

MANAFA FOR DEBT-BASED CROWDFUNDING COMPANY
(A Single Shareholder Closed Joint Stock Company)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE-MONTH AND SIX-MONTH
PERIODS ENDED 30 JUNE 2024, AND
INDEPENDENT AUDITOR'S REVIEW REPORT

MANAFA FOR DEBT-BASED CROWDFUNDING COMPANY
(A Single Shareholder Closed Joint Stock Company)
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

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Report on review of condensed interim financial statements

To the shareholder of Manafa for Debt-Based Crowdfunding Company
(A Single Shareholder Closed Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Manafa for Debt-Based Crowdfunding Company (the "Company") as at 30 June 2024 and the related condensed interim statements of profit or loss and comprehensive income for the three-month and six-month periods then ended, and the related condensed interim statement of changes in shareholder's equity and cash flows for the six-month period then ended and other explanatory notes.

The Board of Directors is responsible for the preparation and presentation of these condensed interim 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 condensed interim 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 condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Waleed', written over a light blue horizontal line.

Waleed bin Abdulaziz Alhidiri
License Number 559

7 April 2025

MANAFA FOR DEBT-BASED CROWDFUNDING COMPANY
(A Single Shareholder Closed Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024
All amounts in Saudi Riyals unless otherwise stated

		30 June 2024 (Unaudited)	31 December 2023 (Audited)
Assets	Note		
Current assets			
Cash and cash equivalents	6	28,154,586	33,555,491
Accounts receivable, net	7	2,165,979	1,510,996
Prepaid expenses		203,552	349,737
Due from related parties, net	15	19,661,373	13,030,082
Total current assets		50,185,490	48,446,306
Non-current assets			
Property and equipment, net	8	640,484	333,643
Intangible assets, net	9	1,902,126	2,029,467
Total non-current assets		2,542,610	2,363,110
Total assets		52,728,100	50,809,416
Liabilities and shareholder's equity			
Liabilities			
Current liabilities			
Accrued expenses and other liabilities	10	2,382,216	2,503,114
Provision for zakat	14	1,541,207	1,139,434
Total current liabilities		3,923,423	3,642,548
Non-current liability			
Employee's end of service benefits		424,500	333,000
Total non-current liability		424,500	333,000
Total liabilities		4,347,923	3,975,548
Shareholder's equity			
Share capital		40,000,000	40,000,000
Statutory reserve		813,767	813,767
Retained Earnings		7,566,410	6,020,101
Total shareholder's equity		48,380,177	46,833,868
Total liabilities and shareholder's equity		52,728,100	50,809,416

The accompanying notes 1 to 22 form an integral part of these condensed interim financial statements.

MANAFA FOR DEBT-BASED CROWDFUNDING COMPANY
(A Single Shareholder Closed Joint Stock Company)
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE THREE-MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2024
All amounts in Saudi Riyals unless otherwise stated

	Note	For the three month period ended June 30		For the six month period ended June 30	
		2024	2023	2024	2023
		(Unaudited)	(Unaudited) Restated*	(Unaudited)	(Unaudited) Restated*
Revenue	11	6,210,134	5,635,542	13,080,978	11,358,471
Cost of revenue	12	(776,960)	(773,512)	(1,823,042)	(1,552,335)
Gross profit		5,433,174	4,862,030	11,257,936	9,806,136
General and administrative expenses	13	(5,146,222)	(2,331,946)	(8,403,100)	(4,287,342)
Marketing expenses		(141,783)	(138,218)	(1,474,755)	(317,383)
Finance income		352,881	-	595,355	-
Other Income		49,336	53,660	55,335	65,108
Charge for expected credit losses		(82,689)	(37,086)	(82,689)	(40,986)
Profit for the period before zakat		464,697	2,408,440	1,948,082	5,225,533
Zakat expense	14	(103,450)	(496,830)	(401,773)	(1,077,714)
Profit for the period		361,247	1,911,610	1,546,309	4,147,819

The accompanying notes 1 to 22 form an integral part of these condensed interim financial statements.

Also, see note 18 for details regarding the restatement as a result of correction of errors.

MANAFA FOR DEBT-BASED CROWDFUNDING COMPANY
(A Single Shareholder Closed Joint Stock Company)
CONDENSED INTERIM STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2024
All amounts in Saudi Riyals unless otherwise stated

	For the three month period ended June 30,		For the six month period ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
		Restated*		Restated*
Profit for the period	361,247	1,911,610	1,546,309	4,147,819
Other comprehensive income items:				
Not to be reclassified to profit or loss in subsequent periods:				
Remeasurement loss on employee end of service benefits	-	(2,166)	-	(4,166)
Total comprehensive income for the period	361,247	1,909,444	1,546,309	4,143,653

The accompanying notes 1 to 22 form an integral part of these condensed interim financial statements.

Also, see note 18 for details regarding the restatement as a result of correction of errors.

MANAFA FOR DEBT-BASED CROWDFUNDING COMPANY
(A Single Shareholder Closed Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
All amounts in Saudi Riyals unless otherwise stated

	Share capital	Statutory reserve	Retained earnings	Total shareholder's equity
Balance as at 1 January 2023				
(Audited before restatement)	40,000,000	375,231	2,504,881	42,880,112
Correction of an error	-	-	(335,298)	(335,298)
Balance as at 1 January 2023				
(Audited and restated)	40,000,000	375,231	2,169,583	42,544,814
Profit for the period (Restated)	-	-	4,147,819	4,147,819
Other comprehensive loss for the period (Restated)	-	-	(4,166)	(4,166)
Total comprehensive income for the period	-	-	4,143,653	4,143,653
Balance as at 30 June 2023				
(Unaudited)	40,000,000	375,231	6,313,236	46,688,467
	Share capital	Statutory reserve	Retained earnings	Total shareholder's equity
Balance as at 1 January 2024 (Audited)	40,000,000	813,767	6,020,101	46,833,868
Profit for the period	-	-	1,546,309	1,546,309
Other comprehensive loss for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,546,309	1,546,309
Balance as at 30 June 2024				
(Unaudited)	40,000,000	813,767	7,566,410	48,380,177

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Also, see note 18 for details regarding the restatement as a result of correction of errors.

MANAFA FOR DEBT-BASED CROWDFUNDING COMPANY
(A Single Shareholder Closed Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
All amounts in Saudi Riyals unless otherwise stated

	30 June 2024 (Unaudited)	30 June 2023 (Unaudited) Restated*
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net profit for the period before zakat	1,948,082	5,225,533
Adjustments for:		
Depreciation of property and equipment	64,724	27,657
Amortization of intangible assets	127,341	123,893
Provision for employee end of service benefit obligations	91,500	20,834
Charge for allowance for expected credit losses	82,689	40,986
Finance Income	(595,355)	-
Operating profit before changes in working capital	1,718,981	5,438,903
<u>Changes in working capital</u>		
Accounts receivables	(689,583)	(774,790)
Prepaid expenses	146,185	(534,030)
Due from related parties	(6,679,380)	(4,199,722)
Accrued expenses and other liabilities	(120,898)	973,296
Employee's end of service benefits paid	-	(7,500)
Finance Income received	595,355	-
Net cash (used in)/ generated from operating activities	(5,029,340)	896,157
<u>CASH FLOWS FROM INVESTING ACTIVITY</u>		
Additions to property and equipment	(371,565)	(283,066)
Net cash used in investing activity	(371,565)	(283,066)
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>		
Increase in capital payment	-	-
Net cash generated from financing activity	-	-
Net change in cash and cash equivalent	(5,400,905)	613,091
Cash and cash equivalents at the beginning of the period	33,555,491	1,223,241
Cash and cash equivalents at the end of the period	28,154,586	1,836,332

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MANAFA FOR DEBT-BASED CROWDFUNDING COMPANY
(A Single Shareholder Closed Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2024
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1 General information

Manafa for Debt-Based Crowdfunding Company (A Single Shareholder Closed Joint Stock Company) ("the Company") was established under the name Manafa Financial Technology Company (A Single Shareholder limited liability company) on 20 Jumada Al-Awwal 1442H corresponding to (3 January 2021G) under Commercial Registration No, 1010678388, based on the decision of the owner of the capital (Osoul Manafa Investment Company), the legal entity of the company was transferred on 6 Safar 1443H, corresponding to September 13, 2021, from a single shareholder company with limited liability to a single shareholder closed joint stock Saudi Company, with its rights, obligations, and employment, classifications, licenses and all its financial, technical and administrative elements with the same capital of (SR 5,000,000) Saudi riyals, while retaining the name and number of the main commercial registry upon conversion.

The Company's main headquarters is located in Riyadh, Al-Malqa district.

The Company's main activity is financing in accordance with the provisions of the Companies Law, the Finance Companies Control Law, and its relevant executive rules, regulations and instructions issued by the Saudi Central Bank for practicing and implementing debt crowdfunding in the Kingdom of Saudi Arabia.

Based on the certificate of the Saudi Central Bank issued on 14 Rabi' Al-Thani, 1444H, license No, (7018070537) was granted to the Manafa for Debt-Based Crowdfunding Company to practice debt crowdfunding activities in the Kingdom of Saudi Arabia in accordance with the relevant provisions and regulations.

2 Basis of preparation

(a) Statement of compliance

The condensed interim financial statements of the Company as at and for the period ended 30 June 2024, 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).

These condensed interim 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 annual audited financial statements for the year ended 31 December 2023.

(b) Basis of measurement

These condensed interim financial statements have been prepared on a going concern basis under the historical cost convention except for employees' end of service benefits are measured at present value of future obligations using the Projected Unit Credit Method. This condensed interim financial statements is presented in Saudi Riyals ("SR") which is the functional currency of the Company.

(c) Financial year

The financial year of the Company commences on 1 January and ends on 31 December of each calendar year.

3 Use of judgments, estimates and assumptions

The preparation of the condensed interim financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

The significant estimates made by management in applying the Company's accounting policies and the significant sources of estimation uncertainty were similar to those disclosed in the 2023 annual financial statements.

4 Material accounting policies

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual audited financial statements for the year ended 31 December 2023 unless otherwise stated.

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All amounts in Saudi Riyals unless otherwise stated

5 New Standards, Amendments to Standards and Interpretations

5.1 New Standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023, but they had no material impact on these financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendment to IFRS 16 – Leases on sale and leaseback
- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements
- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules
- Amendment to IAS 1 – Non-current liabilities with covenants

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

5.2 Standards issued but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early, and they do not have a significant impact on those condensed interim financial statements.

The most significant of these are as follows:

Standard, interpretation, amendments	Description	Effective date
Amendments to IFRS 10 and IAS 28	Sale 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)
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
IFRS 18, 'Presentation and Disclosure in Financial Statements'	The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: <ul style="list-style-type: none"> • the structure of the statement of profit or loss; • required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and • enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. 	Reporting periods beginning on or after 1 January 2027
IFRS 19 - Reducing subsidiaries' disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

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All amounts in Saudi Riyals unless otherwise stated

5 New Standards, Amendments to Standards and Interpretations (continued)

5.2 Standards issued but not yet effective (continued)

Other standards		
IFRS S1, 'General requirements for disclosure of sustainability-related financial information'	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 subject to endorsement from SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

6 Cash and cash equivalents

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Cash at banks	2,936,112	33,555,491
Murabaha deposit	25,218,474	-
	28,154,586	33,555,491

7 Accounts receivable, net

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Accounts receivable	2,228,017	1,538,434
Less: Allowance for expected credit losses (Note 7.1)	(62,038)	(27,438)
	2,165,979	1,510,996

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

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Cost		
Opening balance as at the beginning of the period / year	27,438	13,784
Charge for the period / year	34,600	13,654
Closing balance at the end of the period / year	62,038	27,438

8 Property and equipment, net

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Cost		
As at 1 January	414,076	119,011
Additions during the period / year	371,565	295,065
As at end of the period / year	785,641	414,076
Accumulated depreciation		
As at 1 January	80,433	11,495
Charge for the period / year	64,724	68,938
As at the end of the period / year	145,157	80,433
As at the end of the period / year	640,484	333,643

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All amounts in Saudi Riyals unless otherwise stated

9 Intangible assets, net

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<u>Cost</u>		
As at 1 January	2,505,386	2,505,386
Additions during the period	-	-
As at the end of the period / year	2,505,386	2,505,386
<u>Accumulated amortization</u>		
As at 1 January	475,919	228,134
Charge for the period / year	127,341	247,785
As at the end of the period / year	603,260	475,919
<u>Net book value</u>		
As at the end of the period / year	1,902,126	2,029,467

10 Accrued expenses and other liabilities

Accrued expenses and other liabilities consist of the following:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Leave salary payable	863,487	544,101
Accrued employee bonus	483,533	747,346
Accounts payable	477,779	675,354
Value added tax payable	376,233	343,260
Accrued social insurance payable	181,184	89,970
Accrued salaries, and wages	-	95,583
Other	-	7,500
	2,382,216	2,503,114

11 Revenue

	For the three month period ended June 30,		For the six month period ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Commission income – at a point of time	4,048,050	3,874,250	8,796,623	8,226,480
Wakalah fees – over time	2,162,084	1,761,292	4,284,355	3,131,991
	6,210,134	5,635,542	13,080,978	11,358,471

12 Cost of revenue

	For the three month period ended June 30,		For the six month period ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Service and data providers expenses	443,651	369,107	881,122	824,981
Salaries and wages	271,293	342,460	814,579	603,462
Amortization of intangible assets	62,016	61,945	127,341	123,892
	776,960	773,512	1,823,042	1,552,335

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All amounts in Saudi Riyals unless otherwise stated

13 General and administrative expenses

General and administrative expenses for the period ending on June 30th consist of the following:

	For the three month period ended June 30,		For the six month period ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Service and data providers expenses	1,824,731	524,960	3,254,081	707,023
Salaries and wages	1,662,007	497,453	2,166,016	1,194,953
Professional fees	544,771	159,207	938,475	498,797
Social insurance	269,141	190,881	447,944	368,347
Bonus	511,460	441,187	421,029	441,187
Employee benefit obligations	35,243	10,834	71,370	20,834
Travel expenses	3,204	2,419	26,260	61,904
Medical insurance	85,872	-	155,974	21,782
Depreciation	35,149	16,200	64,724	27,657
Bank charges	19,100	10,055	49,627	12,587
Other	155,544	478,750	807,600	932,271
	5,146,222	2,331,946	8,403,100	4,287,342

14 Zakat Payable

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (the "ZATCA") as applicable in the Kingdom of Saudi Arabia.

a) Movement in provision for Zakat is as follows

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period / year	1,139,434	773,782
Charge for the period / year	401,773	1,139,434
Payments made during the period / year	-	(773,782)
Balance as at end of the period / year	1,541,207	1,139,434

b) Status of assessments

At the date of issuing these financial statements, zakat returns up to 2023 have been submitted to ZATCA. There have been no zakat assessments to date.

15 Related party transactions and balances

In the ordinary course of business, the Company enters into transactions with its related parties and these transactions are based on the agreed terms. The principal parties of the Company are Osoul Manafa Investment Company and its affiliate (The entities owned by the Parent Company, which is Osoul Manafa Investment Company), executive members of Company's Board of Directors, key management personnel and companies of which these related parties are principal owners.

a) Significant transactions and related amounts during the interim period ended June 30 were as follows:

	Nature of relationship	Nature of transaction	30 June 2024	30 June 2023
Manafa Capital Company	Affiliate	Expenses paid on behalf of Financing	(1,039,005)	(1,450,219)
Osoul Manafa Investment Company	Shareholder	Expenses paid on behalf of Financing	(179,005)	4,333
			7,895,000	2,000,000

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15 Related party transactions and balances (continued)

b) Related party transactions resulted in the following related balances as at:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Due from related parties		
Manafa Capital Company	10,072,052	11,108,667
Osoul Manafa Investment Company	9,540,321	1,824,326
Abyan Capital Company	99,910	99,910
Allowance for expected credit losses (Note b.1)	(50,910)	(2,821)
	19,661,373	13,030,082

b.1 The following shows the movement in the allowance for expected credit losses:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Opening balance as at the beginning of the period / year	2,821	7,941
Reversal during the period / year	-	(5,120)
Charge for the period / year	48,089	-
Closing balance as at the end of the period / year	50,910	2,821

16 Customers' accounts

According to rules and regulations of crowdfunding established by Saudi Central Bank, released in the month of December 2021 in accordance with Article 42075986, that regards collection accounts in crowdfunding operations. The company holds these accounts with a local bank (Arab National Bank), amounting to SR 47 million as at 30 June 2024 (December 2023: SR 52.3 million). In addition, the company has outstanding financing agreements amounting to SR 378.7 million at 30 June 2024 (31 December 2023: 291.8 million). Such balances are not included in the Company's condensed interim financial statements.

17 Financial Risk Management

The Company is exposed to multiple risks, including Market risks, currency risks, fair value risks, cash flow interest rate risks, price risks, credit risks and liquidity risks. The Company's senior management oversees the management of these risks, supported by a Financial Risk Committee that advises it on financial risks and the appropriate framework for their governance. This committee also provides the Company's senior management with guarantees and assurances that the Company's financial risk activities are subject to appropriate.

policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and its risk appetite. The Board of Directors reviews and approves the policies for managing each of these risks, a summary of which is provided below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices include risks such as equity price risk, interest rate risk and currency risk.

Currency risks

It is a risk represented by the fluctuation of the value of a financial instrument due to changes in foreign exchange rates. Given that the company's transactions are mainly conducted in Saudi riyals and US dollars, and the Saudi riyal is linked and fixed to the US dollar, the company will not be exposed to currency risks in a significant and fundamental way.

Fair Value Risk and Cash Flow Interest Rate

It is represented by exposure to various risks related to the impact of fluctuations in prevailing interest rates on financial conditions and cash flows. The company monitors and tracks fluctuations in commission rates on an ongoing basis and acts accordingly, and they are subject to change on a periodic basis.

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17 Financial risk management (continued)

Market risk (continued)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or by factors affecting all instruments traded in the market.

Credit risk

Credit risk is represented by the failure of a counterparty to meet its obligations under a financial instrument or contract concluded with customers, which leads to a financial loss. The company places its cash and funds with banks with good and sound credit ratings, and records accounts receivable and amounts due from related parties in the net provision for expected losses, if any.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Cash and cash equivalents	28,154,586	33,555,491
Accounts receivables, net	2,165,979	1,510,996
Due from related parties, net	19,661,373	13,030,082

The Company has kept cash and cash equivalents in reputable banks and financial institutions. The cash at banks as at 30 June 2024 is SAR 28.1 million (31 December 2023: SAR 33.5 million). For banks and financial institutions, only independently rated parties are accepted.

Accounts receivables are shown net of allowance for expected credit losses. The Company applies the IFRS 9 simplified approach for measuring expected credit losses on accounts Receivable. To measure the expected credit losses, accounts Receivable are grouped based on shared credit risk characteristics and the days past due. The ECL on accounts Receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, days past due, expected recovery, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate, and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Due from related parties amounting to SAR 19.6 million are expected to be settled within the next 12 months. Related party receivables are callable overnight if payment is required earlier. Given the short life of the receivable and the fact they are with intercompany entities with no history of default, the related party balance considered to have low credit risk. As of reporting date, an amount of SAR 48 thousand was provision for impairment against due from related parties.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in raising funds to meet obligations associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at a price close to its fair value. Liquidity risk is managed by regularly monitoring and observing that sufficient funds are available through committed credit facilities to meet any future obligations.

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17 Financial risk management (continued)

Credit Risk (Continued)

Below are the amounts expected to be recovered or settled no more than 12 months and those more than 12 months after the reporting date:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Assets		
Less than 12 months		
Cash and cash equivalents	28,154,586	33,555,491
Accounts receivable, net	2,165,979	1,510,996
Prepaid expenses	203,552	349,737
Due from related parties, net	19,661,373	13,030,082
	50,185,490	48,446,306
More than 12 months		
Property and equipment, net	640,484	333,643
Intangible assets, net	1,902,126	2,029,467
	2,542,610	2,363,110
Liabilities		
Less than 12 months		
Accrued expenses and other liabilities	2,382,216	2,503,114
Provision for zakat	1,541,207	1,139,434
	3,923,423	3,642,548
More than 12 months		
Employee's end of service benefits	424,500	333,000
	424,500	333,000

18 Restatements of comparative Information

Management has re-evaluated the accounting treatment and classification for certain transactions and balances recorded in the financial statements in the prior periods to determine if such transactions and balances had been accurately accounted for under International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia. Where necessary, adjustments have been made to comparative figures in accordance with International Accounting Standard 8 "Accounting policies, changes in accounting estimates and errors" ("IAS 8") as endorsed in the Kingdom of Saudi Arabia.

As a result, management restated the comparatives to correct the errors detailed below in the condensed interim financial statements for the period ended 30 June 2024 as prior period restatements.

The note below sets out the details of adjustments and the line items in the statement profit or loss, statement of other comprehensive income and statement of cash flows:

- A Management erroneously did not record Zakat expenses amounting to SAR 1,077,714 in the previous reporting period. As a result, Zakat expenses amounting to SR 1,077,714 for the period ended 30 June 2023 have been recognized in the statement of profit or loss.
- B In the previous period, management erroneously classified charge for expected credit losses amounting to SAR 40,986 as part of General and administrative expenses instead of showing it separately in the statement of profit or loss. The Charge for expected credit losses amounting to SR 40,986 for the period ended 30 June 2023 has been reclassified from General and administrative expenses to being separately disclosed in the statement of profit or loss.
- C In the previous period, management erroneously did not record accrued employee leave balances totaling SR 212,932, as required by IAS 19 - Employee Benefits. As a result, general and administrative expenses amounting to SR 212,932 for the period ended 30 June 2023 have been recognized in the statement of profit or loss.
- D In 2024, management reassessed the classification of employee costs and concluded that these expenses, which include direct labor costs, should be reclassified under Cost of revenue rather than General and administrative expenses. The rationale for reclassification is that these employees directly contribute to fulfilling performance obligations. Salaries and wages amounting to SR 621,698 for the period ended 30 June 2023 has been reclassified from General and administrative expenses to Cost of revenue.

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18 Restatements of comparative information (continued)

Condensed interim statement of profit or loss

For the six-month period ended June 30

	As previously reported	Restatement A	Restatement B	Restatement C	Restatement D	As Restated
Revenue	11,358,471	-	-	-	-	11,358,471
Cost of revenue	(930,637)	-	-	-	(621,698)	(1,552,335)
Gross profit	10,427,834	-	-	-	(621,698)	9,806,136
General and administrative expenses	(4,737,094)	-	40,986	(212,932)	621,698	(4,287,342)
Marketing expenses	(317,383)	-	-	-	-	(317,383)
Finance income	-	-	-	-	-	-
Other income	65,108	-	-	-	-	65,108
Charge for expected credit losses	-	-	(40,986)	-	-	(40,986)
Profit for the year before zakat	5,438,465	-	-	(212,932)	-	5,225,533
Zakat expense	-	(1,077,714)	-	-	-	(1,077,714)
Profit for the period	5,438,465	(1,077,714)	-	(212,932)	-	4,147,819
Statement of other comprehensive income						
Profit for the period	5,438,465	(1,077,714)	-	(212,932)	-	4,147,819
Other comprehensive income items:						
Not to be reclassified to profit or loss in subsequent periods:						
Remeasurement loss on employee end of service benefits	(4,166)	-	-	-	-	(4,166)
Total comprehensive income for the period	5,434,299	(1,077,714)	-	(212,932)	-	4,143,653

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18 Restatements of comparative information (continued)

Condensed interim statement of profit or loss

For the three-month period ended June 30

	As previously reported	Restatement A	Restatement B	Restatement C	Restatement D	As Restated
Revenue	5,635,542	-	-	-	-	5,635,542
Cost of revenue	(412,816)	-	-	-	(360,696)	(773,512)
Gross profit	5,222,726	-	-	-	(360,696)	4,862,030
General and administrative expenses	(2,623,262)	-	37,086	(106,466)	360,696	(2,331,946)
Marketing expenses	(138,218)	-	-	-	-	(138,218)
Finance income	-	-	-	-	-	-
Other income	53,660	-	-	-	-	53,660
Charge for expected credit losses	-	-	(37,086)	-	-	(37,086)
Profit for the period before zakat	2,514,906	-	-	(106,466)	-	2,408,440
Zakat expense	-	(496,830)	-	-	-	(496,830)
Profit for the period	2,514,906	(496,830)	-	(106,466)	-	1,911,610
Statement of other comprehensive income						
Profit for the period	2,514,906	(496,830)	-	(106,466)	-	1,911,610
Other comprehensive income items:						
Not to be reclassified to profit or loss in subsequent periods:						
Remeasurement loss on employee end of service benefits	(2,166)	-	-	-	-	(2,166)
Total comprehensive income for the period	2,512,740	(496,830)	-	(106,466)	-	1,909,444

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18 Restatements of comparative information (continued)

Condensed interim statement of cash flows

For the six-month period ended June 30

	As previously reported	Restatement A	Restatement B	Restatement C	Restatement D	As Restated
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>						
Net profit for the period before zakat	5,438,465	-	-	(212,932)	-	5,225,533
Adjustments for:						
Depreciation of property and equipment	27,657	-	-	-	-	27,657
Amortization of intangible assets	123,893	-	-	-	-	123,893
Provision for employee end of service benefit obligations	20,834	-	-	-	-	20,834
Charge for allowance for expected credit losses	40,986	-	-	-	-	40,986
Operating profit before changes in working capital	5,651,835	-	-	(212,932)	-	5,438,903
<u>Changes in working capital</u>						
Accounts receivables	(774,790)	-	-	-	-	(774,790)
Prepaid expenses	(534,030)	-	-	-	-	(534,030)
Due from related parties	(4,199,722)	-	-	-	-	(4,199,722)
Accrued expenses and other liabilities	760,364	-	-	212,932	-	973,296
Employee end of service benefits paid	(7,500)	-	-	-	-	(7,500)
Net cash generated from operating activities	896,157	-	-	-	-	896,157
<u>CASH FLOWS FROM INVESTING ACTIVITY</u>						
Additions to property and equipment	(283,066)	-	-	-	-	(283,066)
Net cash used in investing activity	(283,066)	-	-	-	-	(283,066)
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>						
Increase in capital payment	-	-	-	-	-	-
Net cash generated from financing activity	-	-	-	-	-	-
Net change in cash and cash equivalent	613,091	-	-	-	-	613,091
Cash and cash equivalents at the beginning of the period	1,223,241	-	-	-	-	1,223,241
Cash and cash equivalents at the end of the period	1,836,332	-	-	-	-	1,836,332

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19 Subsequent events

In the opinion of management, there have been no significant subsequent events since the end of the period that require disclosure or adjustment in these condensed interim financial statements.

20 Contingencies

There were no contingent liabilities as at 30 June 2024 and 31 December 2023. Additionally, there are no pending legal cases against the Company that could have an impact on its financial statements.

21 Capital commitments

Except for leases, there are no capital commitments as at 30 June 2024 and 31 December 2023.

22 Date of approval of the financial statements

These financial statements were approved and authorized for issue by the Board of Directors of the Company on 25 March 2025.