

**YANAL FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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

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Report on review of interim condensed financial statements

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of YANAL Finance Company (A Saudi Closed Joint Stock Company) (the "Company") as of 31 March 2023 and the related interim condensed statements of income and comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended and other 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 information 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, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

PricewaterhouseCoopers



Adel F. Alqahtani
License Number 614

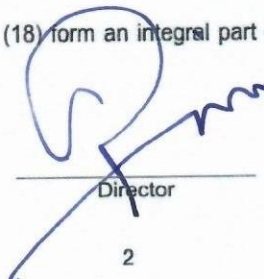
1 May 2023

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
(All amounts are in Saudi Riyals unless stated otherwise)

	Note	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
ASSETS			
Non-current assets:			
Property and equipment, net		1,749,366	1,192,306
Intangible assets, net		898,886	971,157
Equity investment designated at fair value through other comprehensive income ("FVOCI")		892,850	892,850
Net investment in finance leases	4	428,867,667	429,243,612
Net investment in murabaha finance	5	346,491,435	296,864,750
		<u>778,900,204</u>	<u>729,164,675</u>
Current assets:			
Current maturity of net investment in finance leases	4	458,137,641	459,562,536
Current maturity of net investment in murabaha finance	5	225,982,281	194,896,484
Advances, prepayments and other receivables	6	70,621,435	56,163,861
Cash and cash equivalents	7	50,377,549	33,450,475
		<u>805,118,906</u>	<u>744,073,356</u>
Total assets		<u>1,584,019,110</u>	<u>1,473,238,031</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital		550,000,000	550,000,000
Statutory reserve		99,218,345	99,218,345
Retained earnings		243,755,077	279,810,345
Dividend Proposed		55,000,000	-
Cash flow hedge		(175,078)	(293,687)
Total equity		<u>947,798,344</u>	<u>928,735,003</u>
LIABILITIES			
Non-current liabilities:			
Long-term loans and grants	8	140,193,326	39,848,967
Employees' end of service benefits (EOSB)		20,812,538	19,829,366
Negative fair value of derivative	9	175,078	293,687
		<u>161,180,942</u>	<u>59,972,020</u>
Current liabilities:			
Short-term loan	10	56,405,531	56,417,437
Current maturity of long-term loans and grants	8	287,202,260	271,833,038
Accounts payable		97,376,774	115,212,148
Zakat and income tax payable	13	13,726,788	12,107,859
Accrued expenses and other liabilities	11	20,328,471	28,960,526
		<u>475,039,824</u>	<u>484,531,008</u>
Total liabilities		<u>636,220,766</u>	<u>544,503,028</u>
TOTAL EQUITY AND LIABILITIES		<u>1,584,019,110</u>	<u>1,473,238,031</u>

The accompanying notes (1) through (18) form an integral part of these interim condensed financial statements.


Chief Executive Officer


Director

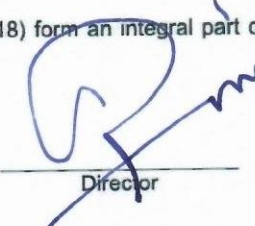

Chief Financial Officer

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME – UNAUDITED
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH
(All amounts are in Saudi Riyals unless stated otherwise)

	Note	2023	2022
REVENUE	12	43,502,405	34,645,966
EXPENSES			
Special commission expense	8.2	(6,038,078)	(6,538,502)
Expected credit losses ("ECL") reversal on financial assets	4.2, 5.2	645,620	2,853,601
Modification loss	4.3, 5.5	-	(3,723,458)
Government grant income		-	2,779,968
Salaries and employee related expenses		(12,510,706)	(10,381,267)
Other general and administrative expenses		(2,921,126)	(2,748,351)
Depreciation and amortization		(218,619)	(84,868)
Total expenses		(21,042,909)	(17,842,877)
Income for the period before zakat and income tax		22,459,496	16,803,089
Zakat expense	13	(2,435,490)	(2,425,531)
Income tax expense	13	(735,473)	(647,071)
Total zakat and income tax expense		(3,170,963)	(3,072,602)
Income for the period after zakat and income tax		19,288,533	13,730,487
Earnings per share - basic and diluted	14	0.35	0.25

The accompanying notes (1) through (18) form an integral part of these interim condensed financial statements.


Chief Executive Officer


Director

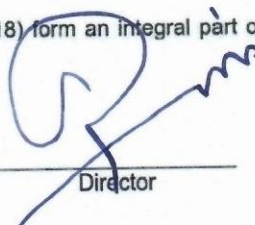

Chief Financial Officer

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH
 (All amounts are in Saudi Riyals unless stated otherwise)

	<u>2023</u>	<u>2022</u>
Income for the period after zakat and income tax	19,288,533	13,730,487
Other comprehensive income / (loss)		
<i>Items that are or maybe reclassified to statement of income in subsequent periods</i>		
Cash flow hedge – effective portion of changes in fair value	118,609	-
<i>Items that will not be reclassified to statement of income in subsequent periods</i>		
Actuarial loss on EOSB	<u>(343,801)</u>	<u>(651,791)</u>
Total comprehensive income for the period	<u>19,063,341</u>	<u>13,078,696</u>

The accompanying notes (1) through (18) form an integral part of these interim condensed financial statements.


 Chief Executive Officer


 Director


 Chief Financial Officer

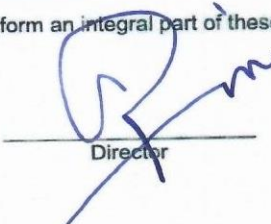
YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023
 (All amounts are in Saudi Riyals unless stated otherwise)

	Share capital	Statutory reserve	Retained earnings	Cash flow hedge	Proposed dividend	Total equity
Balance as at 31 December 2021 (Audited)	550,000,000	92,008,014	255,324,835	-	-	897,332,849
Total comprehensive income:						
Income for the period after zakat and income tax	-	-	13,730,487	-	-	13,730,487
Other comprehensive loss	-	-	(651,791)	-	-	(651,791)
	-	-	13,078,696	-	-	13,078,696
Proposed dividend (Note 17)			(41,250,000)	-	41,250,000	-
Balance as at 31 March 2022 (Unaudited)	550,000,000	92,008,014	227,153,531	-	41,250,000	910,411,545

Balance as at 31 December 2022 (Audited)	550,000,000	99,218,345	279,810,345	(293,687)	-	928,735,003
Total comprehensive income:						
Income for the period after zakat and income tax	-	-	19,288,533	-	-	19,288,533
Other comprehensive loss	-	-	(343,801)	118,609	-	(225,192)
	-	-	18,944,732	118,609	-	19,063,341
Proposed dividend (Note 17)	-	-	(55,000,000)	-	55,000,000	-
Balance as at 31 March 2023 (Unaudited)	550,000,000	99,218,345	243,755,077	(175,078)	55,000,000	947,798,344

The accompanying notes (1) through (18) form an integral part of these interim condensed financial statements.


 Chief Executive Officer


 Director

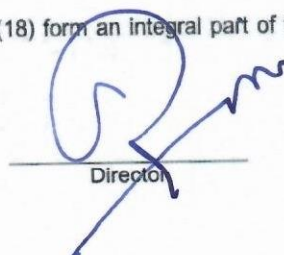

 Chief Financial Officer

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

	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income for the period before zakat and income tax		22,459,496	16,803,089
Adjustments for non-cash items:			
Depreciation of property and equipment		146,348	64,424
Amortization of intangible assets		72,271	20,444
Government grant, net		3,292,514	3,469,273
Special commission expense	8.2	6,038,078	6,538,502
ECL reversal on financial assets	4.2, 5.2	(645,620)	(2,853,601)
Employees' end of service benefits		798,528	727,033
		<u>32,161,615</u>	<u>24,769,164</u>
Changes in operating assets and liabilities:			
Net investment in finance leases		2,472,324	48,289,317
Net investment in murabaha finance		(80,738,346)	(18,432,874)
Advances, prepayments and other receivables		(15,044,109)	4,895,574
Accounts payable		(17,835,374)	(7,122,474)
Accrued expenses and other liabilities		(11,923,940)	(9,703,301)
Zakat and income tax paid		(827,443)	-
Employees' end of service benefits paid		(159,157)	(26,318)
Net cash (used in) / generated from operating activities		<u>(91,894,430)</u>	<u>42,669,088</u>
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of property and equipment		(703,408)	(19,047)
Net cash used in investing activity		<u>(703,408)</u>	<u>(19,047)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term loans		127,000,000	-
Proceeds from profit-free SAMA deposit	8.1	31,317,948	30,668,675
Repayments of long-term loans		(15,887,125)	(13,062,256)
Repayment of profit-free SAMA deposit		(31,123,342)	(1,383,437)
Special commission and other bank charges paid		(1,782,569)	(120,195)
Net cash generated from financing activities		<u>109,524,912</u>	<u>16,102,787</u>
Net increase in cash and cash equivalents		16,927,074	58,752,828
Cash and cash equivalents at the beginning of the period		33,450,475	75,811,144
Cash and cash equivalents at the end of the period	7	<u>50,377,549</u>	<u>134,563,972</u>

The accompanying notes (1) through (18) form an integral part of these interim condensed financial statements.


Chief Executive Officer


Director


Chief Financial Officer

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

1. GENERAL INFORMATION

YANAL Finance Company (the "Company") is a Saudi Closed Joint Stock Company established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company operates under Commercial Registration number 1010163957 issued in Riyadh on 21 Shawal 1421H (corresponding to 16 January 2001), non-industrial license number 99 dated 27 Safar 1421H (corresponding to 31 May 2000) issued by the Ministry of Commerce and a finance company license number 7/A Sh/201403 dated 27 Rabi-Al-Thanni 1435H (corresponding to 27 February 2014) issued by the Saudi Central Bank ("SAMA"), through its five branches (2022: five branches) in the Kingdom of Saudi Arabia.

The Company's head office is located in Riyadh at the following address:

YANAL Finance Company
 7690, Al Madhar – As Sulimaniyah
 Unit no. 1
 Riyadh 12621 – 2692
 Kingdom of Saudi Arabia

The Company has the following branches:

Branch commercial registration number	Date	Location
2050046083	Jamada Awal 9, 1425H	Dammam
4030150057	Jamada Awal 9, 1425H	Jeddah
2055013067	Rabi-Al-Awwal 9, 1432H	Jubail
5855036378	Rabi-Al-Awwal 9, 1432H	Khamis Mushait
4031090240	Rabi-Al-Thanni 26, 1436H	Makkah

The results, assets and liabilities of the branches are included in these interim condensed financial statements.

The objective of the Company is to provide lease financing for movable and immovable assets and murabaha financing to all economic sectors in the Kingdom of Saudi Arabia.

These interim condensed financial statements have been reviewed, not audited.

2. BASIS OF PREPARATION

- 2.1** The interim condensed financial statements of the Company as at and for the period ended 31 March 2023 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 issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
- 2.2** The interim condensed financial statements do not include all information and disclosure required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements for the year ended 31 December 2022.

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

2. BASIS OF PREPARATION (continued)

2.3 The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 1, 2023. The management has assessed that the amendments have no significant impact on the Company's interim condensed financial statements.

- IFRS 17, 'Insurance contracts' This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts;
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies;
- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction - requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences;

The listing of standards and interpretations issued which the Company reasonably expects to be applicable at a future date are as follows. The Company intends to adopt these standards when they become effective, where applicable.

Standard / Interpretation	Description	Effective from periods beginning on or after
Amendments to IAS 16	Leases on sale and leaseback	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024

2.4 The accounting and risk management policies used in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's audited financial statements for the year ended 31 December 2022.

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The interim results may not represent a proper indication of the annual results of operations. In preparing these interim condensed financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements as at and for the year ended 31 December 2022. During the three-month period ended 31 March 2023, there is no significant impact of COVID-19 on the Company's financial position and performance.

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

4. NET INVESTMENT IN FINANCE LEASES

4.1 Reconciliation between gross and net investment in finance leases is as follows:

	Note	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Lease receivables		1,212,440,527	1,215,405,792
Residual value		570,557,800	602,912,609
Gross investment in finance leases		1,782,998,327	1,818,318,401
Non-refundable security deposits		(570,557,800)	(600,292,249)
Prepaid lease rentals		(55,564,106)	(56,000,345)
Net receivables		1,156,876,421	1,162,025,807
Unearned lease finance income		(147,245,613)	(145,191,500)
Sub-total		1,009,630,808	1,016,834,307
Modification loss	4.3	(70,700,694)	(70,700,694)
Income on modified finance lease	12	61,794,486	58,997,964
		(8,906,208)	(11,702,730)
Net investment in finance leases		1,000,724,600	1,005,131,577
ECL on investment in finance leases	4.2	(113,719,292)	(116,325,429)
		887,005,308	888,806,148
Current maturity		(458,137,641)	(459,562,536)
		428,867,667	429,243,612

4.2 The movement in the ECL on investment in finance lease receivables is as follows:

	Note	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Balance as at January 1		116,325,429	131,906,599
ECL reversal for the period / year		(671,484)	(14,890,467)
Bad debt written-off		(1,934,653)	(690,703)
Balance at the end of the period / year	4.2.1	113,719,292	116,325,429

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

4. NET INVESTMENT IN FINANCE LEASES (continued)

4.2.1 Portfolio ECL analysis for net investment in finance leases:

31 March 2023 (Unaudited)	Net investment in finance leases	ECL	Expected loss rates
Not yet due	697,788,956	754,180	0.00%-0.03%
1-90 days	197,649,031	4,201,698	0.04%-1.30%
91-180 days	-	-	1.31%-10.44%
181-365 days	5,814,837	1,213,375	10.45%-40.63%
366 days – 730 days	1,276,950	449,005	40.64%-100%
Above 730 days and specific accounts*	107,101,034	107,101,034	100%
	1,009,630,808	113,719,292	

31 December 2022 (Audited)	Net investment in finance leases	ECL	Expected loss rates
Not yet due	656,732,386	272,562	0.00%-0.03%
1-90 days	238,408,773	4,792,740	0.04%-1.25%
91-180 days	293,336	2,099	1.26%-7.58%
181-365 days	11,215,853	1,074,069	7.59%-42.50%
366 days – 730 days	-	-	42.51%-100%
Above 730 days and specific accounts*	110,183,959	110,183,959	100%
	1,016,834,307	116,325,429	

* Includes specific accounts which are fully provided and below 730 days overdue with net investment in finance lease amounting to SAR 93.5 million (2022: SAR 94.6 million).

4.3 Modification loss was recognised in respect of deferral of cash flows under Deferred Payment Program announced by SAMA and Small and Medium Enterprises General Authority ("Monsha'at"). Against the deferral, the Company received profit-free deposits from SAMA and loan moratorium from Monsha'at. Government grant benefit was recognized in the interim condensed financial statements as a difference in the book value and present value of repayments.

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

5. NET INVESTMENT IN MURABAHA FINANCE

5.1 Reconciliation between gross and net murabaha finance is as follows:

	Note	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Murabaha finance receivables		654,677,543	557,786,863
Unearned murabaha finance income		(80,321,579)	(63,713,997)
Sub-total		574,355,964	494,072,866
Modification loss	5.5	(11,580,516)	(11,580,516)
Income on modified murabaha finance	12	9,874,778	9,419,530
		(1,705,738)	(2,160,986)
Net investment in murabaha finance		572,650,226	491,911,880
ECL on investment in murabaha finance	5.2	(176,510)	(150,646)
		572,473,716	491,761,234
Current maturity		(225,982,281)	(194,896,484)
		346,491,435	296,864,750

5.2 The movement in the ECL on murabaha finance receivables is as follows:

	Note	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Balance as at January 1		150,646	1,132,343
ECL charge / (reversal) for the period / year		25,864	(981,697)
Balance at the end of the period / year	5.2.1	176,510	150,646

5.2.1 Stage wise analysis of murabaha finance receivables and ECL is as follow:

	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
31 March 2023 (Unaudited)				
Net investment in murabaha finance	537,688,005	36,667,959	-	574,355,964
ECL	(73,029)	(103,481)	-	(176,510)
Net receivables	537,614,976	36,564,478	-	574,179,454
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
31 December 2022 (Audited)				
Net investment in murabaha finance	468,523,984	25,548,882	-	494,072,866
ECL	(78,711)	(71,935)	-	(150,646)
Net receivables	468,445,273	25,476,947	-	493,922,220

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

5. NET INVESTMENT IN MURABAHA FINANCE (continued)

5.3 Stage-wise movement of gross murabaha finance receivables is as follows:

	Performing	Under-performing	Non-performing	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
31 March 2023 (Unaudited)				
Balances as at 1 January	468,523,984	25,548,882	-	494,072,866
Transfer from Stage 1	(30,422,000)	30,422,000	-	-
Transfer from Stage 2	15,288,703	(15,288,703)	-	-
Net other movements*	84,297,318	(4,014,220)	-	80,283,098
	69,164,021	11,119,077	-	80,283,098
Balances at 31 March	537,688,005	36,667,959	-	574,355,964
	Performing	Under-performing	Non-performing	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
31 December 2022 (Audited)				
Balances as at 1 January	415,929,592	-	1,306,437	417,236,029
Transfer from Stage 1	(25,454,735)	25,454,735	-	-
Transfer from Stage 3	-	338,668	(338,668)	-
Net other movements*	78,049,127	(244,521)	(967,769)	76,836,837
	52,594,392	25,548,882	(1,306,437)	76,836,837
Balances as at 31 December	468,523,984	25,548,882	-	494,072,866

* Net other movement includes financing originated, financing repaid and other measurements.

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

5. NET INVESTMENT IN MURABAHA FINANCE (continued)

5.4 Stage-wise movement in ECL of murabaha finance receivables is as follows:

	Performing	Under-performing	Non-performing	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
31 March 2023 (Unaudited)				
ECL as at 1 January	78,711	71,935	-	150,646
Transfer from Stage 1	(12,546)	12,546	-	-
Transfer from Stage 2	10,338	(10,338)	-	-
Financial assets settled	(3,705)	-	-	(3,705)
New financial assets originated	4,906	-	-	4,906
Net re-measurement of ECL	(4,675)	29,338	-	24,663
	(5,682)	31,546	-	25,864
ECL at 31 March	73,029	103,481	-	176,510

	Performing	Under-performing	Non-performing	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
31 December 2022 (Audited)				
ECL as at 1 January	565,961	-	566,382	1,132,343
Transfer from Stage 1	(71,669)	71,669	-	-
Transfer from Stage 3	-	11,497	(11,497)	-
Financial assets settled	(5,824)	-	(554,885)	(560,709)
New financial assets originated	16,040	-	-	16,040
Net re-measurement of ECL	(425,797)	(11,231)	-	(437,028)
	(487,250)	71,935	(566,382)	(981,697)
ECL at 31 December	78,711	71,935	-	150,646

5.5 Modification loss was recognised in these interim condensed financial statements. (Refer Note 4.3 for details).

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6. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

		As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
	Note		
Advance to suppliers		33,777,671	20,997,300
Receivable from Jeddah Municipality	6.1	11,036,539	11,036,539
Deferred Value Added Tax ("VAT")		8,727,660	9,389,511
Receivable from Saudi shareholders for prior period zakat settlement		5,265,683	5,265,683
Prepaid expenses		5,216,139	3,730,073
Receivables from lessees		2,943,775	2,667,328
Loans and advances to staff		1,916,099	2,276,080
VAT refund		1,655,469	-
Other		82,400	801,347
		70,621,435	56,163,861

- 6.1** This pertains to receivable against a land for which the Company holds the legal title as collateral, under a finance lease contract, with a right of disposal and settlement against the default. The land was acquired by Jeddah municipality as a part of development project. As per municipality requirements, the Company submitted its claim and duly obtained acknowledgement as a claimant. The Company has accounted for the receivable to the extent of net receivable under the finance lease contract.

7. CASH AND CASH EQUIVALENTS

	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Cash at banks	50,367,987	33,440,346
Cash in hand	9,562	10,129
	50,377,549	33,450,475

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8. LONG-TERM LOANS AND GRANTS

	Note	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Long-term loans		191,310,806	80,197,931
Profit-free deposit payable to SAMA	8.1	240,855,516	240,660,910
		432,166,322	320,858,841
Government grant on SAMA and Monsha'at loan	8.2	(41,870,328)	(47,772,423)
Special commission expense on grant		35,497,602	38,027,348
		(6,372,726)	(9,745,075)
Accrued special commission expense		1,609,368	726,042
Total loans and deposits, net of grant		427,402,964	311,839,808
Less: unamortised fee		(7,378)	(157,803)
		427,395,586	311,682,005
Less: current maturity		(287,202,260)	(271,833,038)
Non-current portion of long-term loans and grants		140,193,326	39,848,967

8.1 During the period ended 31 March 2023, the Company has received SR 31.3 million of profit-free deposit from SAMA against funding for lending program of SAMA to support SME customers. The financing tenure is thirty-six months including six-month repayments grace period. The net impact of the profit-free deposit from SAMA and interest charged on financing to SME customers with a low interest rate is not significant to the interim condensed financial statements.

8.2 Special commission expense includes an amount of SAR 3.4 million (2022: SAR 6.4 million) commission cost on SAMA profit free deposit and deferred Monsha'at loan.

9. FAIR VALUE DERIVATIVE

As at March 31, 2023, the Company held interest rate swap ("IRS") of a notional value of SR 50 million (2022: SR 50 million) in order to reduce its exposure to interest rate risks against the long-term loan.

Net fair value of cash flow hedge of SR 175,078 (2022: SR 293,687) represents the negative mark to market value for swaps interest rates. The cash flow hedge reserve represents the effective portion of the cash flow hedge. The fair value of IRS is calculated using discounted cash flow model using a risk-free discount rate adjusted for appropriate risk margin for counterparty risk.

10. SHORT TERM LOAN

		As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Short-term loan – principal amount and accrued financing cost	10.1	56,405,531	56,417,437
		56,405,531	56,417,437

10.1 This represents a short-term loan from a foreign bank carrying commission rate at the agreed commercial rate. This facility arrangement includes certain covenants, which the Company have complied with as at 31 March, 2023.

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11. ACCRUED EXPENSES AND OTHER LIABILITIES

	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Proposed lease related payables	7,221,088	8,474,884
Employee related payables	4,635,739	7,355,038
Charity payable	2,428,915	4,642,583
Legal and professional charges	2,091,042	1,732,731
Accrued expenses	1,721,602	1,527,816
Leased assets insurance claims to be settled	1,119,881	1,467,455
Leased assets insurance premium payable	219,145	2,100,061
VAT payable	-	719,931
Other	891,059	940,027
	20,328,471	28,960,526

12. REVENUE

Finance lease income is stated net of insurance cost and it includes reversal of SAR 2.8 million (2022: SAR 5.9 million) and SAR 0.5 million (2022: SAR 1.0 million) against modification loss on finance leases and murabaha finance contracts, respectively.

Revenue also includes front-end fees and income earned on short-term time deposits.

13. ZAKAT AND INCOME TAX PAYABLE

There is no change in the status of Zakat and income tax assessment since 31 December 2022.

14. BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the profit for the period attributable to the shareholders by weighted average number of shares (55,000,000) at the end of the period.

15. COMMITMENTS

	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Cost of finance lease and murabaha contracts not yet executed	5,910,715	33,601,060
Bank guarantees issued on behalf of the Company	2,000,000	2,000,000

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16. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In the ordinary course of its activities, the Company transacts business with related parties, which are related to its shareholders. The Company obtains technical assistance from ORIX Corporation, Japan and OLP Financial Services Pakistan Limited at no cost under an arrangement. Significant related party transactions and balances are as follows:

	For the three-month period ended 31 March 2023 (Unaudited)	For the three-month period ended 31 March 2022 (Unaudited)
Transactions:		
The Saudi Investment Bank – shareholder		
Long-term loan receipt	127,000,000	-
Long-term loan repayment	4,166,667	-
Special commission expense	894,034	-
Other bank charges paid	7,321	771
Rent and premises related expense	409,379	525,000
Profit earned on time deposit	-	42,055
Lease participation payments*	532,995	567,777
Lease participation receipts – management fee and other*	5,330	5,330
The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, KSA- affiliate		
Premium for insurance and other related payments-net	4,447,050	3,433,084
Key Management Personnel		
Salaries and other short-term employee benefits	3,479,406	3,453,490
End of service benefits accrued	250,827	403,457
	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Balances:		
The Saudi Investment Bank – shareholder		
Bank current accounts	46,136,347	21,619,176
Long-term loans (including accrued commission)	174,442,702	50,726,042
Prior period zakat settlement receivable	2,720,338	2,720,338
Rent and premises related advance	-	409,379
Lease participation receivable*	18,826	18,826
Trade Development & Investment Company – shareholder		
Prior period zakat settlement receivable	2,545,345	2,545,345
The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, KSA- affiliate		
Advance / payable against insurance premium, net	5,087,607	4,514,222
Takween Advanced Industries Company, KSA – affiliate		
Net investment in finance lease	14,710,632	16,076,509

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16. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
Key Management Personnel		
Employees' end of service benefits	3,669,875	3,419,048
Loans to key management of the Company	358,556	474,474
Directors' meeting attendance fee payable	1,475,000	1,180,000

* The Company has certain lease transactions, in which the related party has a non-recourse participation. The Company charges a fee for administration of the portfolio. The value of such portfolio was SAR 1.5 million as at 31 March 2023 (31 December 2022: SAR 2.0 million).

17. DIVIDENDS

The Board of Directors proposed an annual dividend of SAR 1 per share (2021: SAR 0.75 per share) for the year ended 31 December 2022 amounting to SAR 55 million (2021: SAR 41.25 million). The shareholders are yet to approve the distribution at the Annual General meeting to be held in May 2023.

18. DATE OF APPROVAL OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

The accompanying interim condensed financial statements were approved by the Board of Directors on 17 April 2023 (corresponding to 26 Ramadan 2023H).