

ALRAEDAH 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 2025**

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

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Independent Auditor's Review Report on the Interim Condensed Financial Statements

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Alraedah Finance Company (the "Company"), a Saudi Closed Joint Stock Company as at 31 March 2025 and the related interim condensed statements of profit or loss and other comprehensive income, changes in shareholder's 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") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

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

Report On Other Legal and Regulatory Requirements

The Regulation for Companies requires the auditor to include in its report matters that might come to its attention with respect to non-compliance with the terms of the Regulation for Companies or the terms of the Articles of Association of the Company. With respect to our review of interim condensed financial statements, we highlight the following regarding the terms of the Regulation for Companies, Finance Companies Control Law and the terms of the Articles of Association of the Company:

- Referring to note 7 to the interim condensed financial statements with respect to the repossessed hotel building, we were unable to corroborate management's conclusion that related transactions are in compliance with the Company's commercial registration (CR), its Articles of Association as well as Finance Companies Control Law issued by Royal Decree M/51 dated 3 June 2012G (corresponding to 13 Rajab 1433H) and other respective regulations.

For Dr. Mohamed Al-Amri & Co.



Ahmed Al-Jumah
Certified Public Accountant
Registration No. 621



Riyadh, on 30 April 2025 (G)
Corresponding to: 2 Dhual-Qa'dah 1446 (H)

ALRAEDAH FINANCE COMPANY
(A Saudi Closed Joint Stock Company)

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)**
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 31 March (unaudited)	
		2025	2024
OPERATING INCOME			
Income from Murabaha contracts		42,298,065	64,786,072
Finance charges		(15,133,174)	(15,424,194)
		27,164,891	49,361,878
Application fees and other income		4,266,124	6,169,663
TOTAL OPERATING INCOME, NET		31,431,015	55,531,541
OPERATING EXPENSES			
General and administrative expenses		(16,862,581)	(20,881,961)
Selling and marketing expenses		(4,579,206)	(5,772,694)
Depreciation and amortisation		(1,082,314)	(1,104,862)
Allowance for expected credit loss	6(b)	(4,000,371)	(3,432,893)
		4,906,543	24,339,131
Income from investments held at fair value through profit or loss		162,328	-
PROFIT BEFORE ZAKAT		5,068,871	24,339,131
Zakat		(1,000,000)	(2,433,913)
PROFIT FOR THE PERIOD		4,068,871	21,905,218
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		4,068,871	21,905,218

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

ALRAEDAH FINANCE COMPANY
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	31 March 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
Cash and cash equivalents	4	18,238,394	22,773,280
Restricted cash deposits	5	9,400,000	9,400,000
Murabaha receivables	6(a)	970,902,625	917,576,367
Reposessed assets held for sale	7	55,710,789	55,710,789
Prepayments and other assets		59,534,202	54,558,159
Investment held at fair value through other comprehensive income		892,850	892,850
Investment held at fair value through profit or loss		5,014,901	5,014,901
Right-of-use assets		94,701	378,783
Property and equipment		2,284,189	2,767,691
Intangible assets		13,890,109	13,895,230
TOTAL ASSETS		1,135,962,760	1,082,968,050
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Accounts payable and accruals		66,431,438	74,494,406
Zakat payable		10,075,185	9,075,185
Borrowings	9	786,291,541	731,156,813
Employees' terminal benefits		6,217,088	5,363,009
TOTAL LIABILITIES		869,015,252	820,089,413
SHAREHOLDERS' EQUITY			
Share capital	8	150,000,000	150,000,000
Statutory reserve		19,367,226	19,367,226
Reserve on re-measurement of employees' terminal benefits		(529,989)	(529,989)
Retained earnings		98,110,271	94,041,400
TOTAL SHAREHOLDERS' EQUITY		266,947,508	262,878,637
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,135,962,760	1,082,968,050

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

ALRAEDAH FINANCE COMPANY
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

(All amounts are in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Reserve on re-measurement of employees' terminal benefits	Retained earnings	Total
<i>For the three-month period ended 31 March 2024 (unaudited)</i>					
Balance as at 1 January 2024 <i>(audited)</i>	150,000,000	15,810,568	(633,969)	104,531,478	269,708,077
Profit for the period	-	-	-	21,905,218	21,905,218
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	21,905,218	21,905,218
Balance as at 31 March 2024 <i>(unaudited)</i>	150,000,000	15,810,568	(633,969)	126,436,696	291,613,295
<i>For the three-month period ended 31 March 2025 (unaudited)</i>					
Balance as at 1 January 2025 <i>(audited)</i>	150,000,000	19,367,226	(529,989)	94,041,400	262,878,637
Profit for the period	-	-	-	4,068,871	4,068,871
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	4,068,871	4,068,871
Balance as at 31 March 2025 <i>(unaudited)</i>	150,000,000	19,367,226	(529,989)	98,110,271	266,947,508

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

ALRAEDAH FINANCE COMPANY
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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

(All amounts are in Saudi Riyals unless otherwise stated)

		For the three-month period ended 31 March (unaudited)	
	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat		5,068,871	24,339,131
Adjustments for:			
Government grant income		(848,255)	-
Finance cost		15,060,725	14,947,022
Allowance for expected credit loss	6(b)	4,000,371	3,432,893
Deferred grant income		114,732	-
Depreciation on property and equipment		284,082	511,166
Depreciation on right-of-use assets		488,593	284,082
Amortisation of intangible assets		309,639	309,614
Provision for employees' terminal benefits		990,216	636,058
Finance cost on lease		-	32,454
Operating cash flows before working capital adjustments		25,468,974	44,492,420
Working capital adjustments:			
Murabaha receivables		(57,326,629)	14,497,134
Prepayments and other assets		(4,976,043)	(2,654,559)
Reposessed assets held for sale		-	(13,348,368)
Restricted cash deposits		-	(4,250,000)
Accounts payable and accruals		(8,062,968)	4,052,656
Cash (used in) / from operating activities		(44,896,666)	42,789,283
Employees' terminal benefits paid		(136,137)	(314,243)
Net cash (used in) / from operating activities		(45,032,803)	42,475,040
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment - net		(5,091)	(50,130)
Purchase of intangible assets		(304,518)	(532,442)
Purchase of investment held at fair value through profit or loss		-	(5,000,000)
Net cash used in investing activities		(309,609)	(5,582,572)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		104,500,000	60,125,000
Repayment of borrowings		(63,692,474)	(93,133,302)
Net cash from / (used in) financing activities		40,807,526	(33,008,302)
Net increase in cash and cash equivalents		(4,534,886)	3,884,166
Cash and cash equivalents at the beginning of the period		22,773,280	45,086,683
Cash and cash equivalents at the end of the period	4	18,238,394	48,970,849

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
(All amounts are in Saudi Riyals unless otherwise stated)

1 STATUS AND NATURE OF ACTIVITIES

Alraedah Finance Company (the “Company”) is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration numbered 1010314982 issued in Riyadh on 21 Ramadan 1432H (corresponding to 21 August 2011).

The Company has one branch in Dammam under commercial registration numbered 2050150330 dated 20 Rabi ul Awal 1443 (H), corresponding to 26 October 2021 (G) and one branch in Riyadh under commercial registration numbered 1010830643 dated 6 Rabi ul Awal 1444 (H), corresponding to 2 October 2022 (G).

The Company is engaged in providing finance lease, finance for small and medium entities in the form of Ijara and Murabaha, and consumer finance in accordance with the approval of Saudi Central Bank (“SAMA”) numbered 43/ASH/201602 issued on 30 Rabi Thani 1437 (H), corresponding to 9 February 2016 (G).

The registered address of the Company is Laysen Valley, Building No. 9, West Umm Al Hamam District, King Khaled Street, Riyadh 12329, Kingdom of Saudi Arabia.

2 BASIS OF PREPARATION

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) that is endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). These interim condensed financial statements do not include all of the information and disclosures 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.

These interim condensed financial statements have been presented in Saudi Riyals (“SR”), which is also the functional currency of the Company.

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

3 MATERIAL ACCOUNTING POLICY INFORMATION

a) Material accounting policy information

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with IFRSs Accounting Standards as endorsed in KSA. In addition, results for the three-month period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

b) Significant accounting judgments, estimates and assumptions

The preparation of the Company’s interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The accounting estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2024.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

(All amounts are in Saudi Riyals unless otherwise stated)

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

b) Significant accounting judgments, estimates and assumptions (continued)

New standards, interpretations, and amendments not yet effective

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2024, except for the following amendments which apply for the first time in 2025. However, not all are expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board ("IASB") that are effective in future accounting periods that the Company has decided not to adopt early.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IFRS 9 and IFRS 7	Amendments regarding the classification and measurement of financial instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards	Amendments/Annual improvements in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Disclosures – Subsidiaries without Public Accountability	1 January 2027

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not expect any standard issued by IASB that are yet to be effective, to have a material impact on the Company.

New standards, interpretations, and amendments effective in the current period

The following are the new standards, interpretations and amendments to standards that are effective in the current period but they have no impact on these interim condensed financial statements.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IAS 21	Amendment – Lack of Exchangeability	1 January 2025

4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Bank balances – current account	18,238,394	22,773,280

Bank current accounts are with counterparties who have investment grade credit ratings, as rated by international rating agencies.

5 RESTRICTED CASH DEPOSITS

In line with the requirements of Riyadh Bank, the Company has set aside SR 9.25 million (31 December 2024 (audited): SR 9.25 million) as cash reserve against credit facility and SR 0.15 million (31 December 2024 (audited): SR 0.15 million) against credit card facility. The cash kept deposited in the Company's bank account and is not available for the Company's operational use.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
(All amounts are in Saudi Riyals unless otherwise stated)

6 MURABAHA RECEIVABLES

Murabaha receivables have an original term period between 1 to 5 years:

6(a) Murabaha receivables

	31 March 2025 (unaudited)	31 December 2024 (audited)
Gross Murabaha receivables	1,137,392,990	1,068,192,230
Less: unearned finance income	(149,860,828)	(134,840,382)
	987,532,162	933,351,848
Less: allowance for expected credit loss	(16,629,537)	(15,775,481)
Net receivables	970,902,625	917,576,367

All the financing facilities provided by Company are Shariah compliant, accordingly they are unconventional in nature.

6(b) Movement in allowance for expected credit loss

	31 March 2025 (unaudited)	31 December 2024 (audited)	31 March 2024 (unaudited)
Balance at the beginning of the year	15,775,481	18,540,300	18,540,300
Allowance for expected credit loss for the year	4,000,371	16,072,321	3,432,893
Written off during the year	(3,146,315)	(18,837,140)	(4,584,750)
Balance at the end of the year	16,629,537	15,775,481	17,388,443

6(c) Expected maturity

The expected maturity of Murabaha receivables is as follows:

	31 March 2025 (unaudited)	31 December 2024 (audited)
Within 1 year	700,132,884	680,140,513
1 - 2 years	221,019,249	184,302,853
2 - 3 years	62,929,018	65,092,155
3 - 4 years	2,624,309	2,306,114
4 – 5 years	826,702	1,510,213
Total	987,532,162	933,351,848

ALRAEDAH FINANCE COMPANY
(A Saudi Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
(All amounts are in Saudi Riyals unless otherwise stated)

6 MURABAHA RECEIVABLES (continued)

6(d) Aging of receivables (past due but not impaired)

As at reporting date, the ageing of past due receivables are as follows:

	= < 30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 180 days	181 - 360 days	Above 360 days	Total
31 March 2025 (unaudited)								
Murabaha receivables	132,230,945	54,311,568	58,666,851	3,862,427	7,472,677	31,701,328	9,023,867	297,269,663
31 December 2024 (audited)								
Murabaha receivables	49,321,893	9,341,519	4,422,443	16,118,251	16,805,069	18,271,964	4,472,536	118,753,675

6(e) Stage wise analysis of net receivables

	Performing (Stage 1)	Under- Performing (Stage 2)	Non- Performing (Stage 3)	Total
Gross Murabaha receivables as at 31 March 2025 (unaudited)	904,177,702	130,104,949	103,110,339	1,137,392,990
Less: unearned finance income	(127,169,813)	(13,350,411)	(9,340,604)	(149,860,828)
	777,007,889	116,754,538	93,769,735	987,532,162
Less: allowance for expected credit loss	(2,478,185)	(555,074)	(13,596,278)	(16,629,537)
Net Murabaha receivables as at 31 March 2025 (unaudited)	774,529,704	116,199,464	80,173,457	970,902,625

	Performing (Stage 1)	Under- Performing (Stage 2)	Non- Performing (Stage 3)	Total
Gross Murabaha receivables as at 31 December 2024 (audited)	942,976,692	24,776,647	100,438,891	1,068,192,230
Less: unearned finance income	(119,648,771)	(2,591,919)	(12,599,692)	(134,840,382)
	823,327,921	22,184,728	87,839,199	933,351,848
Less: allowance for expected credit loss	(3,146,054)	(263,519)	(12,365,908)	(15,775,481)
Net Murabaha receivables as at 31 December 2024 (audited)	820,181,867	21,921,209	75,473,291	917,576,367

6(f) Stage wise analysis of gross Murabaha receivables

	Performing (Stage 1)	Under- Performing (Stage 2)	Non- Performing (Stage 3)	Total
Gross Murabaha receivables as at 31 December 2024 (audited)	823,327,921	22,184,728	87,839,199	933,351,848
Transfer from performing	(99,446,669)	95,729,438	3,717,231	-
Transfer from under-performing	10,346,199	(13,475,720)	3,129,521	-
Transfer from non-performing	767,463	921,393	(1,688,856)	-
Write-off during the year	-	-	(3,146,315)	(3,146,315)
New business / Other movements	42,012,976	11,394,698	3,918,955	57,326,629
Gross Murabaha receivables as at 31 March 2025 (unaudited)	777,007,889	116,754,538	93,769,735	987,532,162

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
(All amounts are in Saudi Riyals unless otherwise stated)

6 MURABAHA RECEIVABLES (continued)

6(f) Stage wise analysis of gross Murabaha receivables (continued)

	Performing (Stage 1)	Under- Performing (Stage 2)	Non- Performing (Stage 3)	Total
Gross Murabaha receivables as at 31 December 2023 (audited)	843,730,167	105,971,908	40,049,841	989,751,916
Transfer from performing	(57,389,813)	17,379,680	40,010,133	-
Transfer from under-performing	2,510,204	(16,735,274)	14,225,070	-
Transfer from non-performing	-	1,726,844	(1,726,844)	-
Write-off during the year	-	-	(18,837,140)	(18,837,140)
New business / Other movements	34,477,363	(86,158,430)	14,118,139	(37,562,928)
Gross Murabaha receivables as at 31 December 2024 (audited)	823,327,921	22,184,728	87,839,199	933,351,848

6(g) Stage wise analysis loss allowance for expected credit losses

	Performing (Stage 1)	Under- Performing (Stage 2)	Non- Performing (Stage 3)	Total
Loss allowance as at 31 December 2024 (audited)	3,146,054	263,519	12,365,908	15,775,481
Transfer from performing	(1,524,299)	796,418	727,881	-
Transfer from under-performing	642	(40,004)	39,362	-
Transfer from non-performing	94,573	168,479	(263,052)	-
Write-off during the year	-	-	(3,146,315)	(3,146,315)
Net (reversal)/charge for the year	761,215	(633,337)	3,872,494	4,000,371
Loss allowance as at 31 March 2025 (unaudited)	2,478,185	555,074	13,596,278	16,629,537

	Performing (Stage 1)	Under- Performing (Stage 2)	Non- Performing (Stage 3)	Total
Loss allowance as at 31 December 2023 (audited)	7,148,205	376,706	11,015,389	18,540,300
Transfer from performing	(1,044,875)	362,510	682,365	-
Transfer from under-performing	7,094	(76,216)	69,122	-
Transfer from non-performing	-	86,342	(86,342)	-
Write-off during the year	-	-	(18,837,140)	(18,837,140)
Net (reversal)/charge for the year	(2,964,370)	(485,823)	19,522,514	16,072,321
Loss allowance as at 31 December 2024 (audited)	3,146,054	263,519	12,365,908	15,775,481

6(i) Collateral

The Company in the ordinary course of lending activities holds collaterals as security to mitigate credit risk in the receivables. These collaterals mostly include real estate and Kafalah guarantees. The collaterals are held against receivables and are managed against relevant exposures at their net realizable values. The value of real estate collateral as at 31 March 2025 amounted to SR 245.3 million (31 December 2024 (audited): SR 204.6 million).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

(All amounts are in Saudi Riyals unless otherwise stated)

7 REPOSSESSED ASSETS HELD FOR SALE

During 2022, the Company acquired a real estate property (hotel) including its moveable assets against defaulted Murabaha receivables. The real estate property valuations had been conducted by two independent valuers who hold memberships of Saudi Authority for Accredited Valuers and per both of them the market value of the repossessed assets is more than carrying value of the related Murabaha receivables. Accordingly, the repossessed assets had been recognised at the carrying value of Murabaha receivables amounting to SR 55.7 million. During the period the Company has not incurred any cost (31 December 2024 (audited): SR 4.9 million), for furnishing, maintenance, and other services for the acquired real estate property which has been recognised as part of repossessed assets.

The Company entered into a lease agreement with Iqama Alraedah for Hotel Services, an entity under common control. This related party was established with the primary objective of engaging with the hotel management company to ensure that the hotel remains operational and well-maintained while it is actively marketed for sale. The Company leased this hotel to this related party for a term of three years ending in 2026 at agreed annual lease payments amounting to SR 130,434, which is below market rates. This lease arrangement was not intended to generate a market-based return but rather to preserve the operational status of the hotel, ensuring its attractiveness to potential buyers. The Company acknowledges that the lease agreement does not reflect an arm's length transaction.

During 2023, the Company repossessed a real estate (land) against Murabaha receivables. The real estate valuation has been conducted by two independent valuers who hold membership of Saudi Authority for Accredited Valuers and per both of them the market value of the repossessed assets is more than carrying value of the related Murabaha receivables. Accordingly, as at 31 December 2023, it was classified as repossessed asset held for sale at the carrying value of Murabaha receivables amounting to SR 17.6 million.

However, during 2024, the court decided the case related to ownership of the plot of land against the Company. As a result, the real estate (plot of land) has been classified as other asset. The Company is in the process of taking legal measures to prove the validity of its possession and ownership of the plot of land at the present time as repossessed against Murabaha receivables, amounting to SR 17.6 million as at 31 December 2024. The Company has a valid pledge on the land for SR 10.3 million that is recoverable, and the recoverability of the remaining balance is uncertain. As a matter of prudence, the Company has created an allowance of SR 3 million against the asset at 31 December 2024. However, the Company continued to vigorously defend its position and during the period filed a case against the previous owner at the General Court which is under review by the Court at the reporting date.

8 SHARE CAPITAL

Share capital amounted to SR 150,000,000 as at 31 March 2025 and 31 December 2024 (audited) consisting of 15,000,000 shares of SR 10 each, which are fully paid.

9 BORROWINGS

The table below shows the details of the borrowings obtained by the Company:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
A Riyadh Financing Funds	235,850,756	240,767,794
B Al-Rajhi Bank	196,930,409	193,516,003
C The Saudi Investment Bank	166,519,632	101,944,928
D Riyadh Bank	64,913,680	69,872,076
E Tourism Development Fund	46,529,955	36,761,634
F SME Bank	42,835,169	42,285,184
G Borrowings from a government entity	32,711,940	46,009,194
	786,291,541	731,156,813
Current portion	298,182,352	261,260,907
Non-current portion	488,109,189	469,895,906
	786,291,541	731,156,813

All borrowing facilities of the Company are Shariah compliant financing arrangements and are unconventional in nature.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

(All amounts are in Saudi Riyals unless otherwise stated)

9 BORROWINGS (continued)

A – Riyadh Financing Funds

During 2021, the Company entered into Musharakah arrangement with Riyadh Financing Fund to get finance as working capital support to the Company to finance its customers with initial present value of such loan being recorded at SR 55 million with maturity in November 2026. Riyadh Financing Fund as partner to the arrangement is entitled to receive profit as per Musharakah batch rate pro-rated to their respective share (i.e., share in capital contributed). Profit distribution made during the period amounted SR 0.6 million (31 December 2024 (audited): SR 3.3 million) and further periodic profit distributions to be made at three (3) month intervals, up to maturity. Principal distribution was made during the period amounting to SR 4.6 million (31 December 2024 (audited): SR 18.3 million) and further periodic principal distributions to be made at three (3) month intervals thereafter, up to maturity.

During 2023, the Company entered into Musharakah arrangement with Riyadh Financing Fund III to get finance as working capital support to the Company to finance its customers with initial present value of such loans being recorded at SR 200 million with maturities ranging from July 2028 to August 2028. Riyadh Financing Fund III as partner to the arrangement is entitled to receive profit as per Musharakah batch rate pro-rated to their respective share (i.e., share in capital contributed). Profit distribution made during the period amounted SR 4.5 million (31 December 2024 (audited): SR 17.7 million) and further periodic profit distributions to be made at three (3) month intervals, up to maturity. First principal distribution date is on 9 October 2025 i.e., 27 months from receipt of first cash contribution and periodic principal distributions to be made at three (3) month intervals thereafter, up to maturity.

B – Al-Rajhi Bank

The Company entered into revolving credit facilities agreement with Al-Rajhi Bank with facility amount of SR 100 million availed during 2023, further expanded to SR 200 million during 2024, to finance the Company's working capital requirements for financing its customers. The facilities are secured by the guarantees and certain loan receivables classified under Stage 1. The Company has withdrawn SR 22 million during the period from available credit facility (31 December 2024 (audited): SR 134.1 million) that is repayable on quarterly. During the period, the Company has paid SR 22.2 million against draw down facility (31 December 2024 (audited): SR 49.4 million). The facility carries profits at 3month SAIBOR plus a margin that are payable on quarterly basis. The facility has been withdrawn in multiple tranches with maturities ranging from September 2026 to February 2028.

C – The Saudi Investment Bank

The Company entered into agreements with the Saudi Investment Bank with revolving credit facility amount of SR 50 million and non-revolving credit facility amount of SR 100 million during 2021 and 2022 respectively, to finance and support the Company's expansion plan by increasing the customer base. During 2023, the Company has signed an amendment to the credit facility agreement with the Saudi Investment Bank to increase the revolving credit facility limit from SR 50 million to SR 100 million, further expanded to SR 150 million during 2024. The facilities are secured by guarantees and general waiver in favour of the Bank for the proceeds of certain loan receivables classified under Stage 1.

The Company has withdrawn SR 72.5 million during the period from available credit facilities (31 December 2024 (audited): SR 63.6 million) that is repayable on quarterly basis and recorded it at initial present value less transaction cost of SR 72.5 million (31 December 2024 (audited): SR 63.4 million). The withdrawn facilities carry profit at the rates fixed at the time of drawdown and payable on quarterly basis. The facilities have been withdrawn in multiple tranches with maturities ranging from January 2027 to January 2029. During the period, the Company has paid SR 10.9 million against draw down facilities (31 December 2024 (audited): SR 133.5 million).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

(All amounts are in Saudi Riyals unless otherwise stated)

9 BORROWINGS (continued)

D – Riyadh Bank

The Company entered into non-revolving credit facility agreements with Riyadh Bank with facility amount of SR 50 million, SR 100 million, SR 50 million and SR 50 million during 2022, 2023, 2024 and 2025 respectively, to finance and support the Company's expansion plan by increasing the customer base. The facilities are secured by the guarantees and cash reserve against facility received during 2023, and certain loan receivables classified under Stage 1. The Company has not withdrawn any amount from available credit facility during the period (31 December 2024 (audited): SR 50 million). The facilities carry profits at 3month SAIBOR plus a margin that are payable on quarterly basis.

The facilities have been withdrawn in multiple tranches with maturities ranging from September 2027 to March 2029. During the period, the Company has paid SR 6.4 million against draw down facilities (31 December 2024 (audited): SR 70.3 million).

E – Tourism Development Fund

During the year 2024, the Company has signed borrowing agreement with Tourism Development Fund (“TDF”) amounting SR 50 million during July 2024. The Company has withdrawn SR 10 million during the period from available credit facility (31 December 2024 (audited): SR 40 million) that is repayable in monthly instalments that will commence in April 2025, with the final instalment due in April 2029. The borrowing carries fixed commission that is significantly lower than the prevailing market rate. The agreement carries a number of conditions, one of which is that equivalent loans should be disbursed to specific types/sectors of customers at reduced rates. The initially recorded benefit on the borrowing amounted to SR 3.9 million being the impact of “lower than market value” and accounted for as “government grant”. Such benefit was recognised, on meeting the conditions attached to the grant on a systematic basis against the expense for which such grant is intended to compensate, in profit or loss and other comprehensive income in “income from Murabaha contracts” line item. The government grant not yet recognised in profit or loss and other comprehensive income as at 31 March 2025 amounted to SR 0.8 million (31 December 2024 (audited): SR 0.2 million and included within “accounts payable and accruals”.

F – SME Bank

During the year ended 31 December 2023, the Company has received funds of SR 45 million from Small & Medium Enterprises Bank (“SME Bank”) under a borrowing agreement entered during December 2022, repayable at maturity during January 2026. The borrowing carries a fixed commission that is significantly lower than the prevailing market rate. The agreement carries a number of conditions, one of which is that equivalent loans should be disbursed to specific types/sectors of customers at reduced rates. The initially recorded benefit on the borrowing amounted to SR 7.2 million being the impact of “lower than market value,” and was accounted for as a “government grant.”

Such benefit was recognized, upon meeting the conditions attached to the grant, on a systematic basis against the expense for which such grant is intended to compensate, in profit or loss and other comprehensive income under the “income from Murabaha contracts” line item. During the period, the Company has paid SR 0.2 million (31 December 2024 (audited): SR 0.7 million) against the borrowing.

During 2024, the SME Bank has raised concerns regarding compliance with certain terms of the agreement and has indicated an intention to seek early settlement. The Company intends to vigorously defend its rights and does not expect any payment before the contractual maturity date, however, the Company has reclassified the loan amount to current liabilities.

Furthermore, the Company maintains a strong liquidity position and has sufficient funding sources to meet its financial obligations.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

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9 BORROWINGS (continued)

G - Borrowings from a government entity

Before 2020, the Company obtained loans from a government entity amounting to SR 125 million. These are repayable in monthly instalments that commenced in January 2019, with the final instalment due in June 2023. In April 2020, the government entity deferred its payments against the above-mentioned loans for one year effective from March 2020. The accounting impact of these changes in terms of the borrowings has been assessed and are treated as per the requirements of IFRS 9. This resulted in the Company incurring a modification gain of SR 6 million during the year ended 31 December 2020 with respect to the loans received before 2020. As required by the government entity as a condition of defer payments of these borrowings, the Company is required to give one-year deferrals of repayments to the Murabaha customers eligible for this program. This resulted in the Company incurring a corresponding modification loss of SR 10.3 million during the year ended 31 December 2020.

Between June 2020 and December 2022, the Company has obtained the following additional loans from the government entity repayable in monthly instalments:

Loan receipt	Commencement of repayment	Final repayment	Loan amount - SR
June 2020	January 2021	December 2023	20,000,000
July 2020	February 2021	January 2024	25,000,000
September 2020	February 2021	January 2024	25,000,000
January 2021	July 2021	June 2024	15,000,000
June 2021	October 2021	September 2024	15,000,000
October 2021	February 2022	January 2025	20,000,000
May 2022	September 2022	August 2025	50,000,000
August 2022	November 2022	October 2025	50,000,000
October 2022	February 2023	January 2026	60,000,000

The above borrowings received by the Company from a government entity carry fixed commission rates that are significantly lower than the prevailing market rates. They also carry a number of conditions, one of which is that equivalent loans should be disbursed to specific types/sectors of customers at reduced rates. The initially recorded benefit on these loans being the impact of “lower than market value” was accounted for as “government grant”. Such benefits were recognised, on meeting the conditions attached to the grant on a systematic basis against the expense for which such grant is intended to compensate, in profit or loss and other comprehensive income in “income from Murabaha contracts” line item.

10 RELATED PARTIES TRANSACTIONS AND BALANCES

In the ordinary course of its activities, the Company transacts business with its related parties. Related parties include shareholders, companies under common directorship and key management personnel. Key management personnel are those persons, including non-executive directors, having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

The following are the details of major related party transactions during the period:

Compensation to key management personnel of the Company

	Amount of transactions	
	For the three-month period ended 31 March	
	2025	2024
	(Unaudited)	(Unaudited)
Remuneration	684,523	661,572
Termination and other long-term benefits	93,209	157,233
	777,732	818,805

ALRAEDAH FINANCE COMPANY
(A Saudi Closed Joint Stock Company)

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10 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Transactions with the related parties related to the expenses:

Related parties	Relationship	Nature of transaction	Amount of transactions	
			For the three-month period ended 31 March	
			2025	2024
			(Unaudited)	(Unaudited)
Alraedah Digital Solutions Company	Controlled by key management personnel	Services received from related party	3,354,437	-
		Expenses paid on behalf of the related party	2,166,866	57,895
		Advance received against earned wage access	29,690	-
Alraedah Digital Holding Company	Controlled by key management personnel	Expenses paid on behalf of the related party	234,694	-
Alraedah Hotel Services Company	Controlled by key management personnel	Deposit for operating expenses	219,000	1,500,000
Alraedah Digital Services Ltd	Controlled by key management personnel	Expenses paid on behalf of the related party	4,673	4,169
Alraedah Payments Company	Controlled by key management personnel	Expenses paid on behalf of the related party	1,127	30,000
		Deposit of share capital	-	6,000,000
Alraedah Investment L.L.C	Controlled by key management personnel	Expenses paid on behalf of the related party	-	698,706
Alraedah Investment Company	Shareholder	Expenses paid on behalf of the related party	-	14,600

Due from related parties:

Below are the related party balances included in prepayments and other assets:

	31 March 2025	31 December 2024
	(Unaudited)	(Audited)
Alraedah Payments Company	8,587,043	8,585,917
Alraedah Digital Solutions Company	7,492,882	4,700,762
Alraedah Investment L.L.C	5,954,813	5,954,813
Alraedah Hotel Services Company	3,202,043	2,983,043
Alraedah Digital Holding Company	1,417,019	1,182,325
Alraedah Investment Company	673,448	673,448
Alraedah Digital Services Ltd	271,257	266,584
	27,598,505	24,346,892

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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11 RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk and special commission rate risks), credit risk, legal risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by senior management. The most important risks and their management are summarised below.

Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments of the Company will fluctuate due to changes in foreign exchange rates. The Company is not subject to fluctuations in foreign exchange rates in the normal course of its business as neither it undertakes significant transactions nor does it have any significant monetary assets and liabilities denominated in foreign currency.

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's management monitors the fluctuations in commission rates on regular basis and take appropriate measures to minimize the commission rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company has established a credit policy for corporate borrowers. Furthermore, all the loans are allowed for the maximum term of 60 months. As per such policy, Murabaha receivables are not granted unless the borrower meets certain basic requirements, which are set out below:

- Corporate Know Your Customer ("KYC") validation of real operation;
- Income earned through cash flows;
- Collateral provided as equipment, vehicles, machinery, property, unless exempted; and
- Valuation of above-mentioned collateral within basic Finance to Value ("FTV") ratios.

The Company monitors its receivables on a weekly basis. Furthermore, most of the receivables are backed by adequate collaterals.

In case of receivables past due for three-month, the Company takes legal actions against the borrower with an aim to either collect the receivable by selling the collaterals against which the financing is provided or force the customers to regularise their overdue positions.

The table below reflects the Company's maximum exposure to credit risk for the components on the interim condensed statement of financial position:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Cash and cash equivalents	18,238,394	22,773,280
Restricted cash deposits	9,400,000	9,400,000
Murabaha receivables	970,902,625	917,576,367
Other assets	38,172,398	36,561,447
	1,036,713,417	986,311,094

Legal risk

Title deed of the real estate properties are registered in the name of the Company. The enforceability of any related rights and obligations are subject to interpretation and enforceability in the relevant courts of law.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its net financing requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of financing to dry up immediately. Management monitors the maturity profile of the Company's assets and liabilities to ensure that adequate liquidity is maintained.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

(All amounts are in Saudi Riyals unless otherwise stated)

11 RISK MANAGEMENT (continued)

Analysis of undiscounted value of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2025 and 31 December 2024 based on contractual undiscounted repayment obligations. The contractual maturities of liabilities have been determined based on the remaining period at the interim condensed statement of financial position date to the contractual maturity date.

31 March 2025 (Unaudited)	Less than 3 months	3-12 months	1-5 years	Total
Accounts payable and accruals	40,622,305	13,113,300	12,695,833	66,431,438
Borrowings	121,579,517	232,911,961	537,657,311	892,148,789
Total	162,201,822	246,025,261	550,353,144	958,580,227

31 December 2024 (Audited)	Less than 3 months	3-12 months	1-5 years	Total
Accounts payable and accruals	44,378,687	13,916,286	16,199,433	74,494,406
Borrowings	111,889,366	208,160,096	519,225,024	839,274,486
Total	156,268,053	222,076,382	535,424,457	913,768,892

12 FAIR VALUES 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 to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

Financial instruments comprise financial assets and financial liabilities. Financial assets of the Company include Cash and cash equivalents, Murabaha receivables, investment held at fair value through other comprehensive income, investment held at fair value through profit or loss, restricted cash deposits and other receivables. Financial liabilities of the Company include borrowings, lease liability and accounts payable.

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

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Company does not have any financial asset or financial liability carried at fair value in these interim condensed financial statements except for investment in Saudi Company for Registration of Financial Leasing Contracts held at fair value through other comprehensive income amounting SR 892,850 (unaudited) which has been categorised as Level 2 of fair value hierarchy (31 December 2024 (audited): SR 892,850) and investment in Alraedah Financing Fund held at fair value through profit or loss amounting to SR 5,014,901 (unaudited) which has been categorised as Level 2 of fair value hierarchy (31 December 2024 (audited): 5,014,901).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

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13 ASSETS HELD UNDER FIDUCIARY CAPACITY

The funds of Alraedah Fund for Financing (the Fund), a closed ended fund managed by Saudi Kuwaiti Finance House, are managed in a fiduciary capacity without risk or recourse to the Company. These assets are considered as off-balance sheet items and do not constitute part of the Company's assets. These represent:

- a) Investment assets of the Fund managed by the Company amounting to SR 197.1 million as at 31 March 2025 (31 December 2024 (audited): SR 196.1 million); and
- b) The Fund's cash account amounting to SR 5.8 million as at 31 March 2025 (31 December 2024 (audited): SR 6.8 million).

14 CONTINGENCIES AND COMMITMENTS

Commitments

The Company has no material commitments as at 31 March 2025 and 31 December 2024 (audited).

Contingencies

The Company has performance guarantee from the Saudi Investment Bank as at 31 March 2025 with amount of SR 24.4 million issued for a financing customer (31 December 2024 (audited): SR 24.4 million).

15 SUBSEQUENT EVENTS

Subsequent to the reporting date:

- During April 2025, the Company has withdrawn SR 10 million and SR 19 million respectively from the available facility under credit facility agreement with Saudi Investment Bank as entered during December 2023 repayable on quarterly basis with the final instalment due in April 2029. The withdrawn facilities carry profit at the rates fixed at the time of drawdown and payable on quarterly basis.
- During April 2025, the Company has withdrawn SR 4.8 million from the available facility under credit facility agreement with Al-Rajhi Bank as entered during August 2023 repayable on quarterly basis with the final instalment due in April 2028. The facility carries profits at 3month SAIBOR plus a margin that are payable on quarterly basis.

No other material events have occurred subsequent to the reporting date and before the issuance of these interim condensed financial statements which require adjustments or additional disclosures to these interim condensed financial statements in addition to those disclosed in these interim condensed financial statements.

16 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Board of Directors on 2 Dhual-Qa'dah 1446 (H), corresponding to 30 April 2025 (G).
