

**COMPANY AL-AN AL-KHALIGIA FOR CONSUMER
MICROFINANCE
(CLOSED JOINT STOCK COMPANY)**

**FINANCIAL STATEMENT AND INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025**

**COMPANY AL-AN AL-KHALIGIA FOR CONSUMER MICROFINANCE
(CLOSED JOINT STOCK COMPANY)**

**FINANCIAL STATEMENT AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025**

<u>INDEX</u>	<u>PAGE</u>
Independent auditor's report	1-2
Statement of financial position	3
Statement of comprehensive income	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7 – 17

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of
Al-an Al-Khaligia for Consumer Microfinance
(Closed Joint Stock Company)
Riyadh-Saudi Arabia**

Head Office-Riyadh

Prince Turki Bin Abdulaziz Al Awal Road
U Walk- Building C4- 2nd Floor
P.O. Box 2195 Riyadh 12373
Kingdom of Saudi Arabia

T +966 11 463 0680
E : infor@sa.gt.com

Opinion

We have audited the accompanying financial statements of **Company Al-an Al-Khaligia for Consumer Microfinance (Closed Joint Stock Company ("the Company"))**, which comprise the statement of financial position as of 31 December 2025, and the statement comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2025, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with international Standards on auditing (ISA) as 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 ethical requirements that are relevant to our audit of the financial statements in Kingdom of Saudi Arabia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Uncertainty related to going concern

We would like to draw attention to Note 1 to the financial statements, which indicates that the Company incurred accumulated losses of ~~١١~~ 11,825,528, which exceed its capital for the year ending 31 December 2025. In addition, the company's total current liabilities exceeded its total current assets by ~~٢٢~~ 2,247,544 as of that date. These events or conditions indicate the existence of material uncertainty that may cast doubt on the company's ability to continue as a going concern. Our opinion is unmodified in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and Regulations for Companies and the Company's Articles of Association 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 are responsible for overseeing the Company's financial reporting process



INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholders of
Company Al-an Al-Khaligia for Consumer Microfinance
(Closed Joint Stock Company)

Auditors' responsibilities for the audit of the financial statements (CONTINUED)

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 (ISA) as endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statement

As part of an audit in accordance with international Standards on auditing (ISA) as endorsed in the Kingdom of Saudi Arabia we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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.



Riyadh, 15 Ramdan 1447 H
Corresponding to 4 March 2026 G

Aldar Audit Bureau
Abdullah Al Basri & Co.
P.O. Box 2195
Riyadh 12373
The Kingdom of Saudi Arabia

Saad Abdulrahman Al-Ali
Certified Public Accountant
(License No.606)

**COMPANY AL-AN AL-KHALIGIA FOR CONSUMER MICROFINANCE
(CLOSED JOINT STOCK COMPANY)**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**

	Notes	2025	2024
		₹	₹
ASSETS			
Cash and cash equivalent	11	197,494	7,046,617
Tawarruq financing receivables, net	9	123,764	-
Other current assets	10	821,911	759,107
Property and equipment, net	7	268,088	270,229
Right of use asset, net	8	316,492	532,513
TOTAL ASSETS		1,727,749	8,608,466
EQUITY AND LIABILITIES			
LIABILITIES			
Other current liabilities	13	599,201	506,721
Deferred processing fees		1,124	-
Due to related party	14	2,477,632	835,229
Lease liability	8	250,737	457,499
Employees' end of service benefits	12	210,500	128,999
Zakat provision	15	14,083	169,324
		3,553,277	2,097,772
EQUITY			
Share capital	6	10,000,000	10,000,000
Accumulated losses		(11,825,528)	(3,489,306)
TOTAL EQUITY		(1,825,528)	6,510,694
TOTAL EQUITY AND LIABILITIES		1,727,749	8,608,466

The accompanying notes are an integral part of these financial statements

**COMPANY AL-AN AL-KHALIGIA FOR CONSUMER MICROFINANCE
(CLOSED JOINT STOCK COMPANY)**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	2025	2024
		ﷲ	ﷲ
Tawarruq finance income		3,544	-
Processing fees income		<u>133</u>	<u>-</u>
GROSS INCOME		3,677	-
Salaries and benefits		(5,869,153)	(1,757,331)
General and administrative expenses	16	(2,125,821)	(1,218,055)
Depreciation	7	(56,690)	(33,316)
Amortization	8	(236,229)	(152,144)
ECL for Tawarruq financing receivables		<u>(613)</u>	<u>-</u>
TOTAL OPERATING EXPENSES		(8,288,506)	(3,160,846)
LOSS FROM OPERATIONS		(8,284,829)	(3,160,846)
Finance income		14,283	180,710
Exchange loss		(17,203)	-
Interest expense on lease liabilities	8	<u>(34,390)</u>	<u>(34,202)</u>
LOSS FOR THE YEAR BEFORE ZAKAT		(8,322,139)	(3,014,338)
Zakat	15	<u>(14,083)</u>	(169,324)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(8,336,222)	(3,183,662)

The accompanying notes are an integral part of these financial statements

**COMPANY AL-AN AL-KHALIGIA FOR CONSUMER MICROFINANCE
(CLOSED JOINT STOCK COMPANY)**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total</u>
	ﷲ	ﷲ	ﷲ
BALANCE AS OF 1 JANUARY 2024	10,000,000	(305,644)	9,694,356
Total comprehensive loss	-	(3,183,662)	(3,183,662)
BALANCE AS OF 31 DECEMBER 2024	<u>10,000,000</u>	<u>(3,489,306)</u>	<u>6,510,694</u>
BALANCE AS OF 1 JANUARY 2025	10,000,000	(3,489,306)	6,510,694
Total comprehensive loss	-	(8,336,222)	(8,336,222)
BALANCE AS OF 31 DECEMBER 2025	<u>10,000,000</u>	<u>(11,825,528)</u>	<u>(1,825,528)</u>

The accompanying notes are an integral part of these financial statements

**COMPANY AL-AN AL-KHALIGIA FOR CONSUMER MICROFINANCE
(CLOSED JOINT STOCK COMPANY)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025**

	2025	2024
	₹	₹
<u>OPERATING ACTIVITIES</u>		
Loss for the year before zakat	(8,322,139)	(3,014,338)
<i>Adjustments to:</i>		
Depreciation	56,690	33,316
Amortization of right-of-use asset	236,229	152,144
Interest expense on lease liabilities	34,390	-
ECL for Tawarruq financing receivables	613	-
Provision employees' end of service benefits	110,728	128,999
	<u>(7,883,489)</u>	<u>(2,699,879)</u>
<i>Changes in operating assets and liabilities:</i>		
Other current assets	(62,804)	(759,107)
Tawarruq financing receivables, net	(124,377)	-
Deferred processing Fees	1,124	-
Due to related party	142,407	792,795
Other current liabilities	92,480	456,721
CASH FLOWS USED IN OPERATING ACTIVITIES	(7,834,659)	(2,209,470)
Employees' defined benefits obligations paid	(29,227)	-
Zakat paid	(169,324)	(213,210)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(8,033,210)	(2,422,680)
<u>INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(54,549)	(303,545)
Additions to right of use assets	-	(684,657)
NET CASH USED IN INVESTING ACTIVITIES	(54,549)	(988,202)
<u>FINANCING ACTIVITIES</u>		
Loan from holding company	1,499,996	-
Lease liability	(261,360)	457,499
NET CASH FROM FINANCING ACTIVITIES	1,238,636	457,499
NET CHANGE IN CASH AND CASH EQUIVALENT	(6,849,123)	(2,953,383)
Cash and cash equivalent at beginning of the year	7,046,617	10,000,000
CASH AND CASH EQUIVALENT AT END OF THE YEAR	197,494	7,046,617

The accompanying notes are an integral part of these financial statements

**COMPANY AL-AN AL-KHALIGIA FOR CONSUMER MICROFINANCE
(CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2025**

1. GENERAL INFORMATION

Company Al-an Al-Khaligia for Consumer Microfinance (“the Company”) is a Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010865347 dated 10 Shaban 1444H (corresponding to 2 March 2023).

The company's main activities are financial and insurance activities represented in consumer microfinance in accordance with the license of the Central Bank of Saudi Arabia.

Status of operations

As at 31 December 2025, the Company’s current liabilities exceeded its current assets by ~~ﷲ~~ 2,247,544 and the accumulated losses amounted to ~~ﷲ~~ 11,825,528, which exceeded the Company’s share capital at that date. These conditions indicate the existence of material uncertainty that may cast significant doubt on the Company’s ability to meet its obligations as they fall due and to continue as a going concern.

The management has prepared the anticipated cash flow projections for Three years period following the date of the financial reporting package and there are no indications that the Company will not be able to generate sufficient cash to cover its obligations as they fall due. As at 31 December 2025, the Company did not have any significant borrowings.

2. BASIS OF PREPARATION

Basis of measurement

These financial statements have been prepared under the historical cost method.

Functional and presentation currency

The financial statements have been presented in Saudi Riyal (SR), which is also the Company’s functional and presentation currency. Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates.

Level of precision

The amounts have been rounded off to the nearest Saudi Riyal ~~ﷲ~~ , unless otherwise stated.

3. STATEMENT OF COMPLIANCE

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with International Financial Reporting Standards endorsed by SOCPA and other standards and pronouncements issued by SOCPA, requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgment or complexity or area where assumptions and estimates are significant to the financial statements are shown in the succeeding paragraphs.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

Impairment of non-financial assets

The Company's management periodically reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment is recognized in the statement of profit or loss

Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgment in estimating the expected cash outflows for severance payments and site closures or other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

5. SIGNIFICANT ACCOUNTING POLICES

New and amended standards and interpretations

The accounting policies used in the preparation of the financial statements include the adoption of new amendments to standards which were effective as of 1 January 2025 shown below:

Amendments to IAS 27 – Lack of exchangeability

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

Standards issued but not yet effective

The following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2026 and earlier application is permitted for certain new standards and amendments; however, the company has not early adopted them in preparing these financial Statements. The company is currently evaluating the impact of the adoption of these standards on the financial statements.

Amendments to IFRS 9 and IFRS 7 - Classification and measurement of financial instruments

These amendments: -

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

5. SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

IFRS 18 - Presentation and Disclosure in Financial Statements

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are not included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on property and equipment to allocate its cost, less estimated residual value, on a straight-line basis over the estimated useful lives of the assets.

Depreciation is charged to the statement of profit or loss and other comprehensive income over the following estimated economic useful lives:

Item	Useful life
Machinery and equipment and vehicles	25%
Furniture and fixtures	20-33%

Leases

The Company as a lessee

The Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

5. SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Leases (continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right of use asset and a lease liability on the balance sheet. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset, or profit and loss if the right of use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, canceled or expires.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- They are held under a business model whose objective it is hold to collect the associated cash flows and sell and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal interest on the principal amount outstanding.

Any gains or losses recognized in OCI will be recycled upon derecognition of the asset. This category includes listed securities and debentures that were previously classified as 'available for sale'.

5. SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets

IFRS 9's new impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss' (ECL) model.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Company's financial assets fall into this category.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The company makes use of a simplified approach in accounting for trade and Other current assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through statement of profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss and other comprehensive income.

Cash and cash equivalent

Cash and cash equivalents include cash on hand, balances and deposits with banks, and other highly liquid investments with maturities of 3 months or less from their purchase date.

5. SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. If the effect of the time value of money is significant, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Expenses

All expenses related to revenue recognition, are recorded as operating cost. All other expenses are recorded as general and administrative expenses or selling and marketing expenses. Shared expenses are allocated between operating cost and general and administrative expenses, when required, and are made on a consistent basis.

Zakat and income tax

The Company is subject to income tax in accordance with the regulations of Zakat, Tax and Customs Authority ("ZATCA"). Zakat and income tax of the Company is calculated based on adjusted profit and charged to the statement of profit or loss and other comprehensive income. Additional amounts, if any, are accounted for when determined to be required for payment.

Foreign currencies

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies other than Saudi Riyals are recognized in the profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognized in other comprehensive income.

6. SHARE CAPITAL

The share capital of the Company amounting to SR 10,000,000 divided into 1,000,000 nominal shares of equal value, the value of each share is SR 10 Saudi riyals, all of which are ordinary cash shares.

COMPANY AL-AN AL-KHALIGIA FOR CONSUMER MICROFINANCE
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2025

7. PROPERTY AND EQUIPMENT, NET

	Furniture	Office equipment	Total
	ﷲ	ﷲ	ﷲ
<u>Cost</u>			
As at 31 December 2024	235,000	68,545	303,545
Additions	-	54,549	54,549
As at 31 December 2025	235,000	123,094	358,094
<u>Accumulated depreciation</u>			
As at 31 December 2024	25,182	8,134	33,316
Charge for the year	33,576	23,114	56,690
As at 31 December 2025	58,758	31,248	90,006
<u>Net book value</u>			
At 31 December 2024	209,818	60,411	270,229
At 31 December 2025	176,242	91,846	268,088

8. LEASES

The book values for the right-of-use assets and the movement that occurred during the year are as follows:

	2025	2024
	ﷲ	ﷲ
<u>Cost</u>		
As at 1 January	684,657	-
Adjustment	20,208	-
Additions	-	684,657
As at 31 December	704,865	684,657
<u>Accumulated amortization</u>		
As at 1 January	152,144	-
Charge during the year	236,229	152,144
As at 31 December	388,373	152,144
Net book value as of 31 December	316,492	532,513

Lease liability

The book values for the rental commitment and movement that occurred during the year are as follows:

	2025	2024
	ﷲ	ﷲ
As at 1 January	457,499	-
Additions	-	684,657
Adjustment	20,208	-
Interest expense for the year	34,390	34,202
Paid lease liability during the year	(261,360)	(261,360)
As at 31 December	250,737	457,499

COMPANY AL-AN AL-KHALIGIA FOR CONSUMER MICROFINANCE
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2025

8. LEASES

Lease liability (continued)

	2025	2024
	ﷲ	ﷲ
Current liability	250,737	238,829
Non-current liability	-	218,670
	<u>250,737</u>	<u>457,499</u>

Profit or loss for the year ended 31 December included the following amounts related to leases:

	2025	2024
	ﷲ	ﷲ
Amortization - right-of-use asset	236,229	152,144
Interest expense on lease liabilities	34,390	34,202
	<u>270,619</u>	<u>186,346</u>

9. TAWARRUQ FINANCING RECEIVABLES, NET

	2025	2024
	ﷲ	ﷲ
Tawarruq financing receivables	124,377	-
Less: Allowance for expected credit loss	(613)	-
Net tawarruq financing receivables	<u>123,764</u>	<u>-</u>

	2025	2024
	ﷲ	ﷲ
Non-current	48,369	-
Current	76,008	-
	<u>124,377</u>	<u>-</u>

10. OTHER CURRENT ASSETS

	2025	2024
	ﷲ	ﷲ
Value added tax	494,249	276,766
Prepaid expenses	273,594	316,459
Employees receivable	28,935	92,462
Withholding tax	14,387	-
Fixed deposit	-	62,674
Other	10,746	10,746
	<u>821,911</u>	<u>759,107</u>

11. CASH AND CASH EQUIVALENT

	2025	2024
	ﷲ	ﷲ
Cash in bank	175,494	7,036,617
Cash on hand	22,000	10,000
	<u>197,494</u>	<u>7,046,617</u>

COMPANY AL-AN AL-KHALIGIA FOR CONSUMER MICROFINANCE
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2025

12. EMPLOYEES' END OF SERVICE BENEFITS

During the year, the actuarial valuations of the defined benefit obligations were carried out under the Projected Unit Credit Method using the following significant assumptions:

The movement in the provision for employees' end of service benefits were as follows:

	2025	2024
	⌘	⌘
Balance at the beginning	128,999	-
Charge during the year	110,728	128,999
Paid during the year	(29,227)	-
Balance at end of the year	210,500	128,999

13. OTHER CURRENT LIABILITIES

	2025	2024
	⌘	⌘
Accrued expenses	577,667	489,647
Other	21,534	17,074
	599,201	506,721

14. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent commercial transactions that are made with key partners and upper executive company management and entities, controlled partially or wholly, which might affect these parties. These transactions are carried out on the same terms as dealing with external parties and in the context of normal commercial transactions. There are no guarantees or financial charges on the balances of related parties:

Related party transactions

<i>Relationship</i>	<i>Nature of transaction</i>	2025	2024
		⌘	⌘
Flooss Holding Company B.S.C.C Parent	Loan	1,499,996	-
	Expenses on behalf	142,407	835,229

Due to related party

	2025	2024
	⌘	⌘
Flooss Holding Company B.S.C.C	2,477,632	835,229

15. ZAKAT PROVISION

A. Zakat movement was as follows:

	2025	2024
	⌘	⌘
Balance at the beginning of the year	169,324	213,210
Charged during the year	14,083	169,324
Paid during the year	(169,324)	(213,210)
Balance at 31 December	14,083	169,324

The Company submit its Zakat return till 31 December 2024.

**COMPANY AL-AN AL-KHALIGIA FOR CONSUMER MICROFINANCE
(CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2025**

16. GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
	ﷲ	ﷲ
IT expenses	1,355,220	525,966
Professional fees	464,382	294,469
Travelling expenses	47,912	100,260
Government fees	41,875	-
Visa	27,650	-
Lending operations expense	24,531	-
Marketing costs	4,368	-
Repair and maintenance	-	198,450
Other	159,883	98,910
Total	2,125,821	1,218,055

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments include financial assets and liabilities. Financial assets include bank balance. Financial liabilities include due to related party. The recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability are offset, and net amounts are reported in the financial statements, when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously. Risk management is carried out by senior management.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals. Management believes that currency risk is not significant to the Company.

Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company's financial assets and liabilities are not exposed to price risk.

Credit risk

Credit risk is the risk that other parties will fail to discharge their obligations and cause the Company to incur a financial loss. Financial instruments that subject the Company to concentrations of credit risk consist primarily in cash balances and debit balances. The Company deposits its cash balances with major high credit-rated financial institutions and does not believe that there is a significant risk of non-performance by these financial institutions. Also, the management doesn't expect to face material credit risk with regard to the receivables as the Company deals with clients having a sound reputation and strong financial positions and the management periodically reviews the balances of receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will 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. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters. In addition, the Company has access to credit facilities. Cash flow forecasting is performed by the management which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of the fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

Management does not believe that the fair values of the Company's financial assets and liabilities differ materially from their carrying values. All financial instruments are level 3 grouping.

18. COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform with the presentation in the current year.

19. EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, the shareholders approved an increase in the Company's share capital amounting to ~~₪~~ 5,561,990. However, the completion of regulatory approvals and legal formalities is still in progress as of the date of issuance of these financial statements. Accordingly, the amount received has not been recognized as share capital as at the reporting date.

20. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 15 Ramadan 1447 AH (corresponding to 04 March 2026).