4,225,310	2,748,785
Advertising expenses	2,427,289	2,843,454
	<u>6,652,599</u>	<u>5,592,239</u>

* During the year, the Company deferred expenses for incentives and sales commissions, amounting to 7.0 million (31 December 2024: 5.5 million).

25. OTHER INCOME

25.1 Other operating income comprised the following:

	<u>2025</u>	<u>2024</u>
Recovery from written-off contracts	14,310,736	13,616,767
Permit fees, additional insurance charges and others	5,251,231	6,287,920
	<u>19,561,967</u>	<u>19,904,687</u>

25.2 Other non-operating income comprised the following:

	<u>2025</u>	<u>2024</u>
Promotion from suppliers	2,085,429	558,407
Legal charges recovered	1,871,853	2,683,651
Finance income on deposits	155,242	-
Gain on securitization	-	5,631,238
Reversal of provision for insurance receivable	-	1,308,010
	<u>4,112,524</u>	<u>10,181,306</u>

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

26. EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share for profit attributable to ordinary shares holders for the years ended 31 December 2025 and 31 December 2024 are computed based on the weighted average number of shares outstanding during the year. The diluted earnings per share are the same as the basic earnings per share because the Company does not have any dilutive instruments in issue.

	<u>2025</u>	<u>2024</u>
Net profit for the year attributed to the shareholder	36,875,578	35,018,866
Weighted average number of shares	345,000,000	345,000,000
Basic and diluted earnings per share	<u>0.11</u>	<u>0.10</u>

27. RISK MANAGEMENT

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

27.1 Financial instruments

	<u>31 December 2025</u>	<u>31 December 2024</u>
<i>Financial assets at amortised cost:</i>		
Net investment in Islamic financing contracts	1,492,206,583	1,306,009,175
Cash and cash equivalents	31,375,188	19,229,499
Other receivables	25,434,828	14,124,201
Due from a related party	884,496	1,178,246
	<u>1,549,901,095</u>	<u>1,340,541,121</u>

	<u>31 December 2025</u>	<u>31 December 2024</u>
<i>Financial assets at fair value through OCI:</i>		
Investment in equity instruments carried at fair value through OCI	892,850	892,850

	<u>31 December 2025</u>	<u>31 December 2024</u>
<i>Financial liabilities at amortised cost:</i>		
Islamic financing	673,440,603	625,513,279
Accounts payable and other liabilities	273,494,128	137,995,341
Due to a related party	12,264	-
Lease liabilities	1,545,991	465,137
	<u>948,492,986</u>	<u>763,973,757</u>

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

27. RISK MANAGEMENT (continued)

27.2 Risk management structure

Board of Directors

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

Credit and Risk Management Committee

The Credit and Risk Management Committee is appointed by the Board of Directors. The Credit and Risk Management Committee assists the Board in reviewing overall risks, the Company might face, evaluate and review operational and non-operational risks and decide on mitigating factors related therewith.

Audit Committee

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

Internal Audit

All key operational, financial risk management processes are audited by the Internal Audit. Internal Audit examines the adequacy of the relevant policies and procedures. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Audit Committee.

27.3 Market risk

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

a) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi riyals during the year. Accordingly, the Company is not exposed to any significant currency risk.

b) Profit rate risk

Profit rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market profit rates. The Company's exposure to the risk of changes in market profit rates relates primarily to the Company's long-term debt obligations with floating profit rates. The Company manages the profit rate risk by increasing the net profit rates on its investment in financing contracts in order to mitigate the fluctuations in profit rates.

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Company does not have any financial instruments which are subject to other price risk.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

27. RISK MANAGEMENT (continued)

27.4 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Management analyses the credit risk in the following assets:

	31 December 2025	31 December 2024
Net investment in Islamic financing contracts	1,539,002,323	1,362,120,183
Cash and cash equivalents	31,271,889	19,229,499
Other receivables	28,800,032	17,489,405
Due from a related party	884,496	1,178,246
	<u>1,599,958,740</u>	<u>1,400,017,333</u>

a) Net investment in Islamic financing contracts

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

The Company also follows a credit classification mechanism, primarily driven by day's delinquency as a tool to manage the quality of credit risk of the financing contracts portfolio. The ageing analysis of net investment in Islamic financing contracts is as under:

	31 December 2025	31 December 2024
Not past due	1,238,053,468	1,054,097,407
Past due 1 - 30 days	117,464,810	121,361,536
Past due 31 - 90 days	79,055,996	74,105,162
Past due 91 - 180 days	37,627,437	46,769,725
Past due 180 - 365 days	49,668,688	52,304,015
Past due over 1 year	17,131,924	13,482,338
Net investment before ECL	1,539,002,323	1,362,120,183
Allowance for ECL	(50,931,999)	(58,031,122)
Net of ECL	<u>1,488,070,324</u>	<u>1,304,089,061</u>
Total portfolio coverage ratio	3.3%	4.3%

The installment that is not past due are related to customers whose history of repayment has been considered in the calculation of impairment for their financing contracts. As at the statement of financial position date, the Company has adequate collaterals to cover the overall credit risk exposure after the impairment provision.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

27. RISK MANAGEMENT (continued)

27.4 Credit risk (continued)

a) Net investment in Islamic financing contracts (continued)

The movement in the allowance for expected credit loss for investment in Islamic financing contracts is as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2025	2,109,737	2,560,409	53,360,976	58,031,122
Transfer from stage 1	(267,379)	91,118	176,261	-
Transfer from stage 2	517,532	(1,557,360)	1,039,828	-
Transfer from stage 3	1,600,464	1,063,913	(2,664,377)	-
Financial assets – settled during the year	(324,470)	(485,258)	(8,159,606)	(8,969,334)
Financial assets – originated during the year	686,983	2,029,249	5,826,102	8,542,334
Net re-measurement of loss allowance	(2,837,889)	5,377,553	65,075,058	67,614,722
	(624,759)	6,519,215	61,293,266	67,187,722
Write-off during the period	-	(5,349,923)	(68,936,922)	(74,286,845)
Balance at 31 December 2025	<u>1,484,978</u>	<u>3,729,701</u>	<u>45,717,320</u>	<u>50,931,999</u>
	2024			
	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2024	1,739,781	2,186,798	29,441,911	33,368,490
Transfer from stage 1	(181,473)	56,238	125,235	-
Transfer from stage 2	852,229	(1,426,298)	574,069	-
Transfer from stage 3	2,302,153	342,263	(2,644,416)	-
Financial assets – settled during the year	(282,535)	(619,622)	(22,001,268)	(22,903,425)
Financial assets – originated during the year	1,221,441	1,807,805	26,142,608	29,171,854
Net re-measurement of loss allowance	(3,541,859)	213,225	53,858,004	50,529,370
	369,956	373,611	56,054,232	56,797,799
Write-off during the period	-	-	(32,135,167)	(32,135,167)
Balance at 31 December 2024	<u>2,109,737</u>	<u>2,560,409</u>	<u>53,360,976</u>	<u>58,031,122</u>

During the year ended 31 December 2025, gross receivable of SR 72.9 million were transferred from stage 1 to Stage 2 (2024: SR 35.2 million) and SR 98.6 million (2024: SR 65.1 million) were transferred from stage 1 to stage 3. Balances of SR 39.3 million (2024: SR 30.4 million) were transferred from stage 2 to stage 1 and SR 31.0 million (2024: SR 15.5 million) were transferred from stage 2 to stage 3. Balances of SR 4.8 million (2024: SR 10.7 million) were transferred from stage 3 to stage 1 and SR 3.1 million (2024: SR 1.2 million) were transferred from stage 3 to stage 2.

During the year, the Company originated new financial assets amounting to SR 826.2 million (2024: SR 851.8 million) and settled financial assets amounting to SR 277.7 million (2024: SR 258.1 million).

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

27. RISK MANAGEMENT (continued)

27.4 Credit risk (continued)

b) Credit quality analysis

The following table sets out information about the credit quality of financing contracts measured at amortised cost as at 31 December 2025 and 2024. Investment in Islamic financing contracts and the corresponding ECL allowance as at 31 December 2025 and 2024 are classified as follows:

	31 December 2025			Total
	Stage 1 Neither past due nor impaired	Stage 2 Past due but not credit impaired	Stage 3 Credit impaired	
Net investment before ECL	1,355,518,278	79,055,996	104,428,049	1,539,002,323
ECL	1,484,978	3,729,701	45,717,320	50,931,999

	31 December 2024			Total
	Stage 1 Neither past due nor impaired	Stage 2 Past due but not credit impaired	Stage 3 Credit impaired	
Net investment before ECL	1,181,707,373	74,766,270	105,646,540	1,362,120,183
ECL	2,109,737	2,560,409	53,360,976	58,031,122

c) Concentration of credit risk

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be affected similarly by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

The Company manages its credit risk exposure through diversification of investment in financing contracts to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or businesses. The mainstream of concentration risk analysis by individual and corporate class of business which is given below:

	2025		2024	
	Amount	Percentage	Amount	Percentage
Individual	1,099,977,251	71	896,600,364	66
Corporate	439,025,072	29	465,519,819	34
	1,539,002,323	100	1,362,120,183	100

d) Cash and other receivables

Funds are placed with banks having good credit ratings and therefore are not subject to significant credit risk. Cash in hand does not expose the Company to credit risk as it is not subject to counterparty default. Other receivables are neither significant nor exposed to significant credit risk.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

27. RISK MANAGEMENT (continued)

27.4 Credit risk (continued)

e) ECL model

Amounts arising from ECL – Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for and exposure by comparing:

- The remaining lifetime probability of default (PD) as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

Generating the term structure of PD

The Company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and macro- economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include GDP growth.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company's quantitative modeling.

Using its expert credit judgment and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

Modified financial assets

The contractual terms of a financing and advances may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing financing and advances whose terms have been modified may be derecognised and the renegotiated financing and advances recognised as a new financing and advances at fair value in accordance with the accounting policy.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly is completed on the basis of the approved staging criteria. The Company renegotiates finance lease receivables to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Company's policy finance lease receivables forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

27. RISK MANAGEMENT (continued)

27.4 Credit risk (continued)

e) ECL model (continued)

Modified financial assets (continued)

The revised terms usually include extending the maturity, changing the timing of profit payments and amending the terms of leasing and instalments covenants. Both consumer and corporate portfolios are subject to the forbearance policy.

Definition of 'Default

The Company considers a financial asset or the receivables of investment in Islamic financing contracts to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The borrower is past due more than 90 – 180 days as applicable to related segment on any material credit obligation to the Company. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.
- In assessing whether a borrower is in default. The Company considers indicators that are:
 - Qualitative – e.g. breaches of covenant;
 - Quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Company; and
 - Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Company for regulatory capital purposes.

Incorporation of forward-looking information

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The economic scenarios used as at 31 December 2025 included mainly GDP growth and inflation.

Measurement of ECL

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 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 and externally compiled data comprising both quantitative and qualitative factors. 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, counterparty industry and recovery costs of any collateral that is integral to the financial asset. 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 amortisation. The maximum EAD of a financial asset is its gross carrying amount.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

27. RISK MANAGEMENT (continued)

27.5 Liquidity risk

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

The table below summarises the Company's financial liabilities only into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. The amounts in the table includes the contractual undiscounted cash flows.

		31 December 2025				
		Carrying amount	Contractual cash flows	Up to three months	More than three months and up to one year	More than one year
Due to a related party, accounts payable and other liabilities		273,506,392	273,506,392	247,531,026	25,975,366	-
Islamic financing and lease liabilities		674,986,594	675,661,202	329,014,320	108,864,830	237,782,052
		948,492,986	949,167,594	576,545,346	134,840,196	237,782,052
		31 December 2024				
		Carrying amount	Contractual cash flows	Up to three months	More than three months and up to one year	More than one year
Due to a related party, accounts payable and other liabilities		137,995,341	137,995,341	136,995,886	999,455	-
Islamic financing and lease liabilities		625,978,416	627,847,102	312,411,058	125,391,459	190,044,585
		763,973,757	765,842,443	449,406,944	126,390,914	190,044,585

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

27. RISK MANAGEMENT (continued)

27.5 Liquidity risk (continued)

Analysis of financial assets and liabilities based on maturities

The table below presents an analysis of financial assets and financial liabilities based on their expected recovery or settlement.

	31 December 2025				
	Carrying amount	Contractual cash flows	Up to three months	More than three months and up to one year	More than one year
Cash and cash equivalents	31,375,188	31,375,188	31,375,188	-	-
Other receivables	25,434,828	25,434,828	7,859,128	17,575,700	-
Due from a related party	884,496	884,496	884,496	-	-
Investment in equity instrument at FVOCI	892,850	892,850	-	-	892,850
Net investment in Islamic financing contracts*	1,492,206,583	2,098,766,507	179,496,507	538,489,522	1,380,780,478
Financial assets	1,550,793,945	2,157,353,869	219,615,319	556,065,222	1,381,673,328
Due to a related party, accounts payable and other liabilities	273,506,392	273,506,392	247,531,026	25,975,366	-
Islamic financing and lease liabilities	674,986,594	675,661,202	329,014,320	108,864,830	237,782,052
Financial liabilities	948,492,986	949,167,594	576,545,346	134,840,196	237,782,052
Maturity gap	602,300,959	1,208,186,275	(356,930,027)	421,225,026	1,143,891,276
Cumulative maturity gap			(356,930,027)	64,294,999	1,208,186,275

* Net investment in financing contracts is presented net of allowance for expected credit losses and includes all amounts contractually due but unpaid for a period of up to three months, which may materially affect the maturity gap analysis.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

27. RISK MANAGEMENT (continued)

27.5 Liquidity risk (continued)

Analysis of financial assets and liabilities based on maturities (continued)

	31 December 2024				
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Up to three months</u>	<u>More than three months and up to one year</u>	<u>More than one year</u>
Cash and cash equivalents	19,229,499	19,229,499	19,229,499	-	-
Other receivables	14,124,201	14,124,201	5,044,864	9,079,337	-
Due from a related party	1,178,246	1,178,246	1,178,246	-	-
Investment in equity instrument at FVOCI	892,850	892,850	-	-	892,850
Net investment in Islamic financing contracts*	<u>1,306,009,175</u>	<u>1,837,619,829</u>	<u>162,403,885</u>	<u>487,211,655</u>	<u>1,188,004,289</u>
Financial assets	1,341,433,971	1,873,044,625	187,856,494	496,290,992	1,188,897,139
Due to a related party, accounts payable and other liabilities	137,995,341	137,995,341	136,995,886	999,455	-
Islamic financing and lease liabilities	<u>625,978,416</u>	<u>627,847,102</u>	<u>312,411,058</u>	<u>125,391,459</u>	<u>190,044,585</u>
Financial liabilities	763,973,757	765,842,443	449,406,944	126,390,914	190,044,585
Maturity gap	577,460,214	<u>1,107,202,182</u>	<u>(261,550,450)</u>	<u>369,900,078</u>	<u>998,852,554</u>
Cumulative maturity gap			<u>(261,550,450)</u>	<u>108,349,628</u>	<u>1,107,202,182</u>

* Net investment in financing contracts is presented net of allowance for expected credit losses and includes all amounts contractually due but unpaid for a period of up to three months, which may materially affect the maturity gap analysis.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

27. RISK MANAGEMENT (continued)

27.6 Fair values of financial assets and liabilities

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. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets consist of cash and bank balances, investment in equity investment at FVOCI, net investment in Islamic financing contracts, due from related parties and other receivables, its financial liabilities consist of trade payables, financial facilities, due to related parties and lease liabilities.

The Company's management determines the policies and procedures for both recurring fair value measurement and nonrecurring measurement.

All financial assets and liabilities are measured at amortised cost except investment in equity instruments carried at FVOCI. The carrying amounts of all other financial assets and financial liabilities measured at amortised cost approximate to their fair values.

Rationale for financial asset at amortised cost closely approximating the fair value:

Since the financial instruments are short term in nature, carry profit rates which are based on prevailing market profit rates and are expected to be realised at their current carrying values within twelve months from the date of the statement of financial position. The fair values of the non-current financial instruments are estimated to approximate their carrying values as these carry profit rates which are based on prevailing market profit rates.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

27. RISK MANAGEMENT (continued)

27.6 Fair values of financial assets and financial liabilities (continued)

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements as at 31 December 2025.

	Carrying amounts				Fair value			
	Financial assets at amortised cost	FVOCI – equity investments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>								
Net investment in Islamic financing contracts	1,492,206,583	-	-	1,492,206,583	-	-	-	-
Other current assets	25,434,828	-	-	25,434,828	-	-	-	-
Cash and cash equivalents	31,375,188	-	-	31,375,188	-	-	-	-
Due from a related party	884,496	-	-	884,496	-	-	-	-
Investment	-	892,850	-	892,850	-	-	892,850	892,850
Total financial assets	<u>1,549,901,095</u>	<u>892,850</u>	<u>-</u>	<u>1,550,793,945</u>	<u>-</u>	<u>-</u>	<u>892,850</u>	<u>892,850</u>
<i>Financial liabilities</i>								
Accounts payables and other liabilities	-	-	273,494,128	273,494,128	-	-	-	-
Due to a related party	-	-	12,264	12,264	-	-	-	-
Lease liabilities	-	-	1,545,991	1,545,991	-	-	-	-
Long term Islamic financing	-	-	673,440,603	673,440,603	-	-	-	-
Total financial liabilities	<u>-</u>	<u>-</u>	<u>948,492,986</u>	<u>948,492,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

27. RISK MANAGEMENT (continued)

27.6 Fair values of financial assets and financial liabilities (continued)

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements as at 31 December 2024.

	Carrying amounts				Fair value			
	Financial assets at amortised cost	FVOCI – equity investments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>								
Net investment in Islamic financing contracts	1,306,009,175	-	-	1,306,009,175	-	-	-	-
Other current assets	14,124,201	-	-	14,124,201	-	-	-	-
Cash and cash equivalents	19,229,499	-	-	19,229,499	-	-	-	-
Due from a related party	1,178,246	-	-	1,178,246	-	-	-	-
Investment	-	892,850	-	892,850	-	-	892,850	892,850
Total financial assets	1,340,541,121	892,850	-	1,341,433,971	-	-	892,850	892,850
<i>Financial liabilities</i>								
Accounts payables and other liabilities	-	-	137,995,341	137,995,341	-	-	-	-
Lease liabilities	-	-	465,137	465,137	-	-	-	-
Long term Islamic financing	-	-	625,513,279	625,513,279	-	-	-	-
Total financial liabilities	-	-	763,973,757	763,973,757	-	-	-	-

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

27. RISK MANAGEMENT (continued)

27.7 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure and makes adjustments to it in light of the 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 shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Company monitors aggregate amount of financing offered by the Company in line with the regulatory requirements of SAMA, which requires companies engaged in financing other than real estate, not to exceed aggregate financing to capital ratio of eight times, which is calculated by dividing net investment in Islamic financing contracts by total equity.

	31 December 2025	31 December 2024
Net investment in Islamic financing contracts	1,492,206,583	1,306,009,175
Total equity	592,378,680	566,274,838
Aggregate financing to capital ratio	<u>2.52 times</u>	<u>2.31 times</u>

28. COMPARATIVE FIGURES

Certain comparative figures in the statement of financial position and the statement of profit or loss and other comprehensive income have been reclassified, where necessary, to conform with the current year presentation. These reclassifications did not affect the Company's profit, total comprehensive income, or equity. The following comparative information has been reclassified, as set out below.

<i>Statement of financial position as at 31 December 2024</i>	Impact of reclassification		
	As previously reported	Reclassification	As reclassified
Net investment in Islamic financing contracts	1,298,245,777	7,763,398	1,306,009,175
Prepayments and other receivables	31,281,482	(8,900,627)	22,380,855
Accounts payable and other liabilities	152,527,352	(1,137,229)	151,390,123
<i>Statement of profit or loss for the year ended 31 December 2024</i>	Impact of reclassification		
	As previously reported	Reclassification	As reclassified
General and administrative expenses	61,741,483	777,176	62,518,659
Other income	29,308,817	777,176	30,085,993

29. SUBSEQUENT EVENTS

Except for subsequent events mentioned elsewhere in these financial statements, there are no other significant subsequent events occurred between 31 December 2025 and the date of approval of these financial statements, which may have a material impact on these financial statements.

AL JABR FINANCING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Saudi Riyals)

30. DIVIDENDS

In their meeting on 22 April 2025, the Board of Directors proposed a cash dividend of SR 10,505,660 representing 30% of the Company's profit for the year ended 31 December 2024. The proposal was approved by the Shareholder, Al Jabr Holding Company, at the Ordinary General Assembly Meeting on 15 May 2025, and the dividend was distributed at 18 June 2025.

31. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 5 March 2026 (corresponding to 16 Ramadan 1447H) by the Board of Directors of the Company.