

**NATIONAL FINANCE HOUSE COMPANY
(A JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL
STATEMENTS AND REVIEW REPORT**

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS
ENDED 30 JUNE 2025**

NATIONAL FINANCE HOUSE COMPANY
(A JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2025

<i>INDEX</i>	<i>PAGE</i>
Independent auditor's review report	1
Interim condensed statement of financial position – unaudited	2
Interim condensed statement of comprehensive income – unaudited	3
Interim condensed statement of changes in equity – unaudited	4
Interim condensed statement of cash flows – unaudited	5
Notes to the interim condensed financial statements – unaudited	6 - 17

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE SHAREHOLDERS OF NATIONAL FINANCE HOUSE COMPANY
(A JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of National Finance House Company (A Joint Stock Company) (the "Company") as at 30 June 2025, and the related interim condensed statement of comprehensive income for the three-month and six-month periods ended 30 June 2025, and the related interim condensed statement of changes in equity and cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 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" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement consists of making inquiries, primarily of the persons responsible for the 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 condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Other matter

The financial statements of the Company for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 5 March 2025 (corresponding to 5 Ramadhan 1446H). Further, the interim condensed financial statements of the Company for the three-month and six-month periods ended 30 June 2024 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed financial statements on 28 July 2024 (corresponding to 22 Muharram 1446H).

for Ernst & Young Professional Services



Hussain Saleh Asiri
Certified Public Accountant
License No. (414)

Jeddah: 3 Safar 1447H
(28 July 2025G)



NATIONAL FINANCE HOUSE COMPANY
(A JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2025

		30 June 2025	31 December 2024
	<i>Note</i>	Unaudited SR	Audited SR
ASSETS			
Cash and bank balances	5	25,558,099	49,641,237
Term deposits	6	20,132,775	-
Prepayments and other receivables	7	11,601,001	5,203,407
Net investment in islamic financing	8	719,298,985	645,573,971
Restricted cash deposit	9	21,161,609	20,146,366
Property and equipment		581,707	541,184
Intangible assets		7,385,949	7,541,053
TOTAL ASSETS		805,720,125	728,647,218
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	300,000,000	300,000,000
Accumulated losses		(749,510)	(6,126,513)
NET EQUITY		299,250,490	293,873,487
LIABILITIES			
Trade payables		37,126,035	35,425,878
Other payables and accruals		11,222,414	10,439,136
Due to related parties	11	3,171,041	8,759,262
Provision for zakat	12	1,339,780	3,083,797
Financial facilities	13	452,347,360	376,109,463
Employees' post-employment benefits		1,263,005	956,195
TOTAL LIABILITIES		506,469,635	434,773,731
TOTAL EQUITY AND LIABILITIES		805,720,125	728,647,218

The attached notes 1 to 18 form an integral part of these unaudited interim condensed financial statements.

NATIONAL FINANCE HOUSE COMPANY
(A JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three-month and six-month period ended 30 June 2025

	<i>Note</i>	<i>For the three-month period ended 30 June 2025 Unaudited SR</i>	<i>For the three-month period ended 30 June 2024 Unaudited SR</i>	<i>For the six-month period ended 30 June 2025 Unaudited SR</i>	<i>For the six-month period ended 30 June 2024 Unaudited SR</i>
Income from islamic financing, net	14	32,874,620	25,750,569	64,052,246	48,308,493
Finance cost	14	(8,891,666)	(6,031,955)	(16,857,535)	(12,209,931)
Net income from financing		23,982,954	19,718,614	47,194,711	36,098,562
General and administrative expenses		(11,251,625)	(8,704,917)	(22,082,450)	(16,523,584)
Selling and marketing expenses		(1,021,239)	(810,156)	(2,164,300)	(1,394,616)
Other income		1,800,703	927,263	3,205,756	1,935,353
PROFIT BEFORE EXPECTED CREDIT LOSSES		13,510,793	11,130,804	26,153,717	20,115,715
Expected credit losses	8.4	(11,245,354)	(5,839,225)	(21,170,906)	(8,477,281)
Recovery of debts previously written-off		801,114	-	1,743,730	-
PROFIT BEFORE ZAKAT		3,066,553	5,291,579	6,726,541	11,638,434
Zakat	12	(594,795)	(871,854)	(1,349,538)	(2,173,271)
NET PROFIT FOR THE PERIOD		2,471,758	4,419,725	5,377,003	9,465,163
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,471,758	4,419,725	5,377,003	9,465,163

The attached notes 1 to 18 form an integral part of these unaudited interim condensed financial statements.

NATIONAL FINANCE HOUSE COMPANY
(A JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended 30 June 2025

	<i>Share capital SR</i>	<i>Accumulated losses SR</i>	<i>Total SR</i>
Balance as at 1 January 2025 (Audited)	300,000,000	(6,126,513)	293,873,487
Total comprehensive income for the period	-	5,377,003	5,377,003
Balance as at 30 June 2025 (Unaudited)	300,000,000	(749,510)	299,250,490
Balance as at 1 January 2024 (Audited)	150,000,000	(18,227,195)	131,772,805
Issuance of share capital	150,000,000	-	150,000,000
Total comprehensive income for the period	-	9,465,163	9,465,163
Balance as at 30 June 2024 (Unaudited)	300,000,000	(8,762,032)	291,237,968

The attached notes 1 to 18 form an integral part of these unaudited interim condensed financial statements.

NATIONAL FINANCE HOUSE COMPANY
(A JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2025

		<i>For the six-month period ended 30 June 2025 Unaudited SR</i>	<i>For the six-month period ended 30 June 2024 Unaudited SR</i>
	<i>Note</i>		
OPERATING ACTIVITIES			
Net profit for the period before zakat		6,726,541	11,638,434
<i>Adjustments for:</i>			
Finance cost	14	16,857,535	12,209,932
Expected credit losses	8.4	21,170,906	8,477,281
Amortization of intangibles		558,712	473,009
Provision for employees' post-employment benefits		341,223	262,974
Depreciation of property and equipment		188,841	170,738
Interest income on term deposits		(132,775)	-
Operating profit before changes in operating assets and liabilities		45,710,983	33,232,368
<i>Changes in operating assets and liabilities</i>			
Prepayments and other receivables		(6,397,594)	267,216
Net investment in islamic financing		(94,895,920)	(123,979,633)
Trade payables		1,700,157	(8,273,177)
Other payables and accruals		783,278	182,234
Due to related parties		(5,588,221)	(5,422,471)
Cash used in operations		(58,687,317)	(103,993,463)
Employees' post-employment benefits paid		(34,413)	(15,714)
Zakat paid	12	(3,093,555)	(473,141)
Net cash used in operating activities		(61,815,285)	(104,482,318)
INVESTING ACTIVITIES			
Additions to intangible assets		(403,608)	(185,800)
Additions to property and equipment		(229,364)	(178,899)
Purchase of term deposits		(104,500,000)	-
Proceeds from term deposits		94,500,000	-
Net cash used in investing activities		(10,632,972)	(364,699)
FINANCING ACTIVITIES			
Proceeds from issuance of share capital		-	150,000,000
Proceeds from long-term financial facilities	13	139,885,133	45,234,730
Repayments of long-term financial facilities	13	(63,707,063)	(38,774,340)
Restricted cash deposit		(1,015,243)	(2,618,709)
Finance cost paid		(16,797,708)	(12,221,440)
Net cash generated from financing activities		58,365,119	141,620,241
NET (DECREASE) / INCREASE IN CASH AND CASHSH EQUIVALENTS		(14,083,138)	36,773,224
Cash and cash equivalents at the beginning of the period		49,641,237	10,060,915
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	35,558,099	46,834,139

The attached notes 1 to 18 form an integral part of these unaudited interim condensed financial statements.

NATIONAL FINANCE HOUSE COMPANY (A JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

At 30 June 2025

1 ORGANIZATION AND ACTIVITIES

National Finance House Company (the “Company”) is a Closed Joint-Stock Company formed under the laws of the Kingdom of Saudi Arabia and registered under the commercial registration No. 4030394711 and unified No. 7008216371. The Company was established on 27 Safar 1442H (corresponding to 14 October 2020) having obtained the necessary approval from the Ministry of Commerce (“MOC”) and the Notary Public.

In accordance with article 6 of the implementing regulations of the law of supervision of finance companies, the Company submitted its application to the Saudi Central Bank (“SAMA”) to obtain its license as a financing company. The Company obtained the license from SAMA number 202106/SA/59 on 25 Shawwal 1442H (corresponding to 06 June 2021), authorizing to engage in the finance lease activities. The principal activities of the Company include financial lease, financing to Small and Medium Enterprises (SMEs) and Consumer financing. The Company commenced its commercial operations in terms of investing in Islamic financing dated 28 July 2021. The objectives of the Company are to engage in financing activities via finance leasing, productive assets financing, financing the activity of small and medium enterprises and consumer finance.

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

National Finance House Company
Building number 3388, Al Amir Muhammad Bin Abdul Aziz Branch,
Secondary number 6320, Ar Rawdah Dist.
P.O. Box 23432
Jeddah
Kingdom of Saudi Arabia.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

These interim condensed financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2024. In addition, results for the three-month and six-month periods ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

2.2 Basis of measurement

These interim condensed financial statements have been prepared under the historical cost convention using accrual basis of accounting.

These interim condensed financial statements have been prepared on going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of the business.

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, except as otherwise indicated.

2.4 Significant judgments, estimates and assumptions

The preparation of Company’s interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**NATIONAL FINANCE HOUSE COMPANY
(A JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)**

At 30 June 2025

2 BASIS OF PREPARATION (continued)

2.4 Significant judgments, estimates and assumptions (continued)

The Company based its assumptions and estimates on parameters available when the interim condensed financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The significant judgments exercised 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 for the year ended 31 December 2024.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in these interim condensed financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended 31 December 2024, except for the adoption of certain amendments, effective as of 1 January 2025, as disclosed in Note 4.

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

4.1 Standards, interpretations and amendments that became effective during the period

Following amendments to IFRS and International Accounting Standards were effective on or after 1 January 2025, but they did not have a material effect on the condensed interim financial statements:

Standard / Interpretation	Description	Effective from periods beginning after the following date
IAS 21	Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	1 January 2025

4.2 Standards, interpretations and amendments issued but not yet effective

The standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the condensed interim financial statements are disclosed below. The Company intends to adopt these standards, interpretations and amendments if applicable, when they become effective. Management do not anticipate material impact on the condensed interim financial statements on adopting the standards, interpretations and amendments if applicable

NATIONAL FINANCE HOUSE COMPANY
(A JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)

At 30 June 2025

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

4.2 Standards, interpretations and amendments issued but not yet effective (continued)

<i>Standard, interpretation, amendments</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 1, IFRS 7, IFRS 9, IFRS 10 & IAS 7	Annual Improvements to IFRS Accounting Standards	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 10 and IAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

5 CASH AND CASH EQUIVALENTS

		<i>30 June 2025 Unaudited SR</i>	<i>31 December 2024 Audited SR</i>
	<i>Note</i>		
<u>Financial assets carried at amortized cost - secured</u>			
Cash at banks - secured	5.1	25,541,344	49,641,237
Cash in hand		16,755	-
Cash and bank balances		25,558,099	49,641,237
Add: Term deposits - original maturity less than three-months	6.1	10,000,000	-
		35,558,099	49,641,237

- 5.1 As of each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating banking institutions and there has been no history of default with any of the Company's bank balances. Therefore, the probability of default based on forward looking factors and any loss given defaults are considered to be negligible.

NATIONAL FINANCE HOUSE COMPANY
(A JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)

At 30 June 2025

6 TERM DESPOSITS

	<i>30 June 2025 Unaudited SR</i>	<i>31 December 2024 Audited SR</i>
<i>Financial assets carried at amortized cost</i>		
Term deposits		
- Original maturity – less than three months	10,000,000	-
- Original maturity – more than three months	10,000,000	-
Accrued profit on term deposits	132,775	-
	<u>20,132,775</u>	<u>-</u>

6.1 The Company has placed term deposits of SR 20 million with a local bank. The profit rate on these term deposits ranges from 4.30% to 5.20% per annum.

7 PREPAYMENTS AND OTHER RECEIVABLES

	<i>30 June 2025 Unaudited SR</i>	<i>31 December 2024 Audited SR</i>
VAT receivable	3,852,851	3,600,591
Prepaid loan origination structure fees	1,047,353	756,509
Prepaid expenses	1,085,011	791,539
	<u>5,985,215</u>	<u>5,148,639</u>
<i>Financial assets carried at amortized cost</i>		
Repossession receivables	5,615,786	-
Other receivables	-	54,768
	<u>11,601,001</u>	<u>5,203,407</u>

8 NET INVESTMENT IN ISLAMIC FINANCING

	<i>30 June 2025 Unaudited SR</i>	<i>31 December 2024 Audited SR</i>
<i>Financial assets carried at amortized cost – unsecured</i>		
Tawarruq	193,453,577	193,031,382
Murabaha	2,819,208	2,774,075
<i>Investment classified as a finance lease – secured</i>		
Ijarah	542,980,566	475,852,370
	<u>739,253,351</u>	<u>671,657,827</u>

NATIONAL FINANCE HOUSE COMPANY
(A JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2025

8 NET INVESTMENT IN ISLAMIC FINANCING (continued)

8.1 Details of net investments in Islamic financings:

	<i>Tawarruq</i>		<i>Murabaha</i>		<i>Ijarah</i>		<i>Total</i>	
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>31 December</i>
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Audited</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Gross investment in islamic financings	288,477,513	292,753,871	4,064,858	4,032,501	770,909,786	681,133,679	1,063,452,157	977,920,051
Unearned / deferred islamic financing income	(95,023,936)	(99,722,489)	(1,245,650)	(1,258,426)	(227,929,220)	(205,281,309)	(324,198,806)	(306,262,224)
	193,453,577	193,031,382	2,819,208	2,774,075	542,980,566	475,852,370	739,253,351	671,657,827
Unearned origination fees							(3,195,620)	(3,122,721)
Deferred transaction costs							8,045,428	6,275,278
Expected credit losses							(24,804,174)	(29,236,413)
Net investment in islamic financing							719,298,985	645,573,971
Current portion							144,600,324	114,181,639
Non-current portion							574,698,661	531,392,332

8.2 The Company in the ordinary course of its business holds collateral in respect of Islamic financing (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.

8.3 The Company has assigned islamic financing receivables amounting to SR 562 million (31 December 2024: SR 604 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.

NATIONAL FINANCE HOUSE COMPANY
(A JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)

At 30 June 2025

8 NET INVESTMENTS IN ISLAMIC FINANCINGS (continued)

8.4 The movement in provision for impairment of islamic financings during the period is as follows:

	30 June 2025 Unaudited SR	31 December 2024 Audited SR
Balance at the beginning of the period / year	29,236,413	19,651,127
Charge for the period / year	21,170,906	32,862,881
Written off during the period / year	(25,603,145)	(23,277,595)
Balance at the beginning of the period / year	24,804,174	29,236,413

8.5 An analysis of gross exposure of investment in Islamic financing before ECL allowance and the corresponding ECL allowance as at 30 June 2025 and 31 December 2024 is as follows:

	Stage 1 SR	Stage 2 SR	Stage 3 SR	Total SR
30 June 2025				
Gross investment in islamic financing	650,322,267	18,191,914	70,739,170	739,253,351
Allowance for expected credit losses	4,458,040	233,668	20,112,466	24,804,174
31 December 2024				
Gross investment in islamic financing	576,210,724	13,065,626	82,381,477	671,657,827
Allowance for expected credit losses	4,140,987	190,113	24,905,313	29,236,413

8.6 During the period, the Credit and Risk Committee of the Company, authorized by the Board of directors, approved a write-off of gross investment in islamic financing receivable amounting to SR 25.6 million (31 December 2024: 23.3 million) for certain customers with an existing provision of SR 25.6 million (31 December 2024: SR 23.3 million). These amounts are subject to enforcement activities.

8.7 The Company's islamic financing arrangements do not include variable payments.

8.9 The Company is not exposed to foreign currency risk as a result of the financing arrangements, as all financings are denominated in Saudi Riyals.

9 RESTRICTED CASH DEPOSITS

The Company has placed these funds in restricted bank account. Out of total deposit, SR 15.87 million (31 December 2024: SR 10.80 million) has been deposited as restricted time deposit for certain financing facilities granted to the Company. The Company also earns a profit on this balance ranging from 4.73% to 5.05% (2024: 5.05%) per annum.

	30 June 2025 Unaudited SR	31 December 2024 Audited SR
<u>Financial assets carried at amortized cost – secured</u>		
Restricted cash deposit	20,735,500	20,062,877
Accrued profit on restricted cash deposit	426,109	83,489
	21,161,609	20,146,366

**NATIONAL FINANCE HOUSE COMPANY
(A JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)**

At 30 June 2025

10 SHARE CAPITAL

The Company's subscribed and paid-up share capital of SR. 300,000,000 is divided into 30,000,000 equity shares of SR. 10 each fully subscribed and paid, and distributed among shareholders as follows:

Shareholder	Holding %	No. of Shares	30 June 2025 Unaudited SR	31 December 2024 Audited SR
Balubaid Holding Company Limited (Ultimate Parent Company)	100%	30,000,000	300,000,000	300,000,000

During the year ended 31 December 2024, the Company's shareholders in their first EGA dated 4 Shaban 1445H (corresponding to 14 February 2024) approved the issuance of additional share capital of SR 75 million at par value of SR 10 each. The SAMA's non-objection certificate was received on 02 Shaban 1445H (corresponding to 12 February 2024) and the proceeds for additional share capital was received by the Company on 15 Shaban 1445H (corresponding to 25 February 2024).

Further, in second EGM held on 20 Shawwal 1445H (corresponding to 29 April 2024), the Company's shareholders approved to increase the share capital to SR 300 million by issuance of additional share capital of SR 75 million at par value of SR 10 each. The SAMA's non-objection certificate was received on 13 Shawwal 1445H (corresponding to 22 April 2024) and the proceeds for additional share capital was received by the Company on 05 Dhul-Qi'dah 1445H (corresponding to 13 May 2024).

The legal formalities, including updating the commercial registration and by-laws, were also completed during the year ended 31 December 2024.

11 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associated companies, shareholder, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties (other related parties). Related party transactions are undertaken at mutually agreed terms and conditions and approved by the Company's management.

11.1 Transactions during the period

Related party	Nature of Relationship	Nature of transaction	For the six-month period ended 30 June 2025 Unaudited SR	For the six-month period ended 30 June 2024 Unaudited SR
Balubaid Holding Company Limited	Shareholder	Amount repaid to shareholder	(6,765)	-
Furniture Leaders Co.	Affiliate	Purchases for furniture	123,445	125,480
		Amount repaid to affiliate	(123,445)	(76,962)
Balubaid Automotive Company	Affiliate	Purchases for islamic financing	19,651,606	28,165,484
		Amount repaid to affiliate	(24,679,406)	(33,466,780)
Omar Abu Bakr Balubaid Company	Affiliate	Information Technology Services	225,484	857,663
		Amount repaid to affiliate	(779,139)	(1,027,356)

NATIONAL FINANCE HOUSE COMPANY
(A JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
At 30 June 2025

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

11.1 Transactions during the period (continued)

<i>Related party</i>	<i>Nature of Relationship</i>	<i>Nature of transaction</i>	<i>For the six-month period ended 30 June 2025 Unaudited SR</i>	<i>For the six-month period ended 30 June 2024 Unaudited SR</i>
Key Management Personnel	Key executive employees	Salaries and other short-term employee benefits	3,112,437	3,276,076
		Employees' post-employment benefits	117,658	110,127
	Audit Committee	Meeting allowance	64,250	34,250
	Board of directors	Meeting allowance	255,833	225,000
	Award Committee	Meeting allowance	41,000	25,000
	Risk Committee	Meeting allowance	65,000	50,000
	Executive Committee	Meeting allowance	56,000	20,000
	Shariah Committee	Meeting allowance	63,003	39,165

Due to related parties comprise the following:

	<i>30 June 2025 Unaudited SR</i>	<i>31 December 2024 Audited SR</i>
<i>Financial liabilities at amortized cost – unsecured</i>		
Balubaid Automotive Company	1,860,815	6,888,616
Omar Abu Bakr Balubaid Company	1,310,226	1,863,881
Balubaid Holding Company Limited	-	6,765
	3,171,041	8,759,262

Key management Remuneration

Amount payable to key management personnel of the Company is as follows:

	<i>30 June 2025 Unaudited SR</i>	<i>31 December 2024 Audited SR</i>
Salaries and other short-term employee benefits	407,438	807,540
Post-employment benefits	661,742	527,712
Board remuneration	449,083	730,500

NATIONAL FINANCE HOUSE COMPANY
(A JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)

At 30 June 2025

12 PROVISION FOR ZAKAT

	<i>30 June 2025 Unaudited SR</i>	<i>31 December 2024 Audited SR</i>
Balance at the beginning of the period / year	3,083,797	699,887
Provided during the period / year	1,349,538	3,083,797
Payment during the period / year	(3,093,555)	(473,142)
Prior year – reversal	-	(226,745)
	<u>1,339,780</u>	<u>3,083,797</u>

Status of assessments

The Company submitted its Zakat and income tax returns to the ZATCA until the year ended 31 December 2024 and has obtained a certificate from the ZATCA valid until 13 Dhul-Qi'dah 1447H, corresponding to 30 April 2026. There has been no assessment rendered to the Company by ZATCA from the year of registration through to 2024.

13 FINANCIAL FACILITIES

	<i>30 June 2025 Unaudited SR</i>	<i>31 December 2024 Audited SR</i>
<u>Financial liabilities at amortized cost – secured</u>		
Long-term financial facilities	450,069,543	373,891,473
Finance cost payable	2,277,817	2,217,990
	<u>452,347,360</u>	<u>376,109,463</u>

13.1 Movement in financial facilities

	<i>30 June 2025 Unaudited SR</i>	<i>31 December 2024 Audited SR</i>
Opening balance	376,109,463	252,410,029
Add: facilities obtained during the period / year	139,885,133	207,506,980
Less: payments made during the period / year	(63,707,063)	(84,286,153)
Finance cost during the period / year	15,965,020	23,928,210
Less: finance cost paid during the period / year	(15,905,193)	(23,449,603)
Closing balance	<u>452,347,360</u>	<u>376,109,463</u>

13.2 Maturity profile

	<i>30 June 2025 Unaudited SR</i>	<i>31 December 2024 Audited SR</i>
Current portion	145,032,366	119,439,180
Non-current portion	305,037,177	254,452,293
	<u>450,069,543</u>	<u>373,891,473</u>

**NATIONAL FINANCE HOUSE COMPANY
(A JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)**

At 30 June 2025

13 FINANCIAL FACILITIES (continued)

13.3 Secured financial facilities at amortised cost

	<i>30 June 2025 Unaudited SR</i>	<i>31 December 2024 Audited SR</i>
Islamic financial facilities		
Tawarruq	450,069,543	373,891,473
	450,069,543	373,891,473

The Company has obtained bank financial facilities from local islamic banks for the purpose of financing working capital needs and financing to customers. These bank facilities bear finance costs according to the internal lending rates of Saudi banks (SIBOR) in addition to an agreed profit margin which ranges from 2.25% to 2.5% and also have restricted cash deposits.

14 NET INCOME FROM FINANCING

14.1 Income from islamic financing, net

	<i>For the three-month period ended 30 June 2025 Unaudited SR</i>	<i>For the three-month period ended 30 June 2024 Unaudited SR</i>	<i>For the six-month period ended 30 June 2025 Unaudited SR</i>	<i>For the six-month period ended 30 June 2024 Unaudited SR</i>
<i>Islamic financings</i>				
Tawarruq	13,141,134	12,693,210	26,227,190	24,518,889
Murabaha	169,153	186,162	330,569	367,948
Ijarah	19,564,333	12,871,197	37,494,487	23,421,655
	32,874,620	25,750,569	64,052,246	48,308,492

14.2 Finance cost, net

	<i>For the three-month period ended 30 June 2025 Unaudited SR</i>	<i>For the three-month period ended 30 June 2024 Unaudited SR</i>	<i>For the six-month period ended 30 June 2025 Unaudited SR</i>	<i>For the six-month period ended 30 June 2024 Unaudited SR</i>
<i>Islamic financial facilities</i>				
- Tawarruq	8,362,285	5,685,022	15,965,020	11,447,393
Facility management fees	517,848	323,127	872,860	730,175
Bank charges	11,533	23,807	19,655	32,364
	8,891,666	6,031,956	16,857,535	12,209,932

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

NATIONAL FINANCE HOUSE COMPANY (A JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2025

15 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

- In the accessible principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous accessible market for the asset or liability
- Fair value information of the Company's financial instruments is analysed below:

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices inactive markets for similar assets and liabilities or valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

The Company's Level 3 financial assets comprise investment in unquoted investee company.

There were no transfers between level 1 and level 3 during the nine-month period 30 June 2025 (31 December 2024: nil). There were no financial assets or financial liabilities classified under level 2.

There were no changes in valuation techniques during the period.

As at 30 June 2025, the financial assets of the Company comprised of net investments in islamic financing, term deposits, restricted cash deposit, cash and cash equivalents and other receivables which are recorded at amortised cost and whose carrying value approximates its fair value and the Company's financial liabilities include trade payables, other payables and accruals, due to related parties and financial facilities.

16 FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to a variety of financial risks which mainly include market risk (including foreign exchange risk, interest rate risk and price risk) credit risk and liquidity risk. The interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements; and therefore, should be read in conjunction with the Company's annual financial statements as at 31 December 2024. There have been no changes in the risk management policies since the year end.

Capital management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide adequate return to its shareholders through the optimization of the capital structure. The Company manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares. No changes were made in objectives, policies or processes for managing capital during the six-month period ended 30 June 2025.

The Company monitors the aggregate amount of financing offered by the Company on the basis of the regulatory requirements of Regulations for Companies and SAMA.

	30 June 2025 Unaudited	31 December 2024 Audited
Capital adequacy ratio (Net investment in islamic financing before provision and adjustments divided by total equity)	2.47 times	2.29 times

As per SAMA regulations, the capital adequacy ratio of the Company must not exceed 3 times of equity.

**NATIONAL FINANCE HOUSE COMPANY
(A JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED) (continued)**
At 30 June 2025

17 COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform with the presentation of the current period. These changes have been made to improve the comparability of information presented but are not material to the interim condensed financial statements as a whole and.

18 DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements were approved by the Board of Directors on 27 July 2025G (corresponding to 2 Safar 1447H).