

SAUDI FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED
31 MARCH 2023 AND
INDEPENDENT AUDITOR'S REVIEW REPORT

SAUDI FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Saudi Finance Company
(A Saudi Closed Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Saudi Finance Company (the "Company"), a Saudi Closed Joint Stock Company as of 31 March 2023 and the related interim condensed statement of comprehensive income, the interim condensed statements of changes in equity and cash flows for the three months period then ended, and notes to the interim condensed financial statements, including a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard No 34 "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

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

Other matter

The interim condensed financial statements of the Company for the three months period ended 31 March 2022 were reviewed by another auditor who expressed unmodified review conclusion on those interim condensed financial statements on 28 April 2022.

For Dr. Mohamed Al-Amri & Co.



Gihad M. Al-Amri
Certified Public Accountant
Registration No. 362



Riyadh, on: 14 Shawwal 1444 (H)
Corresponding to: 4 May 2023 (G)

SAUDI FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 March 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Cash and cash equivalents	6	29,996,970	31,927,675
Prepayments and other receivables		6,897,349	5,398,182
Due from a related party	7	891,089	856,742
Shari'a alternatives for financial derivative instruments		13,795	34,165
Net investment in Islamic financing	8	954,575,888	1,036,370,658
Investment carried at fair value through other comprehensive income (FVOCI)		892,850	892,850
Assets repossessed held for sale	9	5,902,623	5,902,623
Restricted cash deposit	6	2,611,712	2,601,274
Property and equipment		5,631,640	5,974,543
Intangible assets		4,415,760	4,888,259
Right-of-use assets		3,156,834	3,507,081
TOTAL ASSETS		1,014,986,510	1,098,354,052
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	200,000,000	200,000,000
Statutory reserve		18,066,511	18,066,511
Retained earnings		172,992,815	166,113,647
Remeasurement loss on end of service indemnities		(213,949)	(213,949)
TOTAL EQUITY		390,845,377	383,966,209
LIABILITIES			
Due to a related party	7	87,440	87,440
Trade payables		855,468	2,265,355
Other payables and accruals		17,784,528	11,134,534
Lease liabilities		2,615,951	2,486,765
Provision for zakat	11	13,626,676	12,676,676
Financial facilities	12	584,698,866	681,531,342
End of service indemnities		4,472,204	4,205,731
TOTAL LIABILITIES		624,141,133	714,387,843
TOTAL EQUITY AND LIABILITIES		1,014,986,510	1,098,354,052

The accompanying notes 1 to 18 form part of these interim condensed financial statements

SAUDI FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTHS ENDED 31 MARCH 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the three-months period ended	
		31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Income from Islamic financing		33,332,554	38,091,415
Operating (expenses) / income			
Finance cost	13	(7,986,893)	(10,259,053)
General and administrative expenses		(12,194,780)	(10,397,249)
Selling and marketing expenses		(3,078,835)	(3,268,755)
(Charge) / reversal of impairment on Islamic financing, net	14	(1,024,881)	1,823,504
Unrealized (loss) / gain on shari'a alternatives for financial derivative instruments		(20,370)	146,857
Write-off of financial asset		-	(1,860,000)
Other (expenses) / income net	15	(1,197,627)	670,453
Profit before zakat		7,829,168	14,947,172
Zakat expense	11	(950,000)	(2,200,000)
Profit for the period		6,879,168	12,747,172
Other comprehensive income		-	-
Total comprehensive income for the period		6,879,168	12,747,172

The accompanying notes 1 to 18 form part of these interim condensed financial statements

SAUDI FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2023
(All amounts in Saudi Riyals unless otherwise stated)

For the three-month period ended

31 March 2022

	Share capital	Statutory reserve	Retained Earnings	Remeasurement loss on end of service indemnities	Total equity
Balance as at 1 January 2022 – (Audited)	100,000,000	13,357,581	123,733,277	(188,080)	236,902,778
Profit and total comprehensive income for the period	-	-	12,747,172	-	12,747,172
Balance as at 31 March 2022 (Unaudited)	100,000,000	13,357,581	136,480,449	(188,080)	249,649,950

31 March 2023

	Share capital	Statutory reserve	Retained Earnings	Remeasurement loss on end of service indemnities	Total equity
Balance as at 1 January 2023 (Audited)	200,000,000	18,066,511	166,113,647	(213,949)	383,966,209
Profit and total comprehensive income for the period	-	-	6,879,168	-	6,879,168
Balance as at 31 March 2023 (Unaudited)	200,000,000	18,066,511	172,992,815	(213,949)	390,845,377

The accompanying notes 1 to 18 form part of these interim condensed financial statements

SAUDI FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the three-months period ended	
		31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat		7,829,168	14,947,172
Adjustments for:			
Depreciation of right of use assets		350,247	383,286
Depreciation of property and equipment		885,225	568,001
Amortization of intangible assets		510,507	489,646
Finance cost	13	7,986,893	10,259,053
Impairment / (reversal) on Islamic financing	14	2,760,000	(500,000)
Net loss on modification of financial instruments		-	300,478
Loss on the fair value of financial assets		855,869	5,709,799
Government grant for SAMA funding for lending program		(154,114)	(5,283,983)
Unrealized loss / (gain) on shari'a alternatives for financial derivative instruments		20,370	(146,857)
Write-off of financial asset		-	1,860,000
Income on contract termination	15	-	(953,802)
Provision for end of service indemnities		289,200	270,000
(Increase) / decrease in operating assets			
Prepayments and other receivables		(1,499,167)	(617,038)
Due from a related party		(34,347)	(162,359)
Net investment in Islamic financing		78,178,901	(6,425,927)
Restricted cash deposit		(10,438)	1,781,877
(Decrease)/ increase in operating liabilities			
Trade payables		(1,409,887)	4,857,460
Other payables and accruals		6,649,994	1,875,599
Due to a related party		-	(30,080)
Cash generated from operations		103,208,421	29,182,325
End of service indemnities paid		(22,727)	(147,713)
Net cash generated from operating activities		103,185,694	29,034,612
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(38,008)	(376,255)
Purchase of intangible assets		(542,322)	(1,213,434)
Net cash used in investing activities		(580,330)	(1,589,689)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from financial facilities		75,000,000	125,194,495
Repayment of financial facilities		(177,713,765)	(144,819,305)
Finance cost paid		(1,822,304)	(2,173,461)
Net cash used in financing activities		(104,536,069)	(21,798,271)
Net (decrease) / increase in cash and cash equivalents		(1,930,705)	5,646,652
Cash and cash equivalents at beginning of the period		31,927,675	37,761,086
Cash and cash equivalents at end of the period	6	29,996,970	43,407,738

The accompanying notes 1 to 18 form part of these interim condensed financial statements

SAUDI FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2023
(All amounts in Saudi Riyals unless otherwise stated)

1. LEGAL STATUS AND OPERATIONS

Saudi Finance Company (the “Company”) is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010078374 and unified number 7001351779 dated 23 Muharram 1411H (corresponding to 14 August 1990).

The Company is engaged in leasing, commercial financing, small and medium business financing, and retail financing in accordance with the Saudi Central Bank (“SAMA”) approval number 351000071328 dated 3 Jumad Thani 1435H and license number 114102 dated 27 Muharram 1436H.

The activities of the Company are conducted in accordance with Islamic Shari’a, which prohibits usury as determined by the Shari’a Supervisory Board of the Company. The Company carries out financing activities through various Shari’a-compliant instruments.

The Company’s Head Office is located at the following address:

Saudi Finance Company
Sultan Center, Prince Sultan St, Alma’athar
P.O. Box 18331
Riyadh 11415
Kingdom of Saudi Arabia

The Company has the following branches

S. No	Branch	C.R. No.	Date
1	Khurais, Riyadh	1010137723	17 Rabi Thani 1416H
2	Buraidah	1131013974	26 Dhul-Hijjah 1417H
3	Dammam	2051026306	24 Rabi Awal 1423H
4	Jeddah	4030242129	23 Rabi Thani 1434H
5	Al-Ahsa	2251056896	16 Jumad Awal 1435H
6	Medina	4650073124	11 Sha’aban 1435H

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

These interim condensed financial statements of the Company have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The results for the three-month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s financial statements for the year ended 31 December 2022.

Assets and liabilities in the interim statement of financial position are presented in the order of liquidity.

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2. BASIS OF PREPARATION (Continued)

2.2. BASIS OF MEASUREMENT

These interim condensed financial statements are prepared under the historical cost method except for the following:

- a) Shari'a alternatives for financial derivative instruments measured at fair value;
- b) Investment in equity instruments measured at fair value;
- c) Assets repossessed held for sale measured at lower of carrying value and fair value less cost to sell; and
- d) End of service indemnities recognized at the present value of future obligations using the Projected Unit Credit method.

2.3. FUNCTIONAL AND PRESENTATION CURRENCY

These interim condensed financial statements have been presented in Saudi Riyals (SR) which is the Company's functional and presentation currency. All financial information presented in SR has been rounded to the nearest SR, unless otherwise mentioned.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements as at 31 December 2022.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these interim condensed financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. 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. Revision to accounting estimates is recognized 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.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements. i.e. 31 December 2022.

5. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

New standards, interpretations and amendments adopted by the Company

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2022, except for the following amendments which apply for the first time in 2023. However, not all are expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

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5. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (CONTINUED)

The following amendments are effective for the period beginning 1 January 2023:

- IFRS 17 - Insurance Contracts;
- IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 (Amendment – Disclosure of Accounting Policies);
- IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Accounting Estimates); and
- IAS 12 - Income Taxes (Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction).

These amendments had no impact on the interim condensed financial statements of the Company as there are no such transactions under the above amendments during the current period.

Impact of accounting standards to be applied in future periods

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 December 2023 (the date of the Company's next annual financial statements) that the Company has decided not to adopt early. The Company does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

6. CASH AND CASH EQUIVALENTS

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Cash in hand	10,500	10,500
Cash at banks	29,986,470	31,917,175
	29,996,970	31,927,675

Restricted cash deposits

The Company has placed the funds in restricted bank accounts as a margin deposit for certain financing facilities granted to the Company by counterparty finance providers. The Company also earns a profit on these balances.

7. RELATED PARTY TRANSACTIONS AND BALANCES

<u>Transactions during the period</u>			For the three-months period ended	
Names of Related Party	Nature of Relationship	Nature of transactions	31 March 2023	31 March 2022
			(Unaudited)	(Unaudited)
		Financial facilities obtained	-	60,000,000
		Financial facilities repaid	(45,000,000)	(56,000,000)
		Finance cost	(173,303)	(550,615)
Abu Dhabi Islamic Bank (ADIB), UAE	Shareholder	Finance cost repaid	(1,429,696)	(1,267,083)
		Reimbursed for expenses paid on behalf of Shareholder	-	38,453
		Expenses paid on behalf of Shareholder	(236,438)	(200,812)

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7. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

<u>Transactions during the period</u>			<u>For the three-months period ended</u>	
<u>Names of Related Party</u>	<u>Nature of Relationship</u>	<u>Nature of transactions</u>	<u>31 March 2023 (Unaudited)</u>	<u>31 March 2022 (Unaudited)</u>
Abdullah Ibrahim Al Khorayef Sons Company, KSA	Shareholder	Repaid to Shareholder	-	(30,080)
		Reimbursed for expenses paid on behalf of Shareholder	214,091	-
		Expenses paid on behalf of Shareholder	12,000	-

	<u>For the three-months period ended</u>	
	<u>31 March 2023 (Unaudited)</u>	<u>31 March 2022 (Unaudited)</u>
<u>Key management personnel</u>		
Salaries and other short-term employee benefits	1,717,590	1,724,874

Balances with related parties

	<u>31 March 2023 (Unaudited)</u>	<u>31 December 2022 (Audited)</u>
Due from related parties		
Abu Dhabi Islamic Bank (ADIB), UAE	879,089	642,651
Abdullah Ibrahim Al Khorayef Sons Company, KSA	12,000	214,091
	891,089	856,742
Due to a related party		
Abdullah Ibrahim Al Khorayef Sons Company, KSA	87,440	87,440

	<u>31 March 2023 (Unaudited)</u>	<u>31 December 2022 (Audited)</u>
Financial Facilities		
ADIB, UAE	-	45,000,000
Accrued finance cost	-	1,256,393
	-	46,256,393

7.1. Net Investment in Islamic Financing

<u>Nature of Relationship</u>	<u>Profit rate</u>	<u>Tenure</u>	<u>31 March 2023 (Unaudited)</u>	<u>31 December 2022 (Audited)</u>
Key management	9.5%	36 months	-	128,801
			-	128,801

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7. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

7.2. Key management personnel

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Advance to staff	126,585	132,875
	126,585	132,875

8. NET INVESTMENT IN ISLAMIC FINANCING

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Gross investment in Islamic financing	1,179,580,419	1,252,875,423
Unearned / deferred Islamic financing income	(205,807,742)	(200,008,797)
Net investment in Islamic financing before impairment	973,772,677	1,052,866,626
Less: impairment on Islamic financing	(19,196,789)	(16,495,968)
Net investment in Islamic financing	954,575,888	1,036,370,658

8.1. The Company in the ordinary course of its business holds collateral in respect of Islamic financing (being the title of assets leased out) including real-estate collaterals 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.

8.2. The Company has assigned Islamic financing receivables amounting to SR 196 million (31 December 2022: SR 119 million) to local commercial banks for obtaining financial facilities. These Islamic financing receivables have not been derecognized from the statement of financial position as the Company retains substantially all the risks and rewards, primarily credit risk.

8.3. In response to COVID-19, SAMA launched the Private Sector Financing Support Program (“PSFSP”) in March 2020 to provide the necessary support to the Micro Small and Medium Enterprises (“MSME”) as per the definition issued by SAMA. As part of the Deferred Payment Program (“DPP”), the Company deferred payments for 6 months to contracts that qualify as MSME with extending the tenure of the facility.

During 2022, SAMA further extended the same for additional 3 months for qualifying MSME. The accounting impact of these changes in terms of the net investment in Islamic Financing has been assessed and accounted for as per the requirements of IFRS 9 as a modification in terms of the arrangements. Modification loss has been recognized under other income / (expenses) in the statement of profit or loss.

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8. NET INVESTMENT IN ISLAMIC FINANCING (CONTINUED)

- 8.4.** During the period, the Company has provided financing amounting to SR 0.5 million to Small and Medium-Sized Entities (SMEs) that qualify for the facility under SAMA funding for financing program on profit rates below-market. These facilities are 60% secured under the Kafala program and these facilities are repayable in 36 monthly installments, which is discounted using average market prevailing profit rates for similar financing facilities to determine the fair value. The difference between financing provided and its fair value is recorded in the statement of profit or loss as per the requirements of IFRS 9.
- 8.5.** During the period, the Risk and Credit Committee of the Company approved a write-off of net investment in Islamic financing receivable amounting to SR 0.06 million.
- 8.6.** The movement in the impairment on Islamic financing during the period is as follows:

	For the three-month period ended 31 March 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)
Balance at beginning of the period / year	16,495,968	16,488,089
Provided during the period / year	2,760,000	4,260,000
Written off during the period / year	(59,179)	(4,252,121)
Balance at the end of the period / year	19,196,789	16,495,968

9. ASSET REPOSSESSED HELD FOR SALE

During 2016, the Company acquired certain real estate properties in the satisfaction of a claim in order to achieve an orderly realization of a Murabaha receivable. The Company filed a legal case against the erstwhile owner for possession of the properties. These properties are expected to be sold within 12 months from the reporting date.

The Company does not believe to have any contingent liability with regards to the legal case filed. As of 31 March 2023, the case has been closed and it was in the favor of the Company. Accordingly, these properties are legally owned by one of the board members of the Company for the sole benefit of the Company and the Company is now under the process of marketability and sale.

10. SHARE CAPITAL

The Company's subscribed and paid-up share capital of SR 200,000,000 is divided into 20,000,000 equity shares of SR 10 each fully subscribed and paid, and distributed among shareholders as follows:

	31 March 2023 and 31 December 2022		
Shareholders	Holding %	No. of Shares	Amount
ADIB Two Financial Invest LLC, UAE	51%	10,200,000	102,000,000
Abdullah Ibrahim Al Khorayef Sons Company, KSA	46%	9,200,000	92,000,000
Mohamed Abdullah Al Khorayef	1%	200,000	2,000,000
Saad Abdullah Al Khorayef	1%	200,000	2,000,000
Hamad Abdullah Al Khorayef	1%	200,000	2,000,000
	100%	20,000,000	200,000,000

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11. PROVISION FOR ZAKAT

The movement in the provision for zakat is as follows:

	For the three-months period ended 31 March 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)
Balance at the beginning of the period / year	12,676,676	14,201,279
Provided during the period / year	950,000	7,300,000
Payment during the period / year	-	(8,824,603)
Balance at the end of the period / year	13,626,676	12,676,676

STATUS OF ASSESSMENTS

During 2016, zakat assessments have been raised by the ZATCA for the years 2005 to 2007 assessing additional zakat of SR 2,621,509 against which the Company has filed an appeal. No provision has been recorded in these financial statements in this respect, as the Company is confident of a favorable outcome on this matter. During 2018 the Company received certain queries related to appeal filed for 2005 to 2007 and the response was submitted to ZATCA.

During the year 2022, ZATCA again assessed 2005 to 2007 additional amount for which the company is in process for an appeal to General Secretariat of the Tax Committees (GSTC).

Currently, there are open assessments from the years 2008 to 2013 by ZATCA, for which the Company has provided for additional provision amounting to SR 4,939,350. No demand from the ZATCA has been received till the date of these financial statements.

During 2019, ZATCA provided a settlement assessment for the year 2014 to 2017 with zakat liability of SR 3,256,349 based on the methodology of 10% zakat calculated on the net profit before zakat. This resulted in the reversal of the excess zakat provision of SR 12,382,326 held by the Company for these years. During the year 2022, the Company has paid an installment amount of SR 521,016. As of 31 March 2023, the remaining installment amounted SR 521,016.

Additionally, ZATCA has raised additional information query during 2022 with related to 2017 and 2018 for which the company had filed the requested information.

The Company has submitted its Zakat declaration to ZATCA for the year ended 31 December 2021 and has obtained the certificate valid until 10 Shawwal 1444H corresponding to 30 April 2023.

Subsequent to the period end, the Company has submitted its Zakat declaration to ZATCA for the year ended 31 December 2022 and certificate is still awaited.

12. FINANCIAL FACILITIES

	Note	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Short-term financial facilities	7	-	45,000,000
Long-term financial facilities	12.1	539,105,551	564,688,144
Finance cost payable		45,593,315	71,843,198
		584,698,866	681,531,342

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12. FINANCIAL FACILITIES (CONTINUED)

12.1. Long-term financial facilities

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Current portion		
Long-term financial facilities	390,356,109	370,985,879
Non-current portion		
Long-term financial facilities	148,749,442	193,702,265
	539,105,551	564,688,144

12.2. The Company has obtained bank financial facilities from local Islamic banks for the purpose of financing working capital needs. These bank facilities bear finance costs at market prevailing rates and also have restricted cash deposits (note 6).

12.3. During 2022, the Company has obtained government financing amounting to SR 131.2 million from SAMA at a zero-profit rate to finance the Small and Medium-Sized Entities (SME) under SAMA funding for a financing program. These financings are repayable in 30 monthly installments with the first installment is due after 6 months' grace period from the date of the contract, which is discounted using average market prevailing profit rates for similar financing facilities. The difference between financing received and its present value is recorded as a government grant and has been accounted for as per the requirements of IFRS.

12.4. The facility agreements include covenants which, among other things, require the Company to maintain certain financial ratios. As of 31 March 2023, the Company was not in compliance with certain covenants of the one of the financing agreements for which outstanding facility balances were classified within current portion of financial facilities.

12.5. During 2022, the Company has received government financing amounting to SR 0.91 million from SAMA at a zero-profit rate under SAMA liquidity support program. These financings are repayable at the end of 18 months which is discounted using average market prevailing profit rates for similar financing facilities.

13. FINANCE COST

	For the three-months period ended	
	31 March 2023	31 March 2022
	(Unaudited)	(Unaudited)
Islamic financial facilities:		
- Non-profit bearing financing	5,630,639	8,783,990
-Tawarruq	518,859	775,446
-Murabaha	1,708,209	656,642
Lease liabilities	129,186	42,975
	7,986,893	10,259,053

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14. IMPAIRMENT ON ISLAMIC FINANCING, NET

	Note	For the three-months period ended	
		31 March 2023	31 March 2022
		(Unaudited)	(Unaudited)
Charge / (reversal) on Islamic financing	8.6	2,760,000	(500,000)
Write-off recoveries		(1,735,119)	(1,323,504)
		1,024,881	(1,823,504)

15. OTHER (EXPENSES) / INCOME, NET

	Note	For the three-months period ended	
		31 March 2023	31 March 2022
		(Unaudited)	(Unaudited)
Government (reversal) / grant of gain on SAMA funding for lending program		(697,568)	5,283,983
Management fees and other income		355,810	442,945
Income on contract termination		-	953,802
Modification loss on financial assets	8.3	-	(300,478)
Loss on the fair value of financial assets	8.4	(855,869)	(5,709,799)
		(1,197,627)	670,453

16. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company's financial assets consist of cash and bank balances, investment, net investment in Islamic financing, restricted cash deposits and other receivables, its financial liabilities consist of trade payables, financial facilities, due to related party and other liabilities.

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

All financial assets and liabilities are measured at amortized cost except investment carried at FVOCI and Shari'a alternatives for financial derivative instruments. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate to their fair values.

31 March 2023 (Unaudited)

	Fair value Level			Total
	1	2	3	
FINANCIAL ASSET				
FVOCI designated				
Investment carried at FVOCI	-	-	892,850	892,850
FVTPL mandatorily				
Shari'a alternatives for financial derivative instruments	-	13,795	-	13,795

31 December 2022 (Audited)

	Fair value Level			Total
	1	2	3	
FINANCIAL ASSET				
FVOCI designated				
Investment carried at FVOCI	-	-	892,850	892,850
FVTPL mandatorily				
Shari'a alternatives for financial derivative instruments	-	34,165	-	34,165

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16. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The above financial assets and financial liabilities are measured at fair value at the end of each reporting period. The cost of the investment carried at FVOCI is considered to approximate its fair value. This investment has been classified under level 3 of fair value hierarchy. Shari'a alternatives for financial derivative instruments classified as Level 2 comprise profit rate swaps. These derivatives are fair valued using widely recognized valuation models. The data inputs to these models are based on observable market parameters relevant to the markets in which they are traded and are sourced from widely used market data service providers.

17. SUBSEQUENT EVENTS

There have been no significant subsequent events since the period-ended that would require adjustments or additional disclosures in these interim condensed financial statements.

18. DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements were approved and authorized for issue on 14 Shawwal 1444H (corresponding to 4 May 2023G) by the Board of Directors of the Company.